

UMH PROPERTIES, INC.
Form FWP
October 06, 2015

October 2015
UMH PROPERTIES, INC.
Series B Preferred Offering
Issuer Free Writing Prospectus
Dated October 6, 2015
Filed Pursuant to Rule 433
Registration Statement No. 333-186084
Relating to Preliminary Prospectus Supplement Dated October 5, 2015 to
Prospectus Dated February 15, 2013

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.

- 2 -

Offering Summary

Offering: Up to 2.0 million shares

Securities: Series B Preferred Stock

Liquidation Preference: \$25.00

Dividend Rate: 7.375% - 7.50%

Listing / Symbol: NYSE (Pending)

Liquidation Value: Up to \$50.0 million

Use of Proceeds: Acquisitions, repayment of debt, & general
corporate purposes

Placement Agent: CSCA Capital Advisors, LLC

- 4 -

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 Portfolio consists of 95 manufactured home communities containing approximately 16,600 developed sites located in New Jersey, New York, Ohio, Pennsylvania, Tennessee, Indiana and Michigan.
- u UMH rents homes to residents and currently has over 2,900 rental units. UMH anticipates adding 700 new rental homes per year with an investment of \$28.0mm in rental homes which will yield \$5.6mm in gross revenue annually.
- u With 2,800 acres in existing communities, UMH benefits from significant exposure to the Marcellus and Utica Shale Regions.
- u The Company also sells homes to qualified residents through its wholly-owned taxable REIT subsidiary (UMH Sales and Finance, Inc.). The Company has sold approximately 3,000 homes since 1995.
- u In addition, the Company has \$63.3mm of real estate securities and \$19.2mm of loan receivables in its asset portfolio as of June 30, 2015.
- 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.

- 5 -

Financial Information as of 6/30/15.

Property information reflects 3 acquisitions completed on 8/19/15.

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
2015
2015
2015

Extensive Operating History

- 6 -

1995:

Sam Landy becomes President and
CEO of UMH.

2013

2013-2014:

UMH increases
purchase of rental
homes adding a
total of 1,500 rental
units, including
those acquired with
acquisitions.

2014

The Cyclicalality of Housing
Favorable US Housing Trends

- 7 -

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

Portfolio Snapshot

West Virginia

Delaware

Virginia

Rhode Island

Connecticut

Massachusetts

New Hampshire

Vermont

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

Acquired prior to 2012 40

Acquired in 2015 7

Acquired in 2012 17

Acquired in 2013 17

Portfolio Statistics

Total Communities 95

Developed Home Sites 16,600

States 7

Portfolio Occupancy 81.3%

Average Monthly Site Rent \$402

Home Rentals as % of Sites 18.8%

Home Rental Occupancy 95%

Annual Turnover Approx. 12%

Additional Land to Be Developed (Acreage) Approx. 1,200

Gross Asset Value (\$mm) \$614

Gross Real Estate Book Value (\$mm) \$480

Mortgage debt/

Gross Real Estate Book Value (\$mm) 46.7%

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Financial Information as of 6/30/15. Property information reflects 3 acquisitions on 8/19/15.

1 Gross asset value based on the book value of total real estate and other assets as of 6/30/15 plus accumulated depreciation.

2 Gross real estate book value is based on the book value of total real estate assets as of 6/30/15 plus accumulated depreciation.

- 8 -

Acquired in 2014 14

Total 95 16,600

Sites

Communities

8,900

1,700

2,900

1,600

1,500

Portfolio Capacity by State

- 9 -

Capacity

	Communities		Developed Sites		Avg. Occup.(1)	Avg. Monthly Rent (\$)
	No.	%	No.	%		
PA	42	44.2%	6,528	39.4%	79.8%	\$409
OH	25	26.3%	3,627	21.9%	78.2%	\$321
TN	7	7.4%	1,822	11.0%	83.1%	\$407
NY	7	7.4%	1,132	6.8%	79.6%	\$466
IN	6	6.3%	1,396	8.4%	81.9%	\$381
NJ	4	4.2%	1,006	6.1%	95.3%	\$570
MI	1	1.1%	143	0.9%	73.4%	\$386
Total (2)	92	96.8%	15,654	94.6%	82.0%	\$400
Acquisitions (3)	3	3.2%	897	5.4%	69.2%	\$443
Grand Total	95	100%	16,551	100%	81.3%	\$402

(1) Excludes community in Memphis, TN which was closed in 2011 due to an unusual flood.

