



## Press Release

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### UDR ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2016 RESULTS

#### ~Provides 2017 Guidance and 2017/2018 Strategic Outlook~

##### UDR (the “Company”) Fourth Quarter 2016 Highlights:

- Net income per share was \$0.88, Funds from Operations (“FFO”) per share was \$0.47, FFO as Adjusted per share was \$0.46, and Adjusted Funds from Operations (“AFFO”) per share was \$0.40.
- Net income attributable to common stockholders was \$236.7 million as compared to \$161.3 million in the prior year period. The increase was primarily due to higher gains on the sale of real estate.
- Year-over-year same-store (“SS”) revenue, expense and net operating income (“NOI”) growth for the quarter were 5.0 percent, 4.2 percent and 5.3 percent.
- The UDR/MetLife JV completed construction on 3033 Wilshire, a 190-home community in Los Angeles.
- The West Coast Development JV completed construction on OLIVE DTLA, a 293-home community in Los Angeles.
- The UDR/MetLife JV commenced construction on Vitruvian West, a 383-home community in Addison, TX.
- Acquired Milehouse, a 177-home community in Redmond, WA through a 1031 exchange.
- Subsequent to quarter end, acquired CityLine, a 244-home West Coast Development JV community in Seattle.
- Completed the acquisition of MetLife’s 50 percent interest in Ten20 and Ashton Bellevue, two adjacent communities comprising 331 homes in Bellevue, WA through 1031 exchanges.
- Completed the disposition of eight communities comprising 1,782 homes in Baltimore and Dallas.
- Subsequent to quarter end, established a \$500.0 million unsecured U.S. commercial paper program.

##### Full-Year 2016 Highlights:

- Net income per share was \$1.08, FFO per share was \$1.80, FFO as Adjusted per share was \$1.79, and AFFO per share was \$1.63.
- Net income attributable to common stockholders was \$289.0 million as compared to \$336.7 million in the prior year period. The decrease was primarily due to lower gains on the sale of real estate.
- Increased the Company’s declared dividend per share to \$1.18 (+6% year-over-year).
- Year-over-year SS revenue, expense and NOI growth were 5.7 percent, 3.7 percent and 6.5 percent.
- Completed construction on two UDR/MetLife JV and four West Coast Development JV projects comprising 1,784 homes in San Francisco, Los Angeles, Seattle and Anaheim, CA.
- Commenced construction on three communities, including two UDR/MetLife JV communities, comprising 1,118 homes in Boston, Los Angeles and Addison, TX.
- Acquired three communities comprising 508 homes in the Seattle MSA through 1031 exchanges.
- Sold nine communities, including one UDR/MetLife community, comprising 2,034 homes in Baltimore and Dallas.
- Issued \$173.6 million of common equity in conjunction with the Company’s inclusion in the S&P 500 index.
- Issued \$300.0 million of 10-year unsecured debt at 2.95 percent.

	Q4 2016	Q4 2015	FY 2016	FY 2015
<b>Net income per common share, diluted</b>	<b>\$0.88</b>	<b>\$0.61</b>	<b>\$1.08</b>	<b>\$1.29</b>
Conversion from GAAP share count	(0.046)	(0.041)	(0.189)	(0.096)
Net gain on the sale of depreciable real estate owned	(0.872)	(0.650)	(0.961)	(1.180)
Depreciation and amortization	0.426	0.430	1.749	1.567
Noncontrolling interests and preferred dividends	0.085	0.060	0.117	0.078
<b>FFO per common share and unit, diluted</b>	<b>\$0.47</b>	<b>\$0.41</b>	<b>\$1.80</b>	<b>\$1.66</b>
Acquisition-related costs/(fees), including JVs	0.001	0.005	0.001	0.013
Cost/(benefit) associated with debt extinguishment, other	-	-	0.006	-
Texas Joint Venture promote and disposition fee income	-	(0.001)	-	(0.036)
Long-term incentive plan transition costs	0.001	0.003	0.003	0.013
Net gain on the sale of non-depreciable real estate owned	-	-	(0.006)	-
Legal claims, net of tax	-	0.002	(0.002)	0.003
Net loss on sale of unconsolidated land	-	-	0.003	-
Severance costs and other restructuring expense	0.003	-	0.003	-
Tax benefit – conversion of TRS entities into REITs	(0.008)	-	(0.008)	-
Casualty-related (recoveries)/charges, including JVs, net	(0.005)	0.007	(0.010)	0.017
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$0.46</b>	<b>\$0.42</b>	<b>\$1.79</b>	<b>\$1.67</b>
Recurring capital expenditures	(0.054)	(0.050)	(0.160)	(0.164)
<b>AFFO per common share and unit, diluted</b>	<b>\$0.40</b>	<b>\$0.37</b>	<b>\$1.63</b>	<b>\$1.51</b>

A reconciliation of FFO, FFO as Adjusted and AFFO to GAAP Net income attributable to common stockholders can be found on Attachment 2 of the Company's fourth quarter Supplemental Financial Information.

