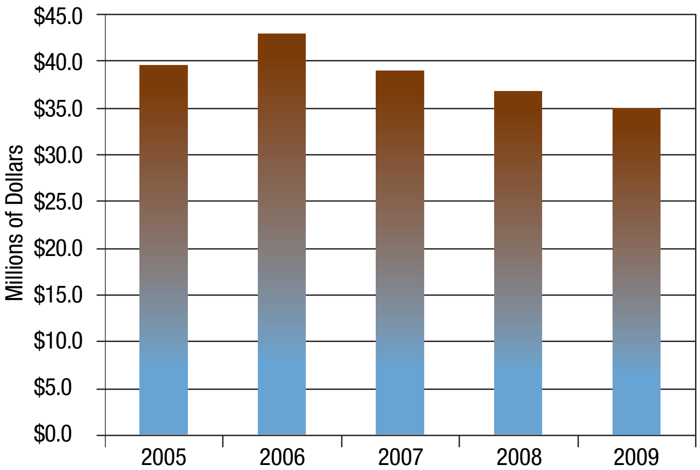
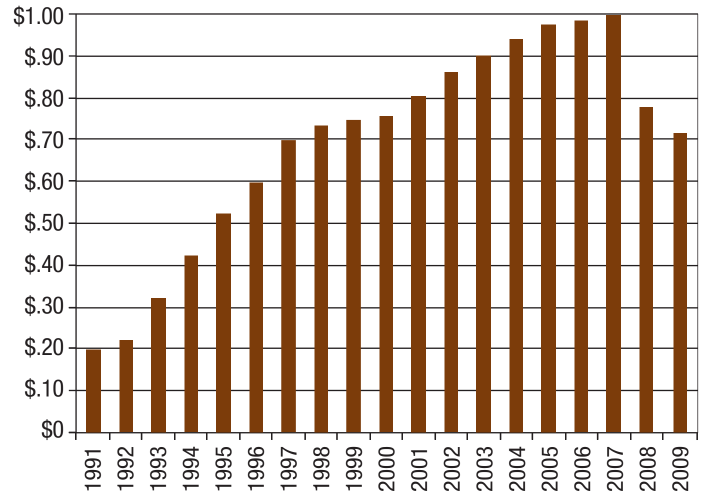
UMH Properties, Inc.

2009 ANNUAL REPORT

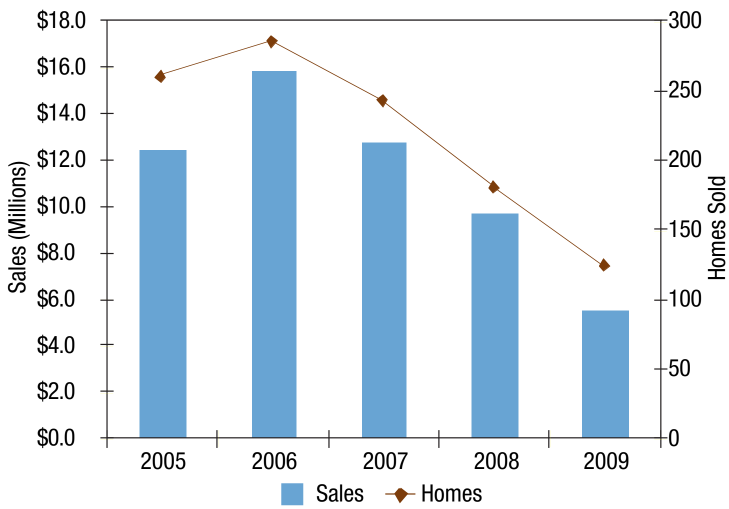
Total Revenues



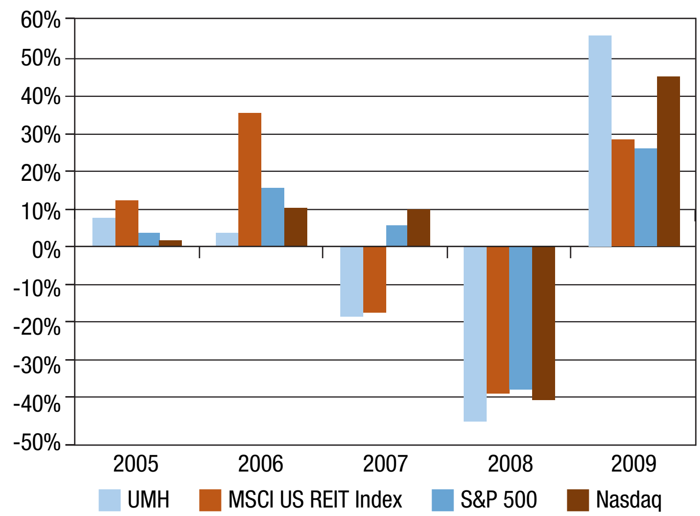
Per Share Annual Dividend



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.

The Cover Photo of this Annual Report features our Whispering Pines manufactured home community which is located in the beautiful countryside of the Laurel Mountains in Somerset, PA. This community contains approximately 125 sites.

FROM THE CHAIRMAN OF THE BOARD

Dear Shareholders:

Housing is not a zero sum game. Households are formed every day. Through birth and death, marriage and divorce, financial gain and ruin, demand for shelter has always been a fundamental one. Our nation's population grows at about 1-2% per year. All else being equal it is possible for conventional site built homes, multi-family apartments, and manufactured home communities to all prosper from this essential and ongoing need. At times they do, for each housing type represents the best value for a specific percentage of households at a specific point in their lives. However, all else never remains equal. Just as some states enjoy strong in-migration while other states see people heading for the exits in droves, residential housing demand can be stimulated or suppressed due to government interference. While most people ultimately seek stability and self determination, the recent housing crisis has once again exposed the economic fallacy of public policy interfering with free markets in order to help one particular group without resulting in disastrous unintended consequences.

There is no question that demand for manufactured homes has been siphoned off for many years by the lax lending standards that inflated the conventional housing bubble. While we continue to anticipate that demand for our property type will return, government agencies continue to try to prop up the housing market. The FHA has stepped in to insure a large percentage of new conventional home loans that can only be characterized as subprime. Additionally, the tax credits for homebuyers have helped to stimulate our site built competition. At some point this ongoing artificial support for conventional housing will come to an end. It is upsetting that many once-thriving companies in our industry will not live to see that day.

UMH Properties, Inc. (UMH) has now completed forty-two 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, 2009, we had outstanding approximately 12,000,000 shares at a market price of $8.48. This gave our REIT a stock market capitalization of approximately $102 million.

UMH has approximately 1,500 vacant sites. Because our operating expenses are largely fixed costs, our 1,500 vacant sites provide us with considerable operational leverage. Increased occupancy will improve our results substantially.

The fundamentals of our business which is providing affordable housing have never been better. Demand for housing grows with an expanding population. Competition and new supply have diminished sharply. The artificially high levels of conventional homeownership are coming back down but still have a long way to go before reaching historically normal levels. UMH is positioned to benefit greatly from an upsurge in affordable housing demand as this will result in increased occupancy, increased home sales, increased rental rates, and improved margins.

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 message and business plan remain constant. We are actively seeking to purchase well located land-leased manufacturing home communities. While we await the anticipated turn-around in the housing market, we are also active in seeking opportunistic real estate investments within our core competencies and historic fields of expertise. This may include industrial properties that do not exactly match the requirements and standards of our sister REIT, Monmouth Real Estate Investment Corporation. We may expand our REIT securities portfolio, again concentrating on industrial and housing REITs where we believe our expertise provides us with investment insight.

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-two 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
April 2010

MESSAGE FROM THE PRESIDENT

Dear Fellow Shareholders:

The stability of well located manufactured home communities was evident in 2009. Total manufactured home shipments have been declining year after year and in 2009 fell 39% to approximately 60,000 homes, representing the lowest level of shipments on record. We have seen Fleetwood and Champion file for bankruptcy. We have also seen Origen shut down. There are currently only three manufactured housing REITs in existence. The industry is consolidating and portfolios of manufactured home communities are now available for the first time in quite a while. UMH stands out as a survivor because of its strong balance sheet, well located communities, and conservative focus.

