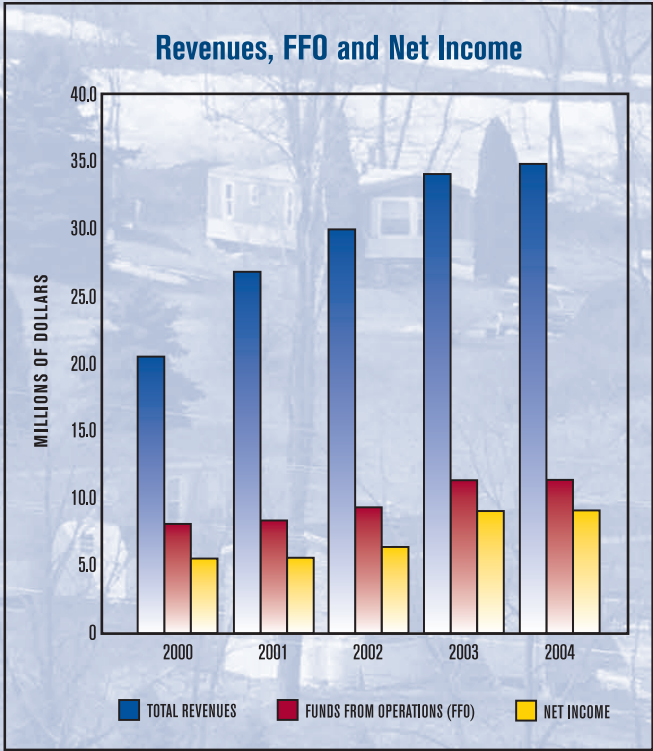


2004 Annual Report

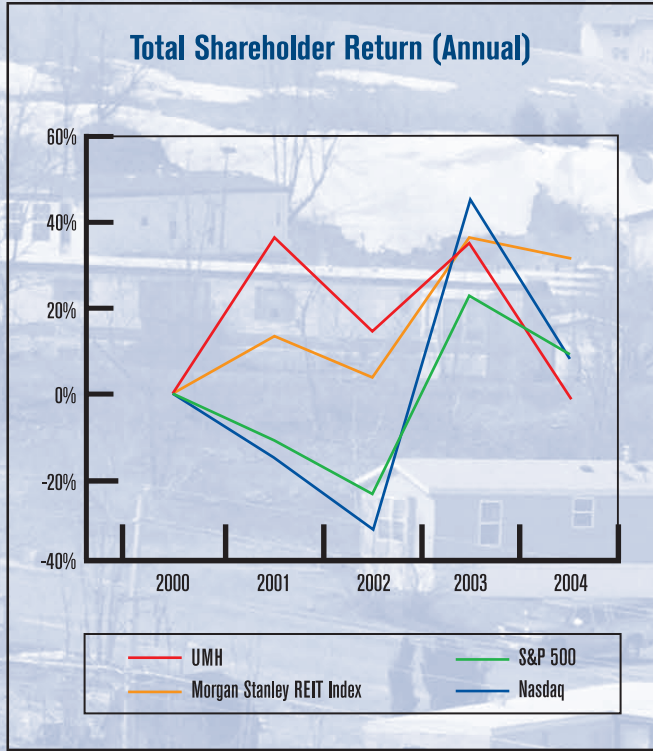
UMH | United Mobile Homes, Inc.