(2) Information as of 6/30/15.

(3) Acquisition of 3 communities in Ohio and Michigan completed on 8/19/15.

Historical Occupancy

- 10 -

Information as of period ending dates and updated as of June 30, 2015.

Same Property Occupancy

- 11 -

*Excludes Memphis Mobile City.

**Reflects all communities in place as of April 1, 2013.

Information as of period ending dates and updated as of June 30, 2015.

- 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. Demand for rental homes has increased substantially over the past year. UMH added 900 rental homes, including those acquired with acquisitions, in 2014 to satisfy demand.
- u With over 2,800 acres in existing communities, UMH benefits from significant exposure to the Marcellus and Utica Shale Regions.
 - Existing Home Communities
 - Home Community [62]
 - Shale region

Source: Wall Street research. Property information reflects 3 acquisitions completed on 8/19/15 .

Total Acreage
Marcellus & Utica Shale Region Exposure
- 13 -
Total - 4,800 Acres
Total Sites [approx. 10,100]

UMH Historical Portfolio Growth

- 14 -

u Since 2010, UMH's portfolio of developed sites has grown by 106%

88

Information as of period ending dates and updated to include 3 acquisitions completed on August 19, 2015.

UMH Historical Rental Unit Growth

- 15 -

Information as of period ending dates and updated as of June 30, 2015.

Potential for Significant Rental Unit Returns

- 16 -

Historical
Investments
(\$
in
MM
except
per
unit
data)

	2010	2011	2012	2013	2014	6/30/15
Rental Units	800	900	1,100	1,700	2,600	2,900
Investment	\$23.1	\$26.6	\$37.8	\$61.7	\$91.7	\$107.0
Average Investment Per Unit	\$28,885	\$29,567	\$34,389	\$36,322	\$35,277	\$36,897
Average Monthly Rent	\$615	\$615	\$634	\$664	\$704	\$739
per Unit						
End of Period	87.9%	84.7%	92.2%	89.5%	91.5%	95.0%
Occupancy						

Illustrative Rental
Unit Economics -
700 New Units per
Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Units	700	1,400	2,100	2,800	3,500
Cost per Unit	\$40,000	\$42,000	\$44,100	\$46,305	\$48,620
(1) Average Monthly Rent per Unit	\$700	\$714	\$728	\$743	\$758
(2) Total Investment (\$MM)	\$28.0	\$57.4	\$88.3	\$120.7	\$154.7

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Rental
Revenue
from \$5.3 \$10.8 \$16.5 \$22.5 \$28.6
Units
(2)

Net
Contribution
from New \$4.2 \$8.6 \$13.2 \$18.0 \$22.9
Rental
Units
Assumed
Interest (0.7) (1.4) (2.2) (3.0) (3.9)
Expense
Incremental
FFO \$3.5 \$7.2 \$11.0 \$15.0 \$19.0

Gross
Unlevered 15.1% 15.0% 15.0% 14.9% 14.8%
Return on
Investment
Illustrative
Levered 25.2% 25.1% 24.9% 24.8% 24.6%
Return
(4)

(1) Assumes
5% annual
construction
cost
inflation
(2) Assumes
90%
occupancy
and 2%
annual
rent
growth
(3) Assumes
20%
of
revenues
(4) Assumes
50%
leverage
with 5%
weighted
average
cost of
debt

Pace of Opportunistic Acquisitions

- 17 -

Average Price Per Site

Acquisition Volume

Number of Acquired Sites

YTD 2015 reflects 3 acquisitions completed on 8/19/15.

Vacant Land to Expand

- u UMH has over 1,209 vacant acres available for future development.
- u Potential for 4 sites per vacant acre at an estimated cost of \$40,000 per site.

- 18 -

Sites Planned for Expansion

Total - 1,235 sites

28%

8%

21%

13%

4%

26%

Information reflects the 3 acquisitions completed on 8/19/15.