Our Funds from Operations (FFO), excluding non-cash impairment charges and other gains or losses on securities transactions, increased from $8.4 million in 2008, to $9.6 million in 2009. On a per share basis this represents FFO growth of approximately 8%. Despite a decrease in occupancy from 80% to 78%, income from community operations increased from $12.5 million in 2008, to $13.3 million in 2009. The Company has been increasing rental rates and focusing on controlling costs.

The core business of UMH is the operation of our 28 manufactured home communities. Our 6,800 home sites provide stable and predictable income streams. Rental income increased 4% in 2009, from $25.5 million to $26.5 million, while our income from community operations increased by 7%. UMH has approximately 1,500 vacant sites. Some of these vacancies are new sites in recently completed expansions. Our 22% vacancy factor represents strong operational leverage to grow our earnings as demand increases. This provides us with the potential to increase gross income by approximately $5 million a year and increase net income by $3.5 million a year.

Our home sales division was the most disappointing part of our business in 2009. Four years ago we generated almost $16 million in sales. By 2008 sales had fallen to under $10 million and in 2009 were only $5.5 million. One of the unique aspects of our property type is that because older homes are regularly being replaced by newer homes, our communities are in a constant state of renewal. New home sales are an integral part of gaining occupancy and enhancing community values. Every year we improve our communities by replacing older homes with new units. Conventional homes are experiencing record foreclosure rates. These households have to live somewhere and they will need to move into cheaper housing. We anticipate our sales operation generating better performance as our economy stabilizes.

UMH stands out as a survivor because of its strong balance sheet, well located communities, and conservative focus.

UMH currently has approximately $21 million in manufactured home loans. Because these loans are secured by homes within our communities, our loan portfolio continues to perform well. These loans are generating a weighted average yield of 10%. We provide financing when third party financing cannot be obtained. Ideally this would represent an even smaller percentage of total sales. However, one of the biggest challenges the manufactured housing industry currently faces is the lack of competitive financing relative to our site built competition. It is very difficult for our industry to compete with the Government Sponsored Enterprises (GSE's). The GSE's have provided tremendous liquidity to both the conventional housing industry as well as the apartment sector. Because the manufactured housing industry represents a high quality affordable housing alternative, the GSE's should embrace, rather than ignore, our product. Warren Buffett explains this current competitive disadvantage in his inimitable way in his 2009 Berkshire Hathaway Letter to Shareholders (pages 12-13). I encourage you to read it.

In 2009, our securities portfolio began a very impressive turnaround. At year-end we had $32 million in securities with an unrealized gain of $2.2 million. As of this writing, we have $38 million in securities

with unrealized gains of approximately $6 million. Additionally, our securities provide us with substantial dividend income. UMH continues to maintain a conservative balance sheet and our securities portfolio enhances that strength. We have been positioning ourselves for future growth and will continue to seek opportunistic investments.

UMH outperformed our REIT peers in 2009, delivering a 56% total return versus a 29% total return for the MSCI US REIT Index. In June of 2009, UMH was added to the Russell 2000 Index. This has helped to generate greater liquidity for our shares as well as to increase our institutional ownership. It is important that we grow the company in order to achieve a more efficient market for our shares.

UMH has continued to operate profitably despite a very difficult housing environment. The new supply of conventional single family homes, multi-family apartments, and manufactured homes has fallen dramatically since 2005. Ultimately this should help stabilize pricing as the excesses incurred during the conventional housing bubble will be absorbed over time. The recent period of very limited new supply is helpful and necessary in order for US housing markets to stabilize. While manufactured home shipments remain at historic low levels (as noted above approximately 60,000 home shipments last year), as a percentage of new housing starts they have actually increased to 10% of total new housing units. This says more about how low the new supply of total housing units has fallen than any positive change for the manufactured housing sector.

While there is no agreement as to the size of the nation's "excess" housing inventory, at some point in time, the US will need to provide 1.5 million units annually. Fifteen percent of these units (225,000 units) will need to be affordable for the 30% of the population that earns less than $35,000 a year. Affordability will include having a reasonable down payment and the ability to document income. When housing demand exceeds supply, land-leased manufactured home communities will experience increased occupancy, increased home sales and improved margins.

As long as home prices are falling it is hard to predict when record foreclosures will peak. The good news is that conventional home values, while still lower from a year-over-year standpoint, have been positive month-over-month since May 2009. Additionally, the year-over-year declines are now in the low single digits. This should entice buyers who have been looking for a bottom to enter the market. Most housing analysts agree that we have come off of the bottom. The question going forward is how far can home prices appreciate given the excess inventory, the weak labor markets, and the tightened lending standards. The good news is that the momentum has shifted from negative to positive.

What does this mean for the manufactured housing sector? Conventional homeownership rates peaked in 2005 and are slowly coming back down to normal levels. We anticipate that this trend will result in increased demand for our sites and improved fundamentals as we recapture the market share that was lost to the conventional housing bubble. At the moment it appears that people are doubling up and finding temporary housing solutions. The trillions of dollars in subsidies used to artificially increase conventional homeownership rates proved to be a failed social experiment. There was no shortage of casualties; thus we hope that that we will not witness such a misguided attempt to interfere with the US housing market again.

I would like to thank our staff and directors for their hard work and commitment to creating long-term value for UMH. Additionally, I would like to thank all of our loyal shareholders. Despite our improved performance in 2009, our share price currently represents a substantial discount to our intrinsic value. We will continue to work hard to eliminate that discount focusing specifically on occupancy and earnings growth, and hopefully total assets as well. Our long-term shareholders will recall a 16 year period of dividend growth. While that track record proved to be unsustainable during the recent housing correction, both profitability and dividends have continued despite the market turmoil. We look forward to reporting back to you in the year ahead.

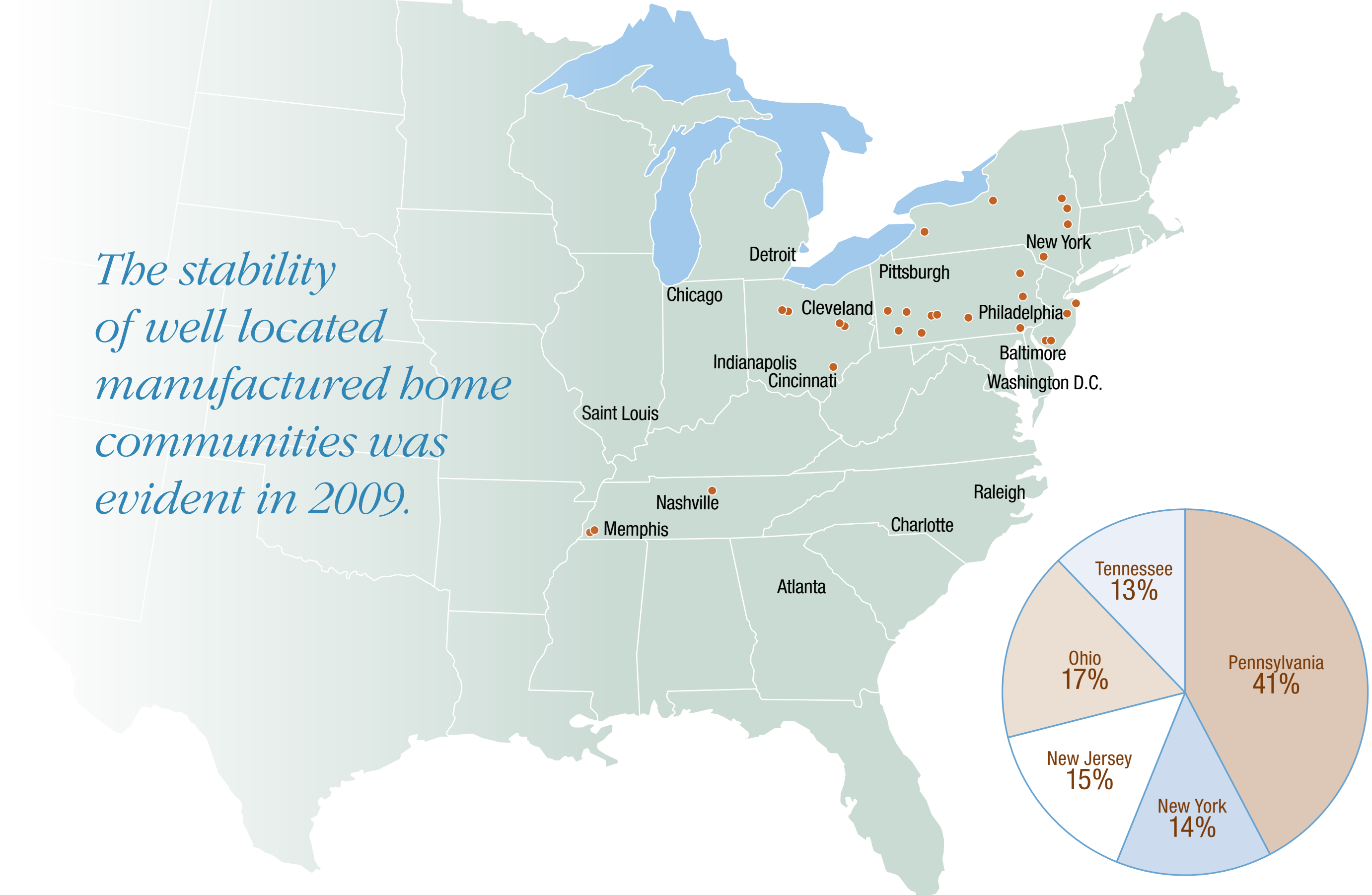
Very truly yours,

Samuel Landy

Samuel A. Landy
President

PROPERTY PORTFOLIO MAP

The stability of well located manufactured home communities was evident in 2009.



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 acreage was 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	2010	2011	2012	2013	2014
Brookview Village	17		47		
Cedarcrest		35			
Cross Keys Village			8		
Fairview Manor			50	50	50
Highland Estates		50	50	44	
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	**67**	**210**	**387**	**239**	**80**

Financial Data

Operating Data	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Rental and Related Income	$26,491,999	$25,542,745	$23,997,178	23,186,485	22,280,917
Sales of Manufactured Homes	5,527,253	9,560,912	12,672,844	15,799,748	12,436,980
Total Income	32,019,252	35,103,657	36,670,022	38,986,233	34,717,897
Interest and Dividend Income	4,584,917	4,318,512	3,357,524	3,156,255	3,224,679
(Loss) Gain on Securities Transactions, net	(1,804,146)	(2,860,804)	(1,398,377)	266,847	1,232,834
Community Operating Expenses	13,200,885	13,083,959	12,633,042	12,274,363	11,773,859
Total Expenses	26,911,082	30,186,474	32,136,169	33,689,016	30,191,955
Interest Expense	4,455,332	4,957,437	4,171,109	3,273,720	2,200,765
Gain on Sales of Investment Property and Equipment	179,607	14,661	99,318	158,403	43,489
Net Income	3,689,388	1,527,150	2,632,741	5,840,277	6,990,342
Net Income Per Share - Basic	.32	.14	.25	.58	.74
- Diluted	.32	.14	.25	.58	.74

Cash Flow Data					
Net Cash Provided (Used) by:					
Operating Activities	$11,355,096	$8,267,886	$2,766,606	$4,161,938	$3,034,698
Investing Activities	(8,288,707)	(11,941,757)	(21,089,748)	(2,591,532)	(13,415,488)
Financing Activities	(1,329,854)	4,235,145	18,540,091	(4,120,735)	6,161,334

Balance Sheet Data					
Total Assets	$147,971,540	$137,939,325	$136,503,463	$115,740,444	$114,782,535
Mortgages Payable	70,318,950	65,952,895	61,749,700	46,817,633	48,706,241
Shareholders' Equity	55,971,862	44,721,700	53,995,133	57,640,419	54,839,324

Other Information					
Average # of Shares Outstanding	11,412,536	10,876,840	10,535,162	10,093,546	9,473,155
Funds from Operations (1)	$7,834,295	$5,585,059	$6,191,659	$9,097,444	$10,300,749
Cash Dividends Per Share	.72	.79	1.00	.985	.9775

(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

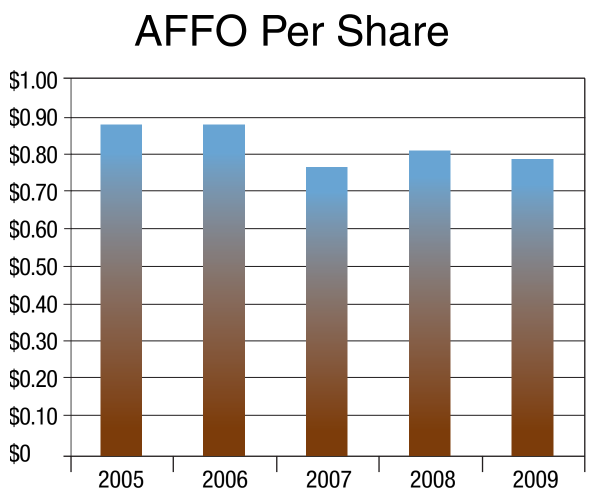
	2009	2008	2007	2006	2005
Net Income*	$3,689,388	$1,527,150	$2,632,741	$5,840,277	$6,990,342
Gain on Sales of Depreciable Assets	62,783	(14,661)	(99,318)	(158,403)	(43,489)
Depreciation Expense	4,082,124	4,072,570	3,658,236	3,415,570	3,353,896
FFO	$7,834,295	$5,585,059	$6,191,659	$9,097,444	$10,300,749

* Includes gain on sale of easement of $242,390 in 2009.

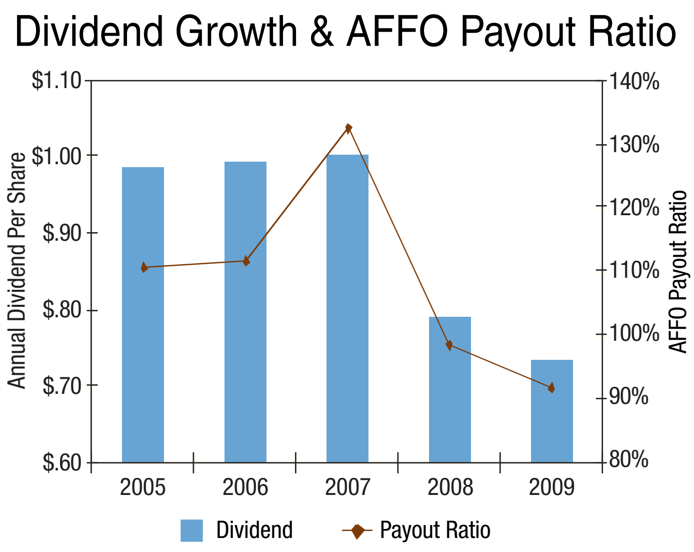
Recent Share Activity

	2009			2008		
	High	Low	Distribution	High	Low	Distribution
First Quarter	$7.50	$4.87	$.18	$11.98	$9.71	$ .25
Second Quarter	9.09	5.44	.18	10.59	7.96	.18
Third Quarter	9.01	7.40	.18	8.75	6.95	.18
Fourth Quarter	8.65	7.35	.18	7.28	5.12	.18
			$.72			$0.79

	Share Volume	Opening Price	Closing Price	Dividends Paid	Share Appreciation	Total Yield
2009	5,503,300	$5.95	$8.48	$0.72	42.5%	54.6%
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%)



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



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 and
Chief Executive Officer

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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UMH

UMH Properties, Inc.

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