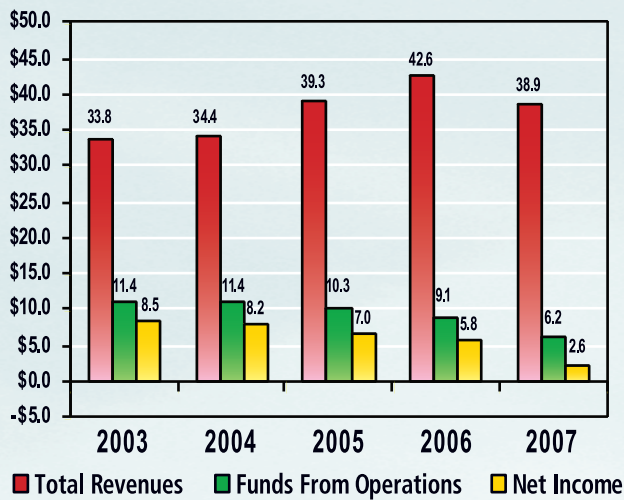


UMH Properties, Inc.

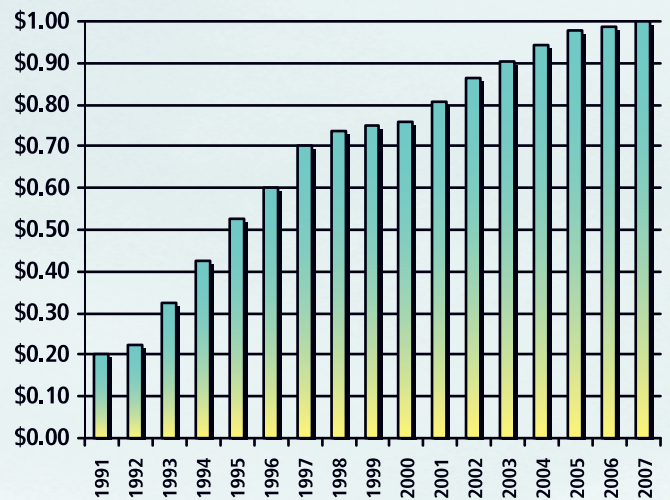
UMH



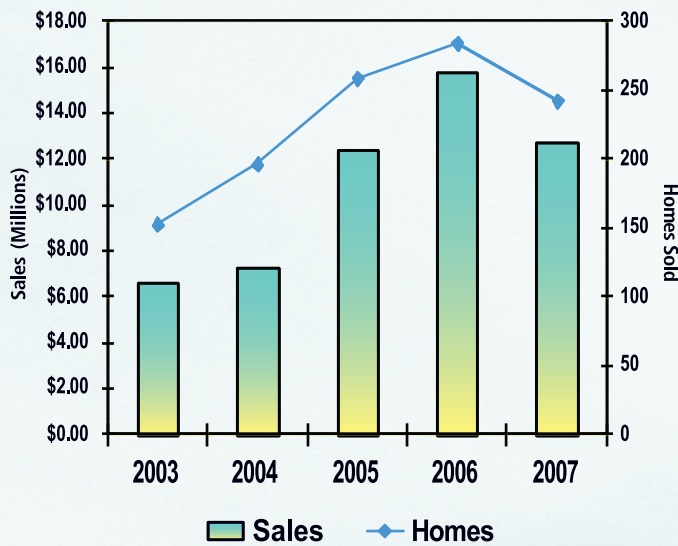
Revenues, FFO, and Net Income (millions)



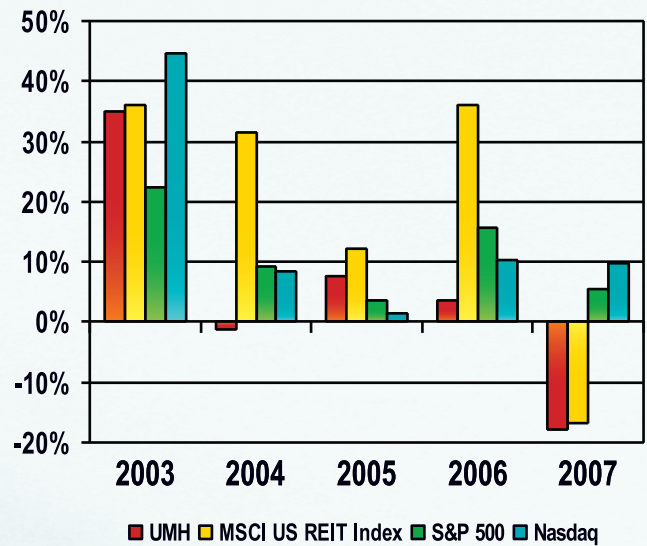
Per Share Annual Dividend 1991-2007



UMH Sales and Finance



Total Shareholder Return (Annual)



