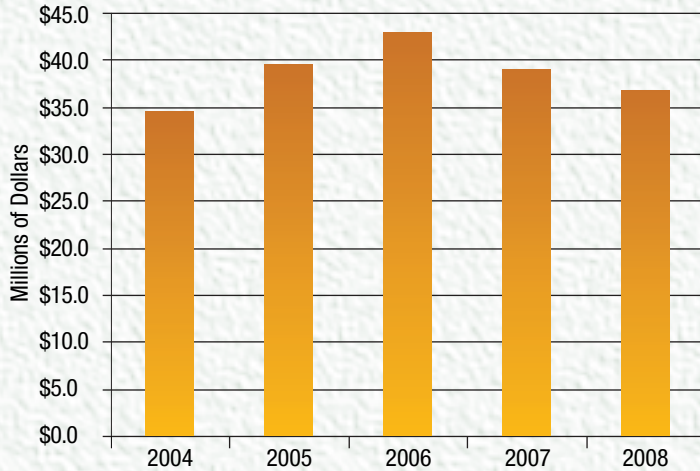


UMH Properties, Inc.

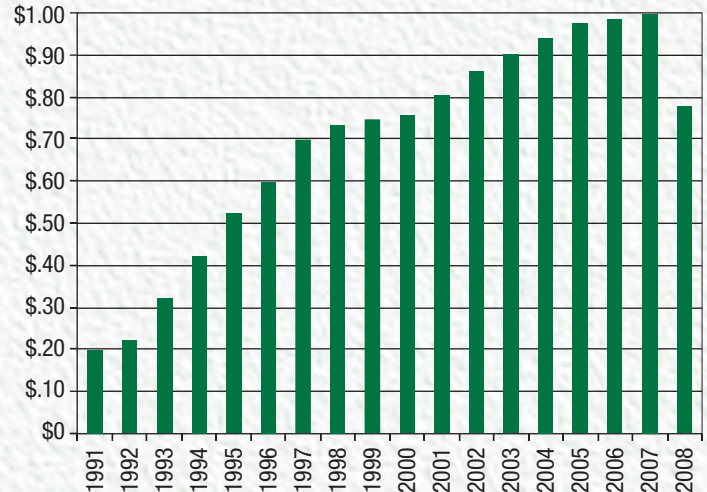
ANNUAL REPORT 2008



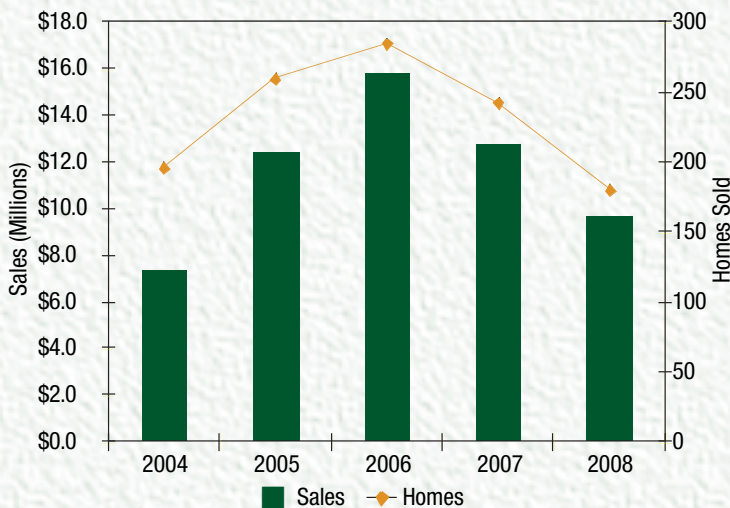
Total Revenues



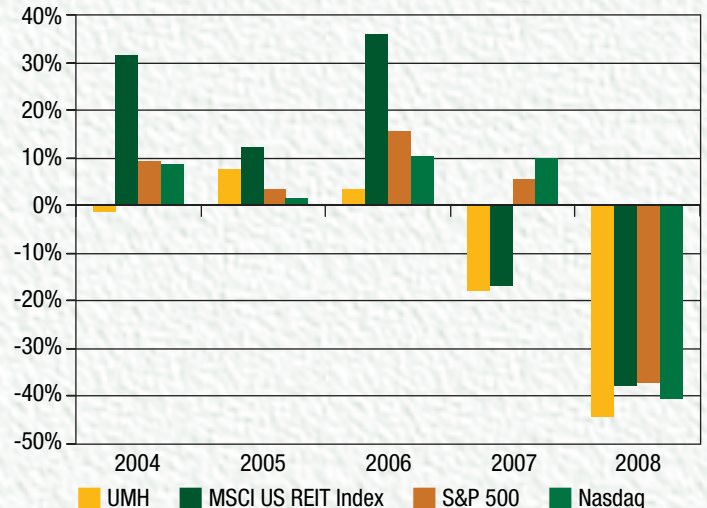
Per Share Annual Dividend



UMH Sales and Finance



Total Shareholder Return



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.

Message from the Chairman of the Board



Dear Shareholders:

UMH Properties, Inc. (UMH) has now completed forty-one years of successful operation. We are the twenty-seventh largest owner of manufactured home

communities in the nation and one of three 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, 2008, UMH had outstanding approximately 11,022,000 shares at a market price of \$5.95. This gave our REIT a stock market capitalization of approximately \$66 million.

Occupancy of our manufactured housing communities remains stable. 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. Increased occupancy will improve our results substantially.

The fundamentals of our business have never been better. Our product, affordable housing, is essential. Demand for housing grows with an expanding population. Competition and new supply have diminished sharply. New government programs provide us with favorable financing. In 2009, grants to our customers will provide down payments. Our economy has frozen up, and it may take a thaw to unfreeze it. When it comes, UMH will be positioned to benefit greatly from the upsurge in affordable housing demand.

Shareholders should always consider the value of our properties in assessing our performance. 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.

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

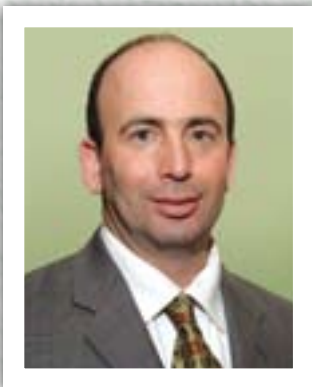