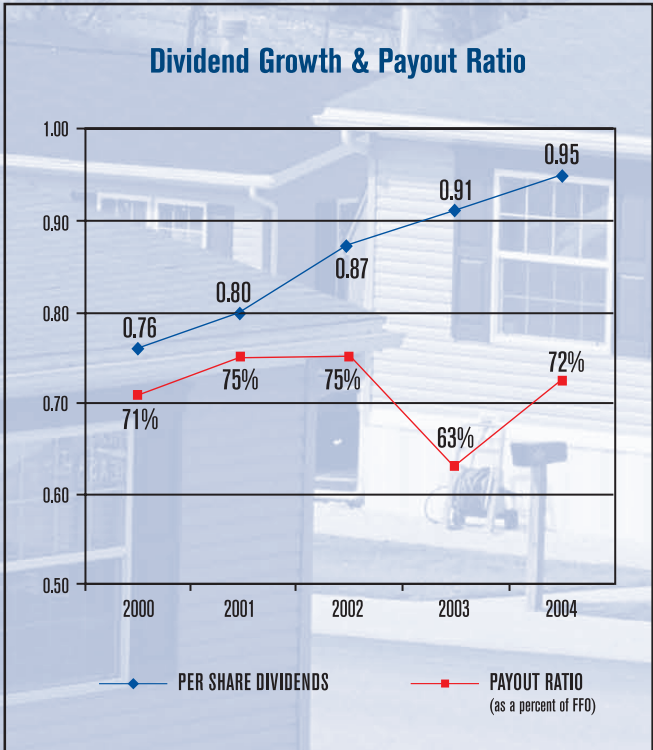
Revenues, FFO and Net Income



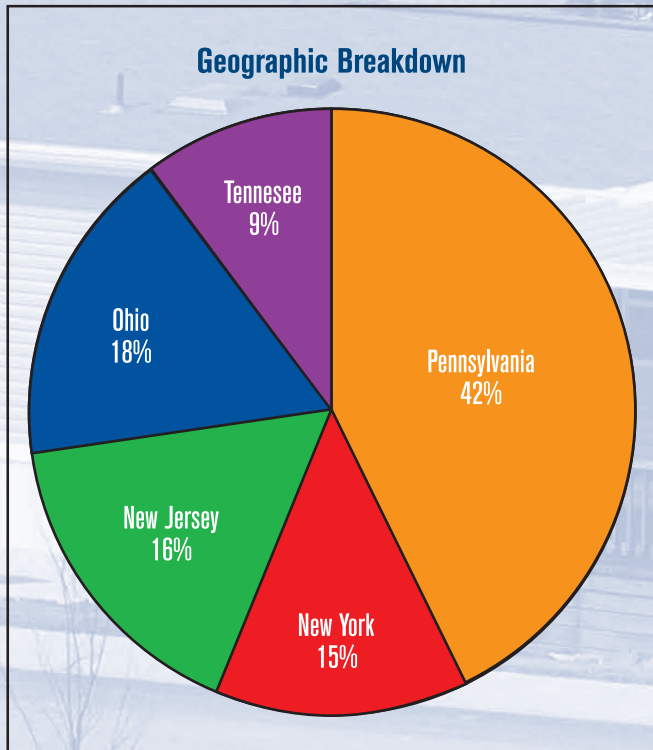
Total Shareholder Return (Annual)



Dividend Growth & Payout Ratio



Geographic Breakdown



Safe Harbor Statement

This annual report and Form 10-K contains various "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. The words "may", "will", "expect", "believe", "anticipate", "should", "estimate", and similar expressions identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and finance performance, but are based upon current assumptions regarding the Company's operations, future results and prospects, and are subject to many uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward-looking statements.

Such factors include, but are not limited to, the following: (i) changes in the general economic climate; (ii) increased competition in the geographic areas in which the Company owns and operates manufactured housing communities; (iii) changes in government laws and regulations affecting manufactured housing communities; and (iv) the ability of the Company to continue to identify, negotiate and acquire manufactured housing communities and/or vacant land which may be developed into manufactured housing communities on terms favorable to the Company. The Company undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

The Cover Photo of this Annual Report features our Highland Estates manufactured home community which is located in Pennsylvania's Lehigh Valley. This community contains approximately 300 sites.

Message from the Chairman of the Board



Eugene W. Landy

Dear Fellow Shareholders:

United Mobile Homes, Inc. (United) has completed thirty-six years of operation. United operates as a real estate investment trust (REIT). United is the twenty-fifth largest owner of manufactured home communities in the nation and is one of five publicly-owned REITs specializing in manufactured home communities.

United owns twenty-seven manufactured home communities containing approximately 6,200 home sites. We are a publicly-owned company with an estimated 3,000 shareholders. Our shares are listed on the AMEX, under the symbol UMH. United is very proud of its individual shareholders, many of whom have been shareholders for generations. In 2004 the dividend was raised four times. On April 1, 2005, the dividend was raised to an annual rate of \$.98.