## Operations

Total revenue increased by \$5.4 million or 2 percent, to \$243.0 million for the fourth quarter and \$65.2 million or 7 percent, to \$959.9 million for full-year 2016. This increase was primarily due to growth in revenue from same-store and stabilized, non-mature communities.

Same-store NOI increased 5.3 percent year-over-year in the fourth quarter of 2016 and was driven by same-store revenue growth of 5.0 percent against a 4.2 percent increase in same-store expenses. Same-store physical occupancy was 96.8 percent as compared to 96.5 percent in the prior year period. The fourth quarter annualized rate of turnover was 42.5 percent representing a 110 basis point decline year-over-year.

## Summary of Same-Store Results Fourth Quarter 2016 versus Fourth Quarter 2015

Region	Revenue Growth	Expense Growth	NOI Growth	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	5.2%	3.6%	5.8%	43.9%	96.2%	11,633
Mid-Atlantic	4.2%	2.9%	4.7%	19.0%	97.2%	6,902
Northeast	3.6%	7.7%	2.0%	17.5%	97.2%	3,124
Southeast	6.9%	2.0%	9.2%	14.7%	97.1%	7,683
Southwest	5.5%	8.6%	3.7%	4.9%	96.8%	2,923
<b>Total</b>	<b>5.0%</b>	<b>4.2%</b>	<b>5.3%</b>	<b>100.0%</b>	<b>96.8%</b>	<b>32,265</b>

<sup>(1)</sup> Based on Q4 2016 NOI.

<sup>(2)</sup> Weighted average same-store occupancy for the quarter.

<sup>(3)</sup> During the fourth quarter, 32,265 apartment homes, or approximately 82 percent of 39,454 total consolidated apartment homes (versus 49,907 apartment homes inclusive of joint ventures, preferred equity investments and development pipeline homes upon completion), were classified as same-store. The Company defines QTD SS Communities as those communities stabilized for five full consecutive quarters. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the quarter in the prior year, were not in process of any substantial redevelopment activities, and not held for disposition.

Sequential same-store NOI increased by 0.3 percent in the fourth quarter of 2016 on same-store revenue growth of 0.1 percent and a 0.4 percent decrease in same-store expenses.

For the twelve months ended December 31, 2016, the Company's same-store revenue increased 5.7 percent and same-store expenses increased 3.7 percent, resulting in a same-store NOI increase of 6.5 percent. Same-store physical occupancy was 96.7 percent, flat with the prior year period.

### Summary of Same-Store Results Full-Year 2016 versus Full-Year 2015

Region	Revenue Growth	Expense Growth	NOI Growth	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	7.1%	5.4%	7.7%	43.0%	96.2%	11,298
Mid-Atlantic	2.6%	0.0%	3.8%	19.2%	96.9%	6,902
Northeast	4.7%	5.0%	4.5%	18.0%	97.0%	3,124
Southeast	7.1%	2.5%	9.4%	14.8%	97.0%	7,683
Southwest	5.4%	6.2%	4.9%	5.0%	96.8%	2,923
<b>Total</b>	<b>5.7%</b>	<b>3.7%</b>	<b>6.5%</b>	<b>100.0%</b>	<b>96.7%</b>	<b>31,930</b>

(1) Based on YTD 2016 NOI.

(2) Average same-store occupancy for YTD 2016.

(3) During the twelve months, 31,930 apartment homes, or approximately 81 percent of 39,454 total consolidated apartment homes (versus 49,907 apartment homes inclusive of joint ventures, preferred equity investments and development pipeline homes upon completion), were classified as same-store. The Company defines YTD SS Communities as those communities stabilized for two full consecutive calendar years. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, were not in process of any substantial redevelopment activities, and not held for disposition.

### Development and Redevelopment Activity

At the end of the fourth quarter, the Company's development pipeline totaled \$1.1 billion. The \$1.1 billion consisted of \$216.7 million completed, non-stabilized development projects and \$913.2 million of under-construction development projects. The \$913.2 million of under-construction development projects are scheduled to be delivered over the next three years, with \$112.2 million in 2017, \$434.5 million in 2018 and the balance in 2019. The development pipeline is currently expected to produce a weighted average spread between estimated stabilized development yields and current market cap rates in excess of the upper end of the Company's 150 to 200 basis point targeted range.

