

Right Horse, Wrong Jockey: The Case for Change at UMH Properties

Part 4: Raising capital from new investors and using it to pay dividends to existing investors

UMH Properties (NYSE: UMH)

Over the last 20 years, UMH has issued over $1 billion of new equity and then returned over $500 million of that capital to shareholders in the form of dividends

~$1.08B

new common stock issued, 2006-2025

~$513M

total common dividends paid, 2006-2025

~48%

of the stock issued went straight back out as dividends, 2006-2025

~82%

of dividend paid, 2006-2025, was return of capital

Over the last 20 years, UMH issued over 70 million shares, roughly 27 million of which raised capital that was simply paid straight back out to shareholders as return of capital.

Total common stock issued and total common dividends declared, including dividends reinvested through the DRIP (counted on both sides) per UMH 10-K financing activities, FY2006-2025. Return of capital: the portion of each distribution the IRS treats as a nondividend distribution (1099-DIV Box 3), capital returned rather than earnings. 2006-2025, dollar-weighted. Source: UMH 10-Ks.

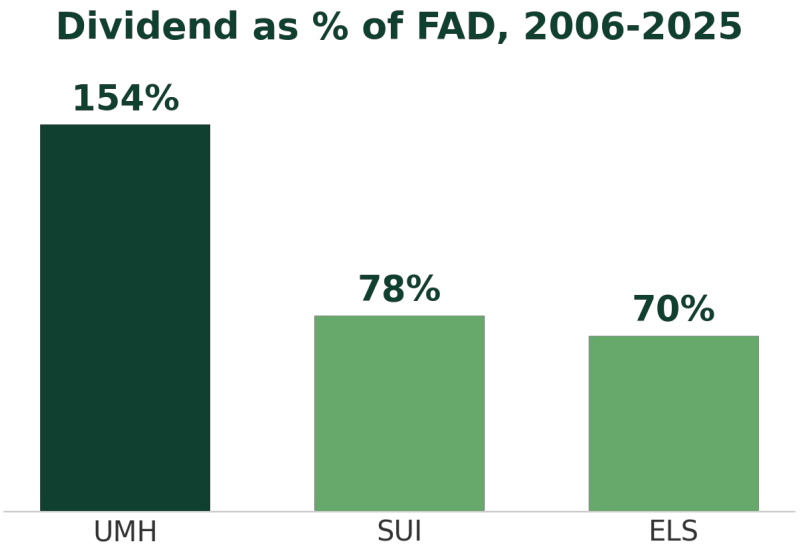
Not only did UMH not need to pay such a high dividend, it couldn't cover the dividend with its cash flow yet kept diluting shareholders

20 of 20

years the dividend exceeded FAD per share, 2006-2025

~154%

cumulative dividend as a share of FAD, 2006-2025



The MH business generally has a very attractive cash flow profile. UMH's manufactured-housing peers cover their dividends with room to spare; UMH has not. Why is that?

Cumulative dividend as a share of FAD, 2006-2025. FAD (Funds Available for Distribution) = FFO less estimated recurring maintenance capex and scheduled principal amortization. SUI uses SUI's disclosed capex and amortization; ELS capex is disclosed and its amortization approximated; UMH, which discloses neither, is in our view conservatively approximated from manufactured-housing peer levels. Cumulative = total dividends divided by total FAD. Source: UMH, ELS, SUI 10-Ks.

Over the last 20 years manufactured housing assets tripled in value, yet UMH stock went nowhere. Diluting shareholders more than eightfold to fund an unnecessary dividend is one of the many reasons.

+222%

growth in MH asset values, 2006-2026 (Erez estimate)

~0%

change in the share price over the same 20 years

+738%

growth in shares outstanding, 2006-2026 (~8.4x)

REITs create value through astute and judicious capital allocation decisions. Bad capital allocation decisions compound and destroy value. UMH issuing stock to fund its dividend is the tip of the iceberg. UMH's managers are chronically weak capital allocators. This is one of the main reasons why they continue to systematically destroy value.

Asset value: Erez by-state revaluation of UMH's 2006 community footprint to 2026. Share price $15.65 (Sep 2006) to $15.57 (Sep 2026). Shares outstanding 10.2M (Sep 2006) to 85.6M (Q3 2026) per UMH filings.

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A dividend funded with an investor's own capital is not a return on anything. Selling undervalued shares to fund a dividend that isn't supported by cash flow is simply value destruction dressed up as a yield. And UMH has not stopped these misguided tactics. Shareholders deserve better and management needs to be stopped before it destroys even more value.

Sign up for updates as we continue making the Case for Change at UMH Properties.
To learn more visit www.saveUMH.com

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