Our dividend has currently been increased for fourteen consecutive years. However, we do not intend to raise it any further in 2005. To increase the dividend further would depend upon a resurgence in the demand for manufactured housing. Conventional housing prices have increased dramatically over the past five years and as a result, the demand for manufactured housing has declined. United's management is convinced there will be a resurgence in manufactured housing.

At December 31, 2004, United had outstanding approximately 9,100,000 shares at a market price of \$15.74. This gave our REIT a stock market capitalization of approximately \$140 million. Management is proud to report that United has maintained its Standard & Poor's stock ranking of A.

United believes in the securitization of real estate by means of the REIT concept. REIT securities often represent a better value than buying properties directly. United believes it is logical to own a portfolio of REIT securities. We have reduced our portfolio from its peak level. Substantial gains have been realized. Our current plan is to own approximately \$20 million in REIT securities free and clear. United has achieved increased income, increased liquidity and a very strong financial statement utilizing REIT securities for investment.

United has substantial funds to invest. United has cash and securities of over \$25 million at this writing. We are considering a variety of real estate investments. Our investment horizons are broader than the manufactured housing industry. It is most difficult at this time to invest funds in real estate or real estate securities because all of these investments have recently appreciated substantially in value. Management believes that as U.S. interest rates rise, and as the U.S. economy expands, suitable investments will become available. Although we have substantial funds to invest, currently neither the purchase of manufactured home communities nor the purchase of REIT securities can provide the ten to fifteen percent returns management considers a benchmark requirement for investment. Therefore, we are considering alternative investments. We have made innovative and successful management decisions in the past. It is understood that this does not guarantee we will make the right decisions in the future. We have told the real estate brokerage community that we will consider real estate investments outside the manufactured home community sector. Whether we actually make any such investments has not yet been determined. Our core business will always be manufactured housing. We continue to expand and improve our existing communities, and are actively seeking to purchase new communities. Our business is to provide affordable housing and we have a promising future in that business.

United continues to execute successfully on its long-term business plan. We manage United, Monmouth Real Estate Investment Corporation (NASDAQ/NMS:MNRTA), and Monmouth Capital Corporation (NASDAQ/NMS:MONM). There are efficiencies in running three REITs. It has also helped us attract and keep a dedicated staff.

Very truly yours,

A handwritten signature in blue ink that reads "Eugene W. Landy". The signature is fluid and cursive, with the first and last names being more prominent.

Eugene W. Landy
Chairman of the Board

Message from the President



Samuel A. Landy

Dear Fellow Shareholders:

United's long-term ability to create shareholder value is a testament to the strength of our business as well as the quality of our communities. United owns 27 manufactured home communities containing approximately 6,200 sites. These communities are located in Pennsylvania, Ohio, New Jersey, New York, and Tennessee. United's communities are predominantly "all-age" communities (also known as "family-type" communities), as opposed to "age-restricted" communities. United owns the land, and leases it to the manufactured home owner. This has historically proven to provide a very stable income stream with annual growth rates greater than inflation. Our sector has historically enjoyed high rates of net asset value appreciation relative to other property types due to the high barriers to development. The time and expense required to develop new communities, coupled with the difficulties in gaining zoning approvals, renders it very unlikely that our nation will find itself with an oversupply of manufactured housing communities. Notwithstanding the tremendous growth in demand for conventional housing over the past five years (largely due to historically low interest rates), the growth in demand for affordable housing in our country is not likely to diminish.

2004 was a solid year for United. Total revenue was up 2% from \$33.8 million to \$34.4 million. Funds from Operations (FFO) was relatively flat at \$11.4 million. Net income was down 4% from \$8.5 million to \$8.2 million. Although net income was higher in the previous year, this was due to greater realized gains on securities transactions as well as greater interest and dividend income. Our securities available for sale were substantially less this year and therefore generated less income.

United was recognized in 2004 by Mergent's Dividend Achievers™ for our outstanding record of thirteen consecutive years of dividend increases. Currently, only 3% of U.S. dividend paying companies have raised their dividends annually for ten or

more consecutive years. United is very proud of its long-term track record of dividend payments. 2005 now marks our fourteenth consecutive year of increasing our dividend.