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: changes in the general economic climate; increased competition in the geographic areas in which the Company owns and operates manufactured housing communities; changes in government laws and regulations affecting manufactured housing communities; 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 ability to maintain rental rates and occupancy levels; competitive market forces; changes in market rates of interest; the ability of manufactured home buyers to obtain financing; the level of repossessions by manufactured home lenders; and those risks and uncertainties referenced under the heading "Risk Factors" contained in this annual report and Form 10-K and the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained in this annual report and Form 10-K speak only as of the date hereof and the Company expressly disclaims any obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Dear Shareholders:

April, 2008

UMH Properties, Inc. (UMH) has now completed four decades of successful operation. We are the twenty-seventh largest owner of manufactured home communities in the nation and one of four publicly-owned REITs specializing in manufactured home communities.

UMH owns twenty-eight manufactured home communities containing approximately 6,800 home sites. As of December 31, 2007, UMH had outstanding approximately 10,740,000 shares at a market price of \$11.77. This gave our REIT a stock market capitalization of approximately \$126 million.

With the benefit of 40 years of experience, comes an understanding of the housing sector and its cycles. In the US market, there are a certain percentage of households that can afford conventional homeownership. Historically this has been approximately 60-65%. Those that cannot afford a conventional home are limited to the choice of renting an apartment or owning a manufactured home. At least this was the case up until recently. Fueled by low interest rates and loose underwriting standards, homeownership soared to a record high of 70%. As the housing bubble continues its correction, we see that this rate of homeownership was as we predicted, not sustainable. The manufactured housing sector was clearly hurt during the conventional housing boom. Total manufactured home shipments fell to all time lows of under 7% of new housing starts from a historical average of 15%. Now that the conventional home lending environment has returned to more disciplined lending practices, we believe that the manufactured housing sector is poised for a significant improvement. As new borrowers consider their housing options, manufactured housing will once again be viewed as an attractive and affordable housing alternative. We have prepared ourselves to take advantage of the predicted change in the market. The extent of our benefit should become clearer over the next several quarters.

Following 15 consecutive years of dividend increases, our \$1.00 per share annual dividend did not grow in 2007. As stated in last year's annual report, further dividend increase depends upon a resurgence in demand for manufactured housing. Our Funds from Operations (FFO) was \$6.2 million or \$0.59 per share. However, there were three factors that we believe to be non-recurring events that had a negative impact on our reported earnings in 2007:

1. We wrote down approximately \$1.0 million in securities held for investment. We plan on holding these securities as long-term investments and believe that the intrinsic value of these holdings is substantially above their current market value.

2. We realized a loss of \$700,000 on our 10 year Treasury futures contracts. With a negative real interest rate currently being offered on the 10 year Treasury note, coupled with what we believe to be mounting inflationary pressures, we feel confident that over time this loss will reverse itself. Because accounting rules require us to realize gains or losses on our futures contracts quarterly, this can create volatility in our reported earnings. It is important that our shareholders understand that our interest rate risk hedging strategy is a part of our long-term risk management plan, and that we have offsetting positions that can

benefit from falling 10 year interest rates.

3. The fair value of our interest rate swaps added approximately \$470,000 to our interest expense. Because we plan on holding these loans to maturity, these changes in fair value of our interest rate swaps will net to \$0.

Therefore, backing out these three extraordinary items results in a normalized FFO of \$8.4 million or \$0.80 per share. While this is still less than our \$1.00 per share dividend payout, it is more indicative of our current recurring earnings and more accurately reflects the shortfall that we need to overcome in order to get back on track with our long-term history of dividend growth.