- u Commenced operations 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 \$54k over the past twelve months
- u Sales reached a record of \$15.8mm in 2006 prior to the housing downturn

UMH Sales & Finance, Inc. ("S&F")

- 19 -

Information as of 6/30/15.

- u Historically, UMH provided financing to qualified buyers of its manufactured homes
- u Due to regulatory issues, commencing in 2014, all new loans are currently being financed by 21st Mortgage Corporation, a division of Berkshire Hathaway
- u \$19.2mm loan portfolio with a weighted average interest rate of approximately 9.7%
- u Portfolio comprised of approximately 662 homes located throughout 53 communities
- u Most loans require a 10% down payment and 15 year principal amortization
- u Portfolio generates approximately \$4.1mm in principal and interest payments annually

Loan Portfolio Overview

(\$US in millions)

- 20 -

Information as of 6/30/15.

- u Total value of \$63.3mm as of 6/30/15
- u UMH's REIT securities portfolio provides attractive yields (currently 7.0%), diversification and additional liquidity
 - u Securities portfolio represents approximately 10% of total undepreciated assets
 - u \$20.0mm of securities portfolio is invested in the common stock of affiliate Monmouth Real Estate Investment Corporation ("MNR") with an unrealized gain of \$2.8 million as of 6/30/15

Financial Information as of 6/30/15.

Securities by Industry

REIT Securities Portfolio Overview

- 21 -

Core Funds from Operations¹ (\$mm)
 Total Gross Assets (\$mm)
 Normalized Funds from Operations² (\$mm)
 Revenue and Other Income (\$mm)
 Rental revenue
 Sales
 Summary Historical Performance
 - 22 -
 Interest/Dividend Income
 FFO
 \$77.6

Financial Information as of 6/30/15.

1. We define Core Funds From Operations (Core FFO) as FFO plus acquisitions costs and cost of early extinguishment of debt.
2. We define Normalized Funds from Operations (Normalized FFO) as Core FFO excluding gains and losses realized on securities investments and certain one-time charges.

\$0.61
 \$0.55
 \$0.26
 \$0.25
 \$0.25
 \$0.20
 \$0.48
 \$0.39
 \$0.36
 \$0.45

Summary Capitalization

- 23 -

1 Excludes impact of \$32.5m of acquisitions and \$43.1m of financings announced on August 20, 2015, and approximately \$30 million of financings announced on October 2, 2015. Also excludes impact of preferred offering.

2 Calculated using H1 2015 Annualized EBITDA.

Net Debt / Total Market Capitalization

Net Debt - Securities / Total Market Capitalization

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

Balance Sheet Metrics

- 24 -

Financial Information as of 6/30/15.

Mortgage Debt Maturity Schedule (\$US in millions)

- u Weighted average mortgage debt maturity is 6.2 years
 - u Weighted average interest rate is 4.6%
- u Fixed rate mortgage debt is 99.6% of total mortgage debt
 - u Mortgage debt as a percentage of total debt is 77.5%
- u Completed the financing of ten manufactured home communities through Wells Fargo Bank, N. A. for total proceeds of approximately \$57.7 million. These mortgage loans have 10-year maturities with a weighted-average interest rate of 3.87%.

Financial Information as of 6/30/15.

Limited Mortgage Debt Maturities

- 25 -

Strong Record of Regular Distributions
Annual Dividend per Share (1993 - 2014)
- 26 -

- u Long-term track record of profitability
- u Strong acquisition track record with a sizeable current acquisition pipeline
 - u Well positioned for housing market rebound
- u Significant upside in real estate portfolio - 82.0% occupancy
 - u Strong balance sheet and stable credit metrics
- u Well positioned to benefit from the rapidly expanding energy sector investments being made in our region
 - u Significant potential growth through adding rental units
 - u Proven access to institutional capital
 - u Compelling value relative to implied Net Asset Value
- u Proven ability to add value through acquisitions and expansions
 - u Experienced management team

Investment Highlights

- 27 -

Information as of 6/30/15.

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

UMH Properties, Inc. has filed a registration statement (including a prospectus dated February 15, 2013 and a preliminary prospectus supplement dated October 5, 2015) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the related preliminary prospectus supplement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer or placement agent will arrange to send you the prospectus and preliminary prospectus supplement if you request it by calling CSCA Capital Advisors, LLC at 212-446-9177.