In addition, the Company had preferred equity and participating loan investments totaling \$364.8 million. 100 percent of the Company's equity commitments in these projects has been funded. The \$364.8 million consisted of \$201.0 million of completed, stabilized developments, \$107.6 million of completed, non-stabilized developments and a \$56.2 million under-construction development which is expected to be completed in late-2017.

During the quarter,

- The UDR/MetLife Joint Venture completed construction on 3033 Wilshire, a 190-home community located in Los Angeles with an estimated cost to construct of \$108.0 million at 100 percent.
- The West Coast Development Joint Venture completed construction on OLIVE DTLA, a 293-home community located in Los Angeles with a going-in valuation of \$129.4 million at 100 percent.
- The UDR/MetLife Joint Venture commenced construction on Vitruvian West, a 383-home community located in Addison, TX with an estimated cost to construct of \$59.0 million at 100 percent and a scheduled completion date in late-2018.

### Wholly-Owned Transactional Activity

As previously announced, the Company sold seven communities, comprising 1,402 homes, in Baltimore for \$236.0 million or \$168,000 per home. Additionally, the Company sold a 380-home community located in Dallas for \$48.6 million or \$128,000 per home. The eight communities had a weighted average monthly revenue per occupied

home of \$1,358, were 31 years old on average and were sold at a weighted average 6.0 percent cash flow cap rate.

During the quarter, the Company completed a 1031 acquisition of Milehouse, a 177-home community located in Redmond, WA for \$70.2 million and at a cash flow cap rate of 4.4 percent. The community was recently completed, had an average monthly revenue per occupied home of \$2,192, is designated LEED Silver and includes high-end amenities and home finishes.

### **Joint Venture Transactional Activity**

As previously announced, the Company completed 1031 acquisitions of MetLife's 50 percent interests in Ten20 and Ashton Bellevue, two adjacent communities comprising 331 homes and located in Bellevue, WA. The Company acquired MetLife's interest for \$68.4 million plus the assumption of \$37.9 million of debt. These communities have a weighted average monthly revenue per occupied home of \$3,322 and are 7 years old on average.

Subsequent to quarter end, the Company exercised its fixed price purchase option to acquire CityLine, a 244-home West Coast Development Joint Venture community located in suburban Seattle. The Company's total investment in CityLine was \$86.5 million. The community was acquired at a 5.3 percent cash flow cap rate, has an average monthly revenue per occupied home of \$2,018 and further differentiates the Company's Seattle area product type, locational and asset quality mixes.

### **Capital Markets**

Subsequent to quarter end, the Company established a \$500.0 million commercial paper program (the "Program") in the United States. Under the Program, the Company may issue, from time to time, commercial paper notes up to a maximum aggregate amount outstanding of \$500.0 million. Standard and Poor's and Moody's Investor Service has assigned ratings of A-2 and P-2, respectively. Proceeds will be used for general corporate purposes.

### **Balance Sheet**

At December 31, 2016, the Company had \$1,156 million in availability through a combination of cash and undrawn capacity on its credit facilities.

The Company's total indebtedness at December 31, 2016 was \$3.4 billion. The Company ended the quarter with fixed-rate debt representing 87.3 percent of its total debt, a total blended interest rate of 3.79 percent and a weighted average maturity of 5.3 years.

On a consolidated basis, the Company's leverage was 32.1 percent versus 34.6 percent a year ago, net debt-to-EBITDA was 5.1x versus 5.7x a year ago and fixed charge coverage was 4.8x versus 4.1x a year ago.

### **Other**

In conjunction with this release, the Company published its 2017/2018 Strategic Outlook which outlines the Company's long-term strategies, how the Company has performed versus past Strategic Outlooks and expectations for 2017 and 2018. The 2017/2018 Strategic Outlook document is available in the Investor Relations section of the Company's website at [ir.udr.com](http://ir.udr.com).

### **Dividend**

As previously announced, the Company's Board of Directors declared a regular quarterly dividend on its common stock for the fourth quarter of 2016 in the amount of \$0.295 per share. The dividend will be paid in cash on January 31, 2017 to UDR common stock shareholders of record as of January 10, 2017. The fourth quarter 2016 dividend will represent the 177<sup>th</sup> consecutive quarterly dividend paid by the Company on its common stock.

In conjunction with this release, the Company has declared a 2017 annualized dividend per share of \$1.24, a 5% increase over 2016.

## **Outlook**

**For the first quarter of 2017**, the Company has established the following earnings guidance ranges:

Net income per share	\$0.08 to \$0.09
FFO per share	\$0.44 to \$0.46
FFO as Adjusted per share	\$0.44 to \$0.46
AFFO per share	\$0.42 to \$0.44

**For the full-year 2017**, the Company has established the following earnings guidance ranges:

Net income per share	\$0.31 to \$0.36
FFO per share	\$1.83 to \$1.87
FFO as Adjusted per share	\$1.83 to \$1.87
AFFO per share	\$1.68 to \$1.72

**For the full-year 2017**, the Company's primary same-store growth assumptions are:

Revenue	3.00% to 4.00%
Expense	2.50% to 3.50%
Net operating income	3.25% to 4.25%

Additional assumptions for the Company's first quarter and full-year 2017 guidance can be found on Attachment 15 of the Company's fourth quarter Supplemental Financial Information. A reconciliation of FFO per share, FFO as Adjusted per share and AFFO per share to GAAP Net income per share can be found on Attachment 16(D) of the Company's fourth quarter Supplemental Financial Information. Non-GAAP financial measures and other terms, as used in this earnings release, are defined and further explained on Attachments 16(A) through 16(D), "Definitions and Reconciliations," of the Company's fourth quarter Supplemental Financial Information.

### **Supplemental Information**

The Company offers Supplemental Financial Information that provides details on the financial position and operating results of the Company which is available on the Company's website at [ir.udr.com](http://ir.udr.com).

### **Conference Call and Webcast Information**

UDR will host a webcast and conference call at 1:00 p.m. Eastern Time on January 31, 2017 to discuss fourth quarter and full-year results as well as its 2017/2018 Strategic Outlook. The webcast will be available on UDR's website at [ir.udr.com](http://ir.udr.com). To listen to a live broadcast, access the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software.

To participate in the teleconference dial 877-705-6003 for domestic and 201-493-6725 for international. A passcode is not necessary.

A replay of the conference call will be available through March 2, 2017, by dialing 844-512-2921 for domestic and 412-317-6671 for international and entering the confirmation number, 13652450, when prompted for the passcode.

A replay of the call will be available for 30 days on UDR's website at [ir.udr.com](http://ir.udr.com).

### **Full Text of the Earnings Report and Supplemental Data**

Internet -- The full text of the earnings report, Supplemental Financial Information and 2017/2018 Strategic Outlook will be available on the Company's website at [ir.udr.com](http://ir.udr.com).

Mail -- For those without Internet access, the fourth quarter 2016 earnings report, Supplemental Financial Information and 2017/2018 Strategic Outlook will be available by mail or fax, on request. To receive a copy, please call UDR Investor Relations at 720-348-7762.



## Attachment 16(B)

### UDR, Inc. Definitions and Reconciliations December 31, 2016 (Unaudited)

**Held For Disposition Communities:** The Company defines Held for Disposition Communities as those communities that were held for sale as of the end of the most recent quarter.

**Interest Coverage Ratio:** The Company defines Interest Coverage Ratio as net income, excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and joint venture communities, other depreciation and amortization, noncontrolling interests, net gain/(loss) on the sale of real estate owned, TRS income tax, divided by total interest.

Management considers interest coverage ratio a useful metric for investors as it provides ratings agencies, investors and lending partners with a widely-used measure of the Company's ability to service its debt obligations as well as compare leverage against that of its peer REITs. A reconciliation of the components that comprise interest coverage ratio is provided on Attachment 4(C) of the Company's quarterly supplemental disclosure.

#### Joint Venture Reconciliation at UDR's Weighted Average Ownership Interest

##### In thousands

	4Q 2016	YTD 2016
Income/(loss) from unconsolidated entities	\$ 35,945	\$ 52,234
Management fee	1,138	4,711
Interest expense	8,596	33,233
Depreciation	13,055	47,832
General and administrative	124	536
West Coast Development JV	(1,869)	(8,412)
Steele Creek	(1,567)	(6,213)
Other (income)/expense (includes 717 Olympic casualty (gain)/expense)	(168)	(4,059)
NOI related to sold properties	(80)	(4,496)
Gain on sales	(36,385)	(46,832)
<b>Total Joint Venture NOI at UDR's Ownership Interest</b>	<b>\$ 18,789</b>	<b>\$ 68,534</b>

**JV Return on Equity ("ROE"):** The Company defines JV ROE as its share of property NOI plus property and asset management fee revenue less interest expense, divided by the average of beginning and ending equity capital for the quarter.

Management considers ROE a useful metric for investors as it provides a widely used measure of how well the Company is investing its capital on a leveraged basis.

**JV Return on Invested Capital ("ROIC"):** The Company defines JV ROIC as its share of property NOI plus property and