Our goal is to continue to provide our shareholders with a total return investment secured by a safe dividend, coupled with appreciation in the value of our underlying assets. We have achieved this goal over the past forty-one years, and I remain confident of our prospects to continue to do so in the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

Very truly yours,

A handwritten signature in dark ink, appearing to read "Eugene W. Landy". The signature is fluid and cursive, written over a light-colored background.

Eugene W. Landy
Chairman of the Board
April 2009

Message from the President



Dear Fellow Shareholders:

Households, like nations, cannot consume more than they produce. Such deficit spending ultimately proves to be unsustainable and puts stresses on markets that

can spread like a contagion to other areas of the economy. Economists refer to this as “systemic risk”. When our nation’s homeownership rate was rising toward 70% there were clear signs that mounting risks were being ignored. Underwriting standards for conventional home loans all but disappeared as new products such as negative amortization loans, piggy back mortgages, and even no documentation “liars” mortgages were promoted as a means to encourage all households to gain access to the home of their dreams. Now we all know the outcome of this irresponsible lending spree. The contagion from the bursting of the housing bubble has spread from the financial sector to many areas of our global economy. Capital has found safe havens few and far between. The US treasury markets and gold markets have seen massive capital inflows while the public equity markets and housing prices continue their downward struggle in search of a bottom. Although the share price of UMH has been adversely impacted by the turmoil in the equity markets, we continue to believe in the fundamental strength of our product, affordable housing. Investing in UMH in times like these may provide an attractive opportunity.