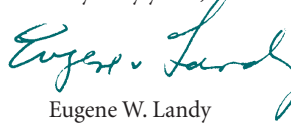
Occupancy of our manufactured housing communities has declined to 81% from 82% at year end 2006. UMH has approximately 1,300 vacant sites. Because our operating expenses are largely fixed costs, our 1,300 vacant sites provide us with considerable operational leverage. For every 100 basis points of increased occupancy, our funds from operations will rise approximately 250 basis points over normalized FFO.

Shareholders should always consider the value of our properties in assessing our performance. Under the European accounting system, we would report in our income statement increases in value. This is called "fair value accounting". While income as reported under GAAP has declined, we believe other systems would show improved results. The value of our communities continues to rise. We have made substantial investments in upgrading and expanding our communities. While we do not publish what we believe to be our Net Asset Value (NAV), our current share price is not indicative of our current NAV nor the replacement costs of these high barrier to entry assets.

In addition to UMH, we manage Monmouth Real Estate Investment Corporation (NASDAQ:MNRTA). There are efficiencies in running two REITs. It has helped us attract and keep a dedicated staff with which I am proud to be associated. In 2007 UMH increased its ownership in MNRTA to approximately 6.2% of total outstanding shares. This represented a value of \$12,046,000 at year-end. There are advantages and disadvantages to combining these two affiliated companies. To date, no decision has been made in this regard. UMH is confident that its investment in MNRTA will prove to be a very profitable one over the long term.

It continues to be our goal to deliver to our shareholders a total return investment, secured by a safe and growing dividend, coupled with appreciation in the value of our underlying assets. We have achieved this goal over the past forty years and I remain confident of our prospects to continue to do so in the years ahead.

Very truly yours,



Eugene W. Landy
Chairman of the Board



Dear Fellow Shareholders:

April, 2008

It is now clear that the overly aggressive lending practices for site-built housing greatly reduced demand for manufactured homes by providing subprime loans that ultimately proved to be unaffordable to the borrowers. UMH provides a high quality alternative to those seeking affordable housing. In our 40 year history, we have rarely faced competition strong enough to substantially reduce our market share. As compared with apartments, condominiums, townhouses, or conventional homes, manufactured housing consistently represented the best value for approximately 15% of our nation's homeowners. However, for the past several years over zealous subprime lending coupled with rising conventional home prices created the illusion that affordability was no longer an issue. With each year passing came diminished underwriting standards that produced new exotic lending products that featured no down payments, no income or asset verification, low "teaser" interest rates, interest only, and negative amortization gimmicks. These lending gimmicks provided the capital to allow for an unprecedented increase in our nations homeownership rate. This resulted in millions of households flowing into homes that they truly could not afford. Of course that all ended in 2007. There have now been approximately \$200 billion in residential mortgage write-downs with more expected. We warned for several years on these pages and in our presentations, that a correction in conventional housing was inevitable and that the longer it took to unfold, the more severe the correction would be. Because the truth was always, that ultimately affordability matters.

Now we believe it is our turn to again excel at what we do. We manage 28 manufactured home communities providing homes to approximately 5,500 families with additional capacity currently allowing us to house another 1,300 families. We provide homes ranging in size between 980 and 1,900 square feet for a cost ranging from \$500 to \$1,500 a month. These costs include both the site rent and the finance payment on the home. Our communities have professional on site management that work to maintain a quality living experience in a community that is clean and safe. We provide swimming pools, clubhouses, playgrounds and other common amenities at most of our locations.

Our occupancy has fallen 10% from our historic rate of approximately 90%. The majority of this decline is in Ohio and Western Pennsylvania. We are confident that we can regain that occupancy in the next few years as lending standards on conventional homes have now tightened considerably. In 2007 demand remained strong in New Jersey and Tennessee. In Eastern New York demand was stable but weaker in Western New York.

We have been working to position our company to excel at three things in the coming year: 1. Community Management; 2. Home Sales; and 3. Financing of Sales. We believe when normal demand returns to our industry we will be in a position to profit in all three businesses.