United acquired two communities in 2004: Somerset Estates and Whispering Pines Community. Both communities are located in Somerset Township, Pennsylvania. These acquisitions added 140 new sites to our portfolio as well as an additional 60 acres for expansion. Our overall occupancy level remained relatively stable at 86%.

United has enjoyed the benefits of the REIT Modernization Act through our Taxable REIT Subsidiary (TRS), UMH Sales and Finance, Inc. In 2004 we sold approximately 200 new homes into our communities. This generated \$7.3 million in sales revenue and an operating profit of \$440,000. While this operating profit is beneficial, the primary goal of our sales division is to renew our communities and increase their underlying value. Our sales division is also helpful in increasing our total sites as well as our occupancy levels through the sale of new homes. Each year we have generated sales growth. United currently has an \$8.2 million portfolio of manufactured home loans that is performing very well. These loans are financed at a weighted average coupon of 11.6%. Because these loans are secured by collateral that remains in our communities, we have enjoyed a very low default rate. Currently under 2% of total loan payments is over 60 days delinquent.

In terms of per share FFO growth, United has outperformed the other manufactured housing REITs over the past five years. One of the reasons for this is our REITs Investing in REITs program. This program began over five years ago when REIT securities were trading at significant discounts to their underlying net asset values. Management realized then that greater returns on invested capital could be achieved through the purchase of these discounted REIT securities than through the purchase of new communities, RV parks, or campgrounds. By investing in REIT securities

Message from the President

as a proxy for real property investment, substantial gains have been realized. For the year ended December 31, 2004, \$2.5 million in gains were realized. Over the past 5 years, approximately \$6.7 million in gains have been realized. Additional earnings have been generated through yield spread investing. Over the years, the spread between our cost of capital and the income generated by our securities portfolio has been as wide as 600 basis points. These spreads have tightened considerably over the past six months. Therefore, we have reduced our securities holdings substantially and eliminated all borrowings against the portfolio. United currently has approximately \$20.0 million invested in REIT securities. By owning a liquid portfolio of this size free and clear, United has a stronger balance sheet and greater financial flexibility.

Heading into 2005, we find ourselves at a unique point in the residential housing cycle. Both the manufactured housing sector as well as the apartment sector have been losing market share to the conventional (site-built) housing sector. Many industry observers have been anticipating a reversal of this trend. To date this reversal has not occurred. Therefore, I would like to address some of the compelling factors that have brought us to this unique point in the cycle.

Home ownership in our country is now at an all-time high, while the affordability for conventional site-built homes is now at an all-time low. This is a remarkable fact given that conventional mortgage rates remain near their historic lows. This lack of affordability is due to the fact that conventional housing prices have risen so dramatically over the past decade. The inflation adjusted rise of 47% in median home prices since 1995 is unprecedented. Currently conventional housing costs, whether measured as a percentage of income, or as a multiple of annual rents, have reached unprecedented levels. Many now fear that a housing bubble is brewing and that a significant correction is warranted. If such a correction is to occur, the most likely catalyst would be a rise in conventional mortgage rates. The decline in

the affordability of conventional homes has created less disciplined lending programs. These include: interest only mortgages and 100% financing. While these help buyers get into homes that they otherwise could not afford, their ability to continue along these lines is predicated on a continuation of low interest costs and continued high appreciation rates. Should a small percentage of conventional homeowners find themselves no longer able to meet their monthly carrying costs, demand for alternative low cost housing such as manufactured homes and apartments could increase dramatically and return to their historic norms.

We remain confident that United Mobile Homes will continue its 36-year history of successfully acquiring, expanding, and managing our communities for the long-term benefit of our shareholders. We are optimistic that housing demand for manufactured home sales will return to normal levels. We have positioned ourselves for an anticipated industry upturn.

Very truly yours,



Samuel A. Landy
President

Community Development

In many of the properties currently owned by the Company, there is additional unimproved land, which lends itself to future development. When many of the communities were purchased by the Company, the undeveloped lands were given little or no value. In the future, they may develop substantial value. These additional land holdings

throughout the Company are reviewed frequently by management to monitor the economic changes in the particular area to determine if expansion of certain properties is warranted. There are currently approximately 900 additional sites in various stages of engineering/construction. We continue to monitor demand at these locations.

Project Expansion	2005	2006	2007	2008	2009
	(number of sites)				
Brookview	35		35		10
Cedarcrest	24		24		
Cross Keys	8				
Fairview Manor	44	35		35	
Highland Estates	35	40		40	
Kinnebrook	51				
Lake Sherman	29	26		24	
Pine Ridge	28	39		30	
Pine Valley			5		
Port Royal	28		23		
Sandy Valley			30		24
Somerset Estates	15	30		30	
Spreading Oaks			30		30
Wood Valley			30		30
Woodland Manor					10
Totals	297	170	177	159	104



The Year in Review

Selected Financial Data

	2004	2003	December 31,		2000
			2002	2001	
			Restated (1)		
Operated Data:					
Total Revenues	\$34,357,882	\$33,790,503	\$29,423,893	\$26,882,399	\$20,664,731
Total Expenses	26,176,771	25,328,860	24,107,136	21,574,873	15,418,042
Gain (Loss) on Sales of Investment Property and Equipment	20,638	55,888	664,546	(28,264)	(37,318)
Net Income	8,201,749	8,517,531	5,981,303	5,279,262	5,189,371
Net Income Per Share -					
Basic	.95	1.08	.79	.71	.71
Diluted	.95	1.07	.78	.70	.71
Cash Flow Data:					
Net Cash Provided (Used) by:					
Operating Activities	\$5,115,754	\$4,420,150	\$6,747,943	\$4,277,851	\$7,171,086
Investing Activities	(2,398,003)	326,610	(7,076,423)	(11,027,374)	(4,068,797)
Financing Activities	2,812,190	(3,840,868)	1,099,628	6,918,095	(2,427,680)
Balance Sheet Data:					
Total Assets	\$103,164,988	\$94,310,212	\$89,026,506	\$80,334,844	\$62,945,597
Mortgages Payable	50,501,243	44,222,675	43,321,884	38,652,025	32,055,839
Shareholders' Equity	48,804,743	38,575,404	28,821,572	27,580,598	22,726,716
Other Data:					
Average Number of Shares Outstanding	8,598,686	7,858,888	7,600,266	7,457,636	7,339,684
Funds from Operations (2)	\$11,355,784	\$11,370,712	\$8,788,197	\$7,992,082	\$7,845,528
Cash Dividends Per Share	.9450	.9050	.8650	.8025	.7575

(1) See Note 1 to Consolidated Financial Statements for a description of the restatement.

(2) Funds from Operations (FFO) is defined as net income excluding gains (or losses) from sales of depreciable assets, plus depreciation. FFO should be considered as a supplemental measure of operating performance used by real estate investment trust (REITs). FFO excludes historical cost depreciation as an expense and may facilitate the comparison of REITs which have different cost bases. The items excluded from FFO are significant components in understanding and assessing the Company's financial performance. FFO (1) does not represent cash flow from operations as defined by generally accepted accounting principles; (2) 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 (3) 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:

	2004	2003	2002	2001	2000
			Restated (1)		
Net Income	\$8,201,749	8,517,531	\$5,981,303	\$5,279,262	\$5,189,371
(Gain) Loss on Sales of Depreciable Assets	(20,638)	(55,888)	(3,546)	28,264	37,318
Depreciation Expense	3,174,673	2,909,069	2,810,440	2,684,556	2,618,839
FFO (2)	\$11,355,784	\$11,370,712	\$8,788,197	\$7,992,082	\$7,845,528

(1) See Note 1 to Consolidated Financial Statements for a description of the restatement.

(2) Includes gain on sale of land of \$661,000 in 2002.

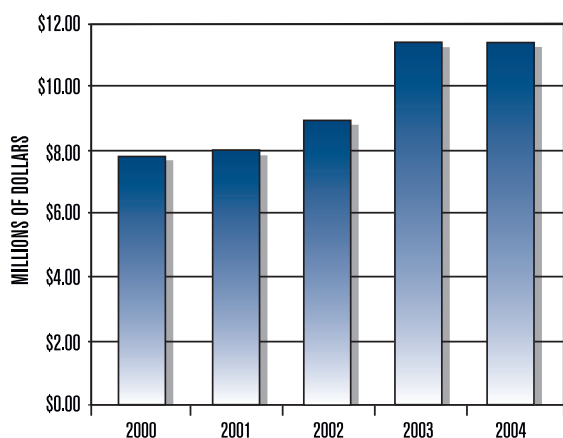
The Year in Review

Recent Share Activity

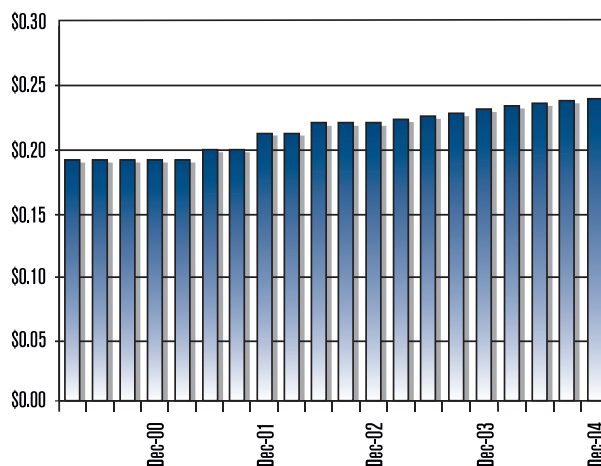
	2004			2003		
	High	Low	Distribution	High	Low	Distribution
First Quarter	17.50	15.38	\$.2325	14.49	12.64	\$.2225
Second Quarter	16.18	12.46	.2350	16.85	13.84	.2250
Third Quarter	15.05	13.00	.2375	16.50	14.14	.2275
Fourth Quarter	16.00	14.05	.2400	17.70	14.75	.2300
			<u>\$.9450</u>			<u>\$.9050</u>

	Share Volume	Opening Price	Closing Price	Dividends Paid	Share Appreciation	Total Yield
2004	3,511,000	17.01	15.74	0.9450	(7.5%)	(1.9%)
2003	2,238,000	13.54	17.01	0.9050	25.6%	32.3%
2002	1,008,000	12.18	13.54	0.8650	11.2%	18.3%
2001	852,000	9.50	12.18	0.8025	28.2%	36.7%
2000	1,259,000	8.25	9.50	0.7575	15.2%	24.3%

Annual FFO Growth



Quarterly Dividends Paid Per Common Share



Directors

Anna T. Chew

Certified Public Accountant
Vice President and Chief Financial Officer,
Monmouth Capital Corporation; Chief
Financial Officer, Monmouth Real Estate
Investment Corporation

Eugene W. Landy

Attorney at Law
President, Monmouth Capital Corporation
and Monmouth Real Estate Investment
Corporation

Samuel A. Landy

Attorney at Law

James E. Mitchell

Attorney at Law
General Partner, Mitchell Partners, L.P.;
President, Mitchell Capital Management, Inc.

Richard H. Molke

Vice President,
Remsco Associates, Inc.

Eugene Rothenberg

Investor
Director, Monmouth Capital Corporation

Robert G. Sampson

Investor
General Partner, SAMPCO Ltd.

The Board of Directors of United Mobile Homes, Inc. has reviewed the positions and associations of each of the directors to be elected in 2005 to be certain that the Board meets the independence requirements under applicable laws, rules and regulations.

Officers

Eugene W. Landy

Chairman of the Board

Samuel A. Landy

President

Anna T. Chew

Vice President and
Chief Financial Officer

Michael P. Landy

Vice President - Investments

Allison Nagelberg

General Counsel

Elizabeth Chiarella

Secretary

Corporate Information

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Freehold, NJ 07728

Independent Registered Public Accounting Firm

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150 John F. Kennedy Parkway
Short Hills, NJ 07078

Transfer Agent and Registrar

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

Stock Listing

AMEX - Symbol UMH

Relationship Managers

Rosemarie A. Faccione
Susan Jordan

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