The core business of UMH is the operation of our 28 manufactured home communities. Fortunately, this is also the most stable and provides predictable income streams. Rental income increased 6% in 2008 from \$24 million to \$25.5 million. Income from community operations increased by 10%. Occupancy

remained stable at 80%. UMH has 6,800 total sites with over 1,300 vacancies, some of which are new sites in recently completed expansions. The 20% vacancy factor represents a potential to increase gross income by \$5 million a year and increase net income by \$3.5 million a year. Recent favorable legislation for our sector, including the FHA Manufactured Housing Loan Modernization Act, has been signed into law. These new programs should provide more attractive financing and therefore increased demand for our property type. Additionally, and most importantly, the traditional manufactured home customer is no longer being lured away by unmanageable conventional home financing gimmicks. Indeed conventional home underwriting standards have tightened considerably.

While the cash flows from our community rentals are less sensitive to the weakening US economy, our manufactured home sales are not. Potential new customers are facing increased difficulties in selling their existing homes. This has resulted in disappointing home sales in 2008. Home sales fell 25% this year from \$12.7 million in 2007 to \$9.6 million. New home sales are an integral part of gaining occupancy and enhancing community values. We have several programs in place including on-line marketing and customer referral rewards to help drive increased traffic and generate increases in our home sales business.

UMH currently has a \$21.8 million portfolio of manufactured home loans. These loans are financed at a weighted average interest rate of 10%. We have been financing approximately 50% of our home sales. Because the loans are secured by collateral in our communities their performance has been good. While allocating capital at a 10% return is an accretive use of proceeds, we would prefer that more abundant and cheaper sources of financing be available to our customers. The recent legislation referred to above creates a “duty to serve” manufactured housing for Fannie Mae and Freddie Mac. It is anticipated that this will help improve the flow of capital to manufactured housing lending.

The most disappointing segment of our performance in 2008 was our securities investments. We recorded non-cash charges of \$2.5 million for investments in securities that have declined in value and were considered other-than-temporarily impaired. The Company may record additional non-cash impairment charges in 2009 if the market for securities remains at current levels. It is important to note that the dividends received from our securities investments totaled approximately \$1.6 million in 2008. It is our intent to hold these securities long-term and we anticipate realizing satisfactory returns.

The core business of UMH is the operation of our 28 manufactured home communities. Fortunately, this is also the most stable and provides predictable income streams.

Demographics is widely respected as a science. Our nation has 300 million inhabitants. This 300 million is contained in approximately 112 million households. This equates to 2.7 people per household. Approximately 1.2 million new households are formed in the US each year. New household formation is a pretty constant and predictable source of housing demand. Fundamentally, housing demand equals the sum of new household formation, second or vacation homes, and homes being torn down for structural or economic reasons. Historically, our nation has built approximately 1.8 million new housing units annually to satisfy this fundamental new demand. New housing starts were clearly over-inflated during the housing boom, peaking at an annual rate of 2.2 million in 2006. Recently, new housing starts have fallen dramatically due to the overhang of inventory and diminished demand. In 2008, only

900,000 new housing units were built (this total includes conventional homes, multi-family units, and manufactured home shipments). Therefore, within a few years, fundamental new demand will absorb the excess supply of homes overhanging the market. Increased household formation would clearly hasten the recovery. Slowing down the process is the fact that many households are finding their current homes to be unaffordable. Foreclosure rates have skyrocketed to an annual rate of approximately 2.5 million. Many of these people will need to find more affordable housing. Assuming that our current conventional single family homeownership rate of 68% of total households (already down from 69%) returns to a normal level of 63%, approximately 5 million households will need to seek more affordable housing. All of this points to potentially large increases in demand for affordable housing. UMH's communities have delivered consistent and predictable income streams during these turbulent times. We feel that we are poised to generate increases in occupancy and earnings as our nation's housing crisis continues to unfold.

I would like to thank all of our staff and directors for their hard work and focus on creating long-term value for UMH. I would also like to convey my gratitude to all of our loyal shareholders. As Warren Buffett recently stated, "When investing, pessimism is your friend, euphoria the enemy." UMH is not a difficult company to value. Our property values are not accurately reflected in our current share price. Therefore we take the position that the current market represents a unique opportunity. We look forward to reporting back to you in the year ahead.

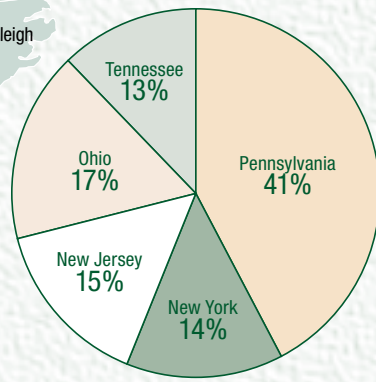
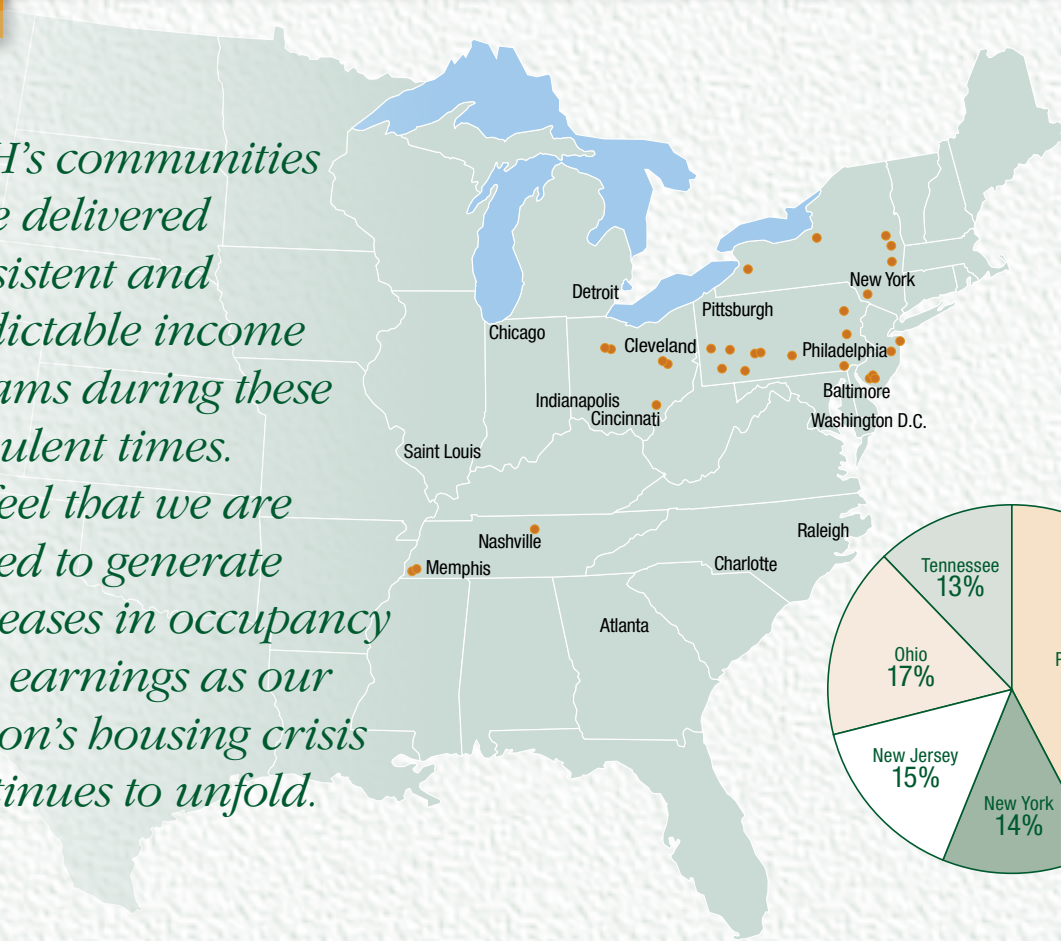
Very truly yours,



Samuel A. Landy
President

Property Portfolio Map

UMH's communities have delivered consistent and predictable income streams during these turbulent times. We feel that we are poised to generate increases in occupancy and earnings as our nation's housing crisis continues to unfold.