In 2007, we completed expansions at Port Royal Village in Belle Vernon, Pennsylvania (37 sites), Somerset Estates in Somerset, Pennsylvania (65 sites), Kinnebrook in Monticello, New York (11 sites), and Pine Manor in Carlisle, Pennsylvania (16 sites). In 2008, we will be completing our expansions in Memphis, Tennessee (34 sites), and Monticello, New York (37 sites). We are working on obtaining our approvals in Coxsackie, New York. The approval process is never easy and the granting of approvals is uncertain. However, we are confident that we purchased a high quality 185 acre parcel in a great location at a good price. We believe eventually we will profit on this investment. We are continuing to work on gaining expansion approvals for Highland Estates in Kutztown, Pennsylvania and Cedarcrest in Vineland, New Jersey. These are both very strong locations.

The costs and difficulties in obtaining approvals to build or expand manufactured home communities re-enforces our confidence in the value of our existing 28 communities. We have water, sewer and zoning approvals for all of our existing vacant sites. Anyone in the development business will understand the value of water and sewer hook-ups and capacity in today's anti-development environment. Further, due to population growth, increases in inflation, and the high barriers to development, the replacement costs for our manufactured home communities continue to rise dramatically.

Throughout our 40 year history, the land-leased manufactured home community business has proven to be a very reliable one. Occupancy rates, earnings, and capital appreciation delivered good results without much volatility. While our results over the past two years have been disappointing, we have seen that our difficulties were not caused by an inferior product but by unrealistic underwriting assumptions driving capital into an unsustainable asset bubble that has now burst. Now that a more level playing field has returned, we look forward to reporting back to you what we believe will be substantial improvements in the year ahead.

Very truly yours,



Samuel A. Landy
President



In many of the properties that UMH currently owns, there is additional unimproved land, which lends itself to future development. When UMH initially purchased the communities, the undeveloped lands were given little or no value. Our land holdings have seen considerable appreciation in value over the last several years. These additional land holdings are reviewed

frequently by management to monitor the economic changes in the particular area to determine if expansion of certain properties is warranted. Currently, UMH holds approximately 500 acres of developable land. We continually monitor demand at these locations. The following information lists our projected expansions for the next five years.

Project Expansion	2008	2009	2010	2011	2012
(number of sites)					
Allentown	34				
Brookview Village		64			
Cedarcrest		35			
Cross Keys		8			
Fairview Manor			50	50	50
Highland Estates		50	50	30	
Kinnebrook	26				
Lake Sherman			24		
Mountain View Estates			100	100	80
Pine Ridge	20		30		
Somerset Estates			78		
Spreading Oaks Village			30	30	
Sandy Valley Estates		24			
Woodland Manor		10			
Wood Valley Estates				30	
	80	191	362	240	130



Selected Financial Data

	2007	2006	December 31, 2005	2004	2003
Operating Data:					
Total Revenues	\$38,840,701	\$42,644,610	\$39,339,573	\$34,357,882	\$33,790,503
Total Expenses	36,307,278	36,962,736	32,392,720	26,176,771	25,328,860
Gain on Sales of Investment					
Property and Equipment	99,318	158,403	43,489	20,638	55,888
Net Income	2,632,741	5,840,277	6,990,342	8,201,749	8,517,531
Net Income Per Share -					
Basic	.25	.58	.74	.95	1.08
Diluted	.25	.58	.74	.95	1.07
Cash Flow Data:					
Net Cash Provided (Used) by:					
Operating Activities	\$2,766,606	\$4,161,938	\$3,034,698	\$5,115,754	\$4,420,150
Investing Activities	(21,089,748)	(2,591,532)	(13,415,488)	(2,398,003)	326,610
Financing Activities	18,540,091	(4,120,735)	6,161,334	2,812,190	(3,840,868)
Balance Sheet Data:					
Total Assets	\$136,503,463	\$115,740,444	\$114,782,535	\$103,164,988	\$94,310,212
Mortgages Payable	61,749,700	46,817,633	48,706,241	50,501,243	44,222,675
Shareholders' Equity	53,995,133	57,640,419	54,839,324	48,804,743	38,575,404
Other Information:					
Average Number of					
Shares Outstanding	10,535,162	10,093,546	9,473,155	8,598,686	7,858,888
Funds from Operations (1)	\$6,191,659	\$9,097,444	\$10,300,749	\$11,355,784	\$11,370,712
Cash Dividends Per Share	1.00	.985	.9775	.9450	.9050

(1) 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:

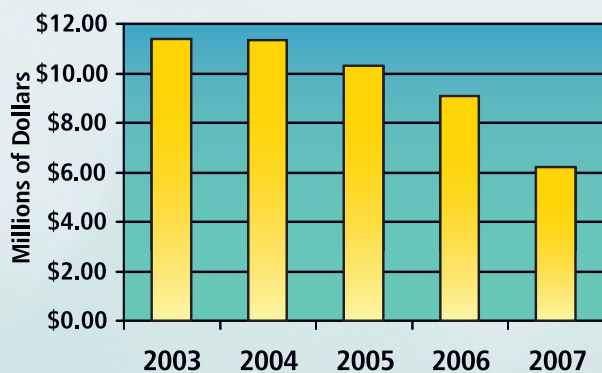
	2007	2006	2005	2004	2003
Net Income	\$2,632,741	\$5,840,277	\$6,990,342	\$8,201,749	\$8,517,531
Gain on Sales of Depreciable Assets	(99,318)	(158,403)	(43,489)	(20,638)	(55,888)
Depreciation Expense	3,658,236	3,415,570	3,353,896	3,174,673	2,909,069
FFO	\$6,191,659	\$9,097,444	\$10,300,749	\$11,355,784	\$11,370,712

Recent Share Activity

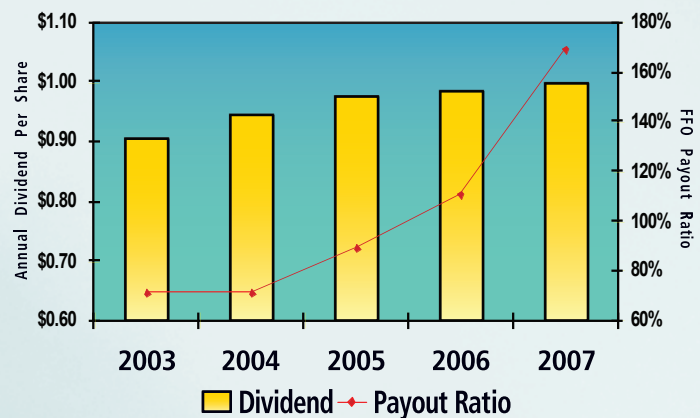
	2007			2006		
	<u>HIGH</u>	<u>LOW</u>	<u>Distribution</u>	<u>HIGH</u>	<u>LOW</u>	<u>Distribution</u>
First Quarter	\$16.50	\$14.30	\$.25	\$16.00	\$14.88	\$.245
Second Quarter	15.40	14.00	.25	15.31	14.55	.245
Third Quarter	14.31	11.26	.25	15.75	15.00	.245
Fourth Quarter	14.00	10.42	.25	16.20	15.03	.250
			<u>\$1.00</u>			<u>\$.985</u>

