

UMH PROPERTIES, INC.

Form FWP

October 22, 2012

October 2012

UMH PROPERTIES, INC.

Add-on Series A Preferred Offering

Issuer Free Writing Prospectus

Dated October 22, 2012

Filed Pursuant to Rule 433

Registration Statement No. 333-171338

Relating to Preliminary Prospectus Supplement Dated October 19, 2012 to Prospectus Dated January 20, 2011

Forward Looking Statements

Statements contained in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Also, when we use any of the words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” or similar expressions, we are making forward-looking statements.

These forward-looking statements are not guarantees and are based on our current intentions and current expectations and assumptions.

These statements, intentions, expectations and assumptions involve risks and uncertainties, some of which are beyond our control that

could cause actual results or events to differ materially from those we anticipate or project, such as: changes in real estate market

conditions and general economic conditions; the inherent risks associated with owning real estate, including local real estate market

conditions, governing laws and regulations and illiquidity of real estate investments; our ability to repay debt financing obligations; our

ability to refinance amounts outstanding under our credit facilities at maturity on terms favorable to us; the loss of any member of our

management team; our ability to comply with certain debt covenants; our ability to integrate acquired properties and operations into

existing operations; continued availability of debt or equity capital; market conditions affecting our equity capital; changes in interest rates

under our current credit facilities and under any additional variable rate debt arrangements that we may enter into in the future; our ability

to implement successfully our selective acquisition strategy; our ability to maintain internal controls and procedures to ensure all

transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all rules and regulations and

any potential fraud or embezzlement is thwarted or detected; changes in federal or state tax rules or regulations that could have adverse tax

consequences; and our ability to qualify as a real estate investment trust for federal income tax purposes.

You should not place undue reliance on these forward-looking statements, as events described or implied in such statements may not occur.

We undertake no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Recipients are strongly advised to read the Company’s filings with the Securities and Exchange Commission because they contain important information.

Add-on Offering Summary

Add-on Offering: 1,000,000 shares

Securities: Series A Preferred Stock

Market Price 1 / Yield: \$26.79 / 7.7%

Liquidation Preference: \$25.00

Dividend / Rate: \$2.0625 per share p.a. / 8.25%

Listing / Symbol: NYSE / "UMH PRA"

Pro Forma Shares Outstanding: 3,413,800 shares

Pro Forma Liquidation Value: \$85.3 million

Use of Proceeds: General corporate purposes incl. acquisitions

Placement Agent: CSCA Capital Advisors, LLC

1 Price as of 10/19/2012.

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Company Overview

u UMH Properties, Inc. (“UMH” or “the Company”) is a publicly owned Real Estate Investment Trust (“REIT”). The Company commenced operations in 1968 and has been operating as a public company since 1985.

u Owner and operator of manufactured home communities - leasing manufactured home spaces on a month-to-month basis to private resident homeowners.

u The Company also sells and finances homes to qualified residents through its wholly-owned taxable REIT subsidiary (UMH Sales and Finance, Inc.).

u Portfolio consists of 55 manufactured home communities containing approximately 10,400 developed sites located in New Jersey, New York, Ohio, Pennsylvania, Tennessee and Indiana.

u In addition, the Company has \$55.3mm of real estate securities and \$20.5mm of loan receivables in its asset portfolio as of June 30, 2012.

u Manufactured home communities provide high profit margins, recession resistant qualities and stable income streams. Additionally, the high-barrier to entry nature of manufactured home communities enhance the potential for long-term appreciation in value.

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1968:

UMH commences
operations

1985:

UMH completes Initial
Public Offering

2012

1985

1990

1968

1995

2000

2005

2010

April 1, 2006:

Corporate name changes
from United Mobile
Homes, Inc. to UMH
Properties, Inc. to more
accurately convey the
quality of the Company's
communities.

June 29, 2009:

Addition of UMH
Properties, Inc. to
Russell 2000 Index

January 1, 2001:

REIT Modernization Act becomes
effective. Legislation enables
REITs to engage in sales
activities.

January 1, 1992:

UMH elects REIT
status.

April 1, 2001:

UMH Sales & Finance, Inc.
commences operations.

September 7, 2008:

Fannie Mae and Freddie Mac
placed into conservatorship. UMH
anticipates that going forward
households will need to make
more sustainable housing
decisions.

March 2, 2012:

UMH Properties, Inc. moves
common and preferred stock
listings from NYSE: Amex to
NYSE

1970

1980
2012
2012
2012

Extensive Operating History

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Portfolio Statistics

Financial information as of 06/30/12, additional info as of 09/30/12.

1 Gross asset value based on the book value of total real estate and other assets as of 06/30/12 plus accumulated depreciation.

2 Gross real estate book value is based on the book value of total real estate assets as of 06/30/12 plus accumulated depreciation.

Total Communities 55

Developed Home Sites 10,400

States 6

Portfolio Occupancy 80%

Average Monthly Site Rent \$427

Home Rentals as % of Occupied Sites 13%

Annual Turnover Approx. 12%

Additional Land to Be Developed (Acreage) Approx. 500

Gross Asset Value (\$mm) \$325

Gross Real Estate Book Value (\$mm) \$199

Mortgage debt/

Gross Real Estate Book Value (\$mm) 48.1%

Maryland

West Virginia

Delaware

Virginia

New Jersey

Ohio

Rhode Island

Connecticut

Massachusetts

New Hampshire

Vermont

Michigan

North Carolina

Louisiana

Nebraska

Texas

Florida

Kansas

Oklahoma

Minnesota

Tennessee

Alabama

Arkansas

Georgia

Iowa

Illinois

Indiana

Kentucky

Missouri

Mississippi

North Dakota

South Carolina

South Dakota

Wisconsin

Maine

Pre-existing Home Community 35

New Community acquired in 2011 5

New Community acquired in 2012 15

Portfolio Snapshot

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Portfolio Capacity by State

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- u The Marcellus and Utica Shale Regions are large natural gas fields located beneath much of Pennsylvania, Ohio, West Virginia and New York
 - u Fields have the potential to be among the largest sources of natural gas in the world
 - u Activity surrounding the development of the shale regions is expected to accelerate over the next few years
 - u Economies in the shale region are expected to benefit from increased employment, wealth of landowners and state and local tax revenues
 - u UMH is already seeing increased demand for residential units in the region as a result of Marcellus and Utica Shale related activity
 - u With 1,300 acres in existing communities, UMH benefits from significant exposure to the Marcellus and Utica Shale Regions
- Marcellus & Utica Shale Region Exposure
Existing Home Communities
Source: Company filings as of 06/30/12 and Wall Street research
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-

UMH Historical Portfolio Growth

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u Since 2009, UMH's portfolio of developed sites has grown by 52.9%

Recent Acquisition Track Record

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- u Formed in 2001 as a taxable REIT subsidiary
 - u Conducts sales and financing of manufactured homes in its communities
 - u Focus on increasing occupancy and enhancing the value of communities
 - u Sales price per unit was approximately \$43k over the past twelve months
 - u Sales reached a record of \$15.8mm in 2006 prior to the housing downturn and have since begun to trend higher
- UMH Sales & Finance, Inc. ("S&F")

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- u UMH provides financing to buyers of its manufactured homes
- u \$20.5mm loan portfolio with a weighted average interest rate of approximately 10.0%
- u Portfolio comprised of approximately 660 homes located throughout 36 communities
- u Most loans require a 10% down payment and 15 year principal amortization
- u Portfolio generates approximately \$3.3mm in principal and interest payments annually

Loan Portfolio Overview

(\$US in millions)

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% of Households Owning a Single-Family Home
Single Family Home Price Change Year-Over-Year
The Cyclical of Housing
Favorable US Housing Trends

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u UMH is well positioned to participate in the ongoing recovery of the US housing market

u Total value of \$55.3mm as of 06/30/12 (inclusive of approximately \$10.0 million of unrealized gains)

u UMH's REIT securities portfolio provides attractive yields, diversification and additional liquidity

u Securities portfolio represents approximately 17% of total undepreciated assets

u \$20.2mm of securities portfolio is invested in the common stock of affiliate Monmouth Real Estate Investment Corporation ("MNR")

(inclusive of approximately \$6.0 million of unrealized gains)

Financial Information as of 06/30/12.

Securities by Industry

REIT Securities Portfolio Overview

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Funds from Operations¹² (\$mm)

Total Assets ² (\$mm)

Portfolio Occupancy (%)

Source: Company filings; balance sheet as of 06/30/12.

1. Excludes 2011 loss relating to flood at Memphis Mobile City.

2. Reflects pro forma adjustments for acquisition of 11 communities as completed on August 1, 2012. Excludes impact of \$9.3mm of other acquisitions completed in Q3 2012.

Revenue and Other Income (\$mm)

Rental revenue

Sales

\$39.4

\$36.6

\$38.6

Summary Historical Performance

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Interest/Dividend Income

Summary Capitalization

Pro Forma Undepreciated Book Capitalization

Pro Forma Total Market Capitalization

Total: \$339.7MM ¹

¹ Reflects pro forma adjustments for acquisition of 11 communities as completed on August 1, 2012. Excludes impact of \$9.3mm of Other acquisitions completed in Q3 2012.

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Net Debt / Total Market Capitalization

Total Debt / EBITDA

Source: Company filings; balance sheet as of 06/30/12.

1 Fixed charges include interest expense, capitalized interest and preferred distributions

2 Reflects pro forma adjustments for acquisition of 11 communities as completed on August 1, 2012.

Excludes impact of \$9.3mm of other acquisitions completed in Q3 2012.

2

2

2

2

Conservative Balance Sheet

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Mortgage Debt Maturity Schedule (\$US in millions)

u Weighted average mortgage debt maturity is 6.3 years

u Weighted average interest rate is 5.4%

u 96.2% of total debt is fixed-rate

u Mortgage debt as a percentage of total debt is 91.4%

Financial Information as of 06/30/12.

Note: Chart excludes approximately \$9.0 million in loans payable.

Limited Mortgage Debt Maturities

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- u Long-term track record of profitability
- u Strong balance sheet and stable credit metrics
- u Well positioned for housing market rebound
- u Significant upside in real estate portfolio - 80% unit occupancy
- u Proven access to institutional capital
- u Well positioned to benefit from the rapidly expanding energy sector investments being made in our region
- u Strong acquisition track record
- u Sizeable current acquisition pipeline
- u Experienced management team

Investment Highlights

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Summary Pro Forma Financial Information 1
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Funds from operations (“FFO”) is defined as net income (computed in accordance with generally accepted accounting principles), excluding preferred dividends and gains or losses from sales of depreciable assets, plus real estate-related depreciation and amortization. FFO should be considered as a supplemental measure of operating performance used by REITs. The Company believes that FFO is helpful to investors as one of several measures of the performance of a REIT. FFO excludes historical cost depreciation as an expense and may facilitate the comparison of REITs which have different cost basis. The items excluded from FFO are significant components in understanding the Company’s financial performance. FFO (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flow as a measure of liquidity. FFO, as calculated by the Company, may not be comparable to similarly entitled measures reported by other REITs.

The Company’s FFO is calculated as follows:

Funds From Operations

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EBITDA is defined as net income (computed in accordance with generally accepted accounting principles), excluding preferred dividends, gains or losses from sales of real estate assets, interest expense, income taxes depreciation and amortization expenses, extraordinary or non-recurring charges, gains or losses from sales of securities and acquisition costs. EBITDA should be considered as a supplemental measure of operating performance used by REITs. The Company believes that EBITDA is helpful to investors as one of several measures of the performance of a REIT. The items excluded from EBITDA are significant components in understanding the Company's financial performance. EBITDA (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flow as a measure of liquidity. EBITDA, as calculated by the Company, may not be comparable to similarly entitled measures reported by other REITs.

The Company's EBITDA is calculated as follows:

EBITDA

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For additional information including all SEC filings please visit:
WWW.UMH.COM