Community Development

UMH Properties, Inc. (UMH), currently owns additional unimproved land, which lends itself to future development. When UMH first purchased the communities, the undeveloped lands were given little or no value. The Company's 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. Approximately 500 acres of developable land is held by the Company and is continually monitored for demand at these locations. The following table shows our projected expansions over the next five years.

PROJECTED EXPANSIONS	2009	2010	2011	2012	2013
Brookview Village		17	47		
Cedarcrest		35			
Cross Keys Village			8		
Fairview Manor			50	50	50
Highland Estates		50	50	44	
Kinnebrook Village	26				
Lake Sherman Village		25		25	
Mountain View Estates		50	50	100	80
Pine Ridge/Pine Manor		20	30		
Somerset Estates		30	48		
Spreading Oaks Village			30		30
Sandy Valley Estates			24		
Woodland Manor				10	
Wood Valley				30	
Totals	26	227	337	259	160

Selected Financial Data

Operating Data	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Total Revenues	\$36,656,400	\$38,840,701	\$42,644,610	\$39,339,573	\$34,357,882
Total Expenses	35,143,911	36,307,278	36,962,736	32,392,720	26,176,771
Gain on Sales of Investment					
Property and Equipment	14,661	99,318	158,403	43,489	20,638
Net Income	1,527,150	2,632,741	5,840,277	6,990,342	8,201,749
Net Income Per Share -Basic	.14	.25	.58	.74	.95
Net Income Per Share -Diluted	.14	.25	.58	.74	.95

Cash Flow Data

Net Cash Provided (Used) by:					
Operating Activities	\$8,267,886	\$2,766,606	\$4,161,938	\$3,034,698	\$5,115,754
Investing Activities	(11,941,757)	(21,089,748)	(2,591,532)	(13,415,488)	(2,398,003)
Financing Activities	4,235,145	18,540,091	(4,120,735)	6,161,334	2,812,190

Balance Sheet Data

Total Assets	\$137,939,325	\$136,503,463	\$115,740,444	\$114,782,535	\$103,164,988
Mortgages Payable	65,952,895	61,749,700	46,817,633	48,706,241	50,501,243
Shareholders' Equity	44,721,700	53,995,133	57,640,419	54,839,324	48,804,743

Other Information

Average # of Shares Outstanding	10,876,840	10,535,162	10,093,546	9,473,155	8,598,686
Funds from Operations (1)	\$5,585,059	\$6,191,659	\$9,097,444	\$10,300,749	\$11,355,784
Cash Dividends Per Share	.79	1.00	.985	.9775	.9450

(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

	2008	2007	2006	2005	2004
Net Income	\$1,527,150	\$2,632,741	\$5,840,277	\$6,990,342	\$8,201,749
Gain on Sales of Depreciable Assets	(14,661)	(99,318)	(158,403)	(43,489)	(20,638)
Depreciation Expense	4,072,570	3,658,236	3,415,570	3,353,896	3,174,673
FFO	\$5,585,059	\$6,191,659	\$9,097,444	\$10,300,749	\$11,355,784

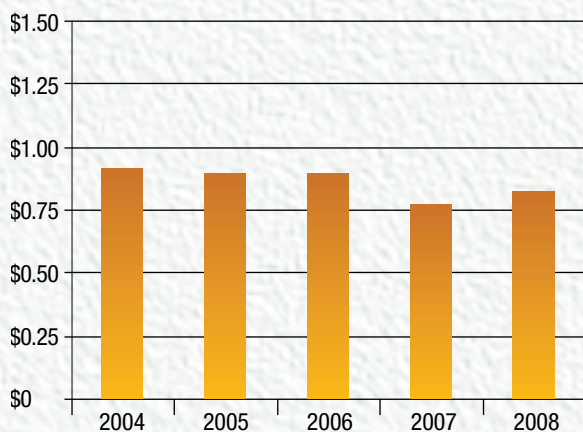
The Year in Review

Recent Share Activity

	2008			2007		
	High	Low	Distribution	High	Low	Distribution
First Quarter	\$11.98	\$9.71	\$.25	\$16.50	\$14.30	\$.25
Second Quarter	10.59	7.96	.18	15.40	14.00	.25
Third Quarter	8.75	6.95	.18	14.31	11.26	.25
Fourth Quarter	7.28	5.12	.18	14.00	10.42	.25
			\$0.79			\$1.00

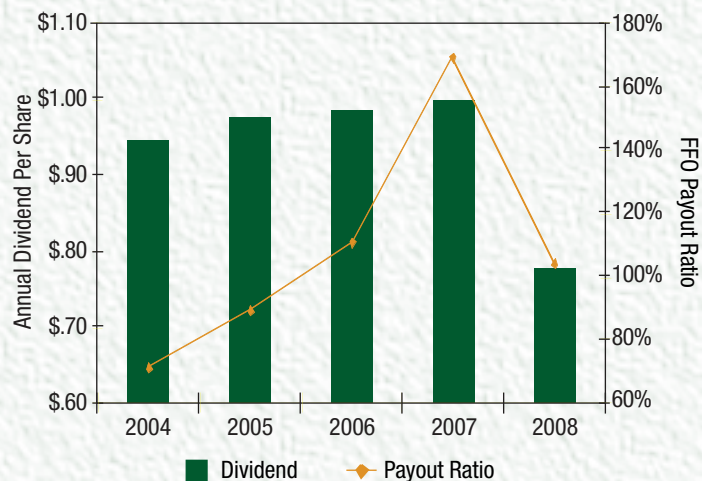
	Share Volume	Opening Price	Closing Price	Dividends Paid	Share Appreciation	Total Yield
2008	3,523,900	11.77	5.95	0.79	(49.4%)	(42.7%)
2007	3,008,700	15.44	11.77	1.00	(23.8%)	(17.3%)
2006	2,059,700	15.90	15.44	0.985	(2.9%)	3.3%
2005	2,651,200	15.74	15.90	0.9775	1.0%	7.2%
2004	3,511,000	17.01	15.74	0.945	(7.5%)	(1.9%)
2003	2,238,000	13.54	17.01	0.905	25.6%	32.3%

AFFO Per Share



AFFO represents FFO without the Gain or Loss on security transactions and the effect of interest rate swaps.

Dividend Growth & Payout Ratio



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 LP
President,
Mitchell Capital Management

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

Corporate Information

Corporate Office
3499 Rt. 9 North, Ste 3-C
Freehold, NJ 07728

**Independent Registered Public
Accounting Firm**
PKF, Certified Public Accountants
A Professional Corporation
29 Broadway
New York, NY 10006

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

Stock Listing
NYSE Amex
Symbol UMH

Relationship Manager
Susan M. Jordan

Internet Address
www.umh.com

Email Address
umh@umh.com



Eugene W. Landy, Chairman of the Board, is joined by Catherine R. Kinney, Group EVP and Head of Global Listings, NYSE Euronext, along with officers and directors of UMH Properties, Inc., to Ring the NYSE Closing Bell on March 24, 2009.



Staff of UMH Properties, Inc.



UMH Properties, Inc.

Established in 1968

NYSE Amex: UMH

Juniper Business Plaza

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