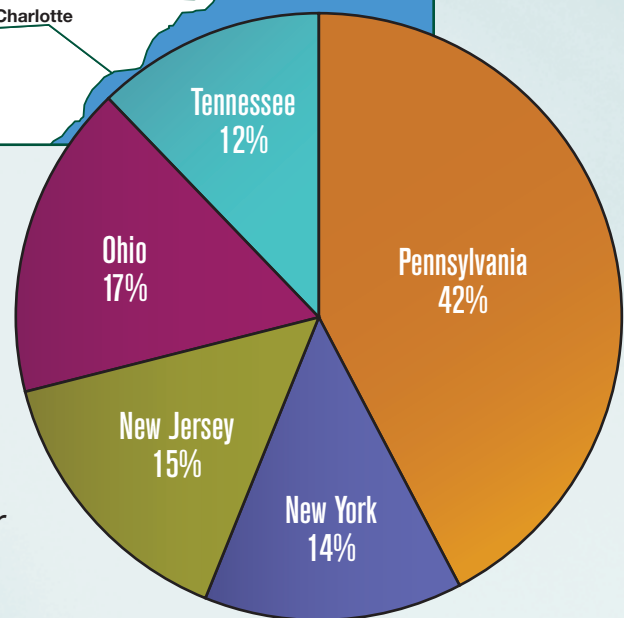
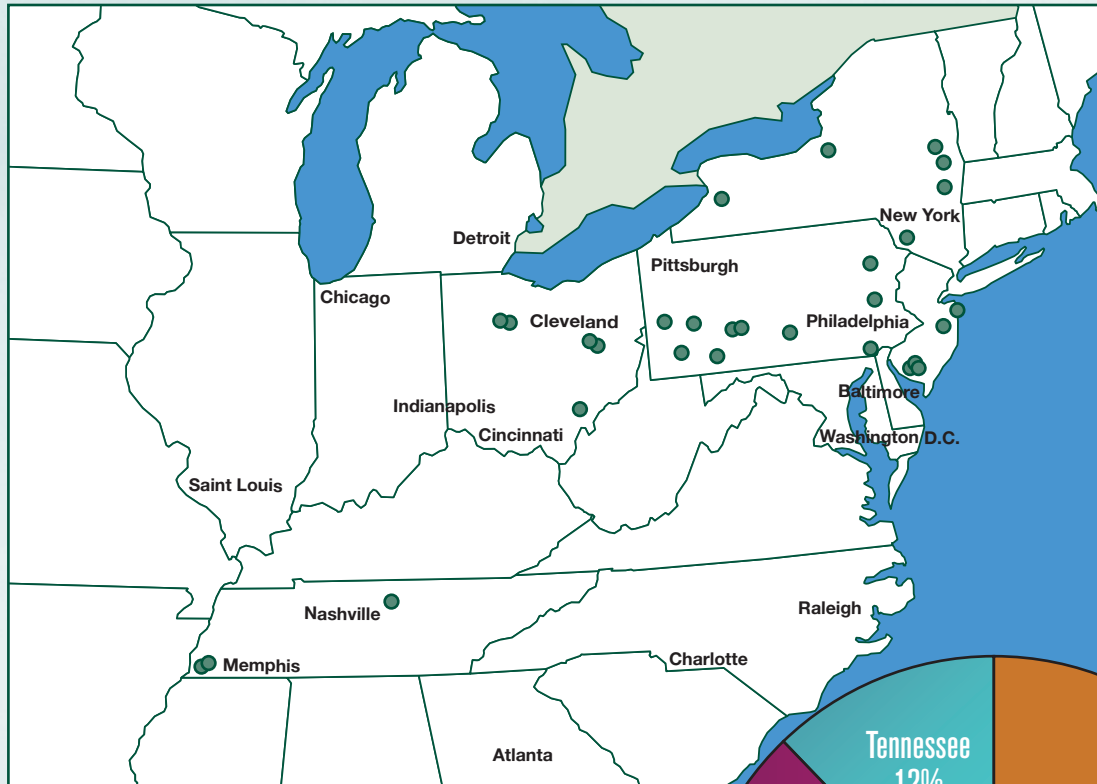
	<u>Share Volume</u>	<u>Opening Price</u>	<u>Closing Price</u>	<u>Dividends Paid</u>	<u>Share Appreciation</u>	<u>Total Return</u>
2007	3,008,700	15.44	11.77	1.00	(23.8%)	(17.3%)
2006	2,059,700	15.90	15.44	0.985	(2.9%)	3.3%
2005	2,651,200	15.74	15.90	0.9775	1.0%	7.2%
2004	3,511,000	17.01	15.74	0.945	(7.5%)	(1.9%)
2003	2,238,000	13.54	17.01	0.905	25.6%	32.3%
2002	1,008,000	12.18	13.54	0.865	11.2%	18.3%

Annual Funds From Operations (FFO)



Dividend Growth & Payout Ratio





“Now that the conventional home lending environment has returned to more disciplined lending practices, we believe that the manufactured housing sector is poised for significant improvement. As new borrowers consider their housing options, manufactured housing should once again be viewed as an attractive affordable housing alternative.”

Eugene W. Landy, Chairman of the Board

Directors

Anna T. Chew

Certified Public Accountant
Chief Financial Officer,
Monmouth Real Estate
Investment Corporation

Eugene W. Landy

Attorney-at-Law
President, 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

General Partner,
Molke Family
Limited Partnership

Eugene Rothenberg

Investor
Director, Monmouth Real Estate
Investment Corporation

Stephen B. Wolgin

Managing Director,
U.S. Real Estate Advisors, Inc.
Director, Monmouth Real Estate
Investment Corporation

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

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& Trust Company
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Symbol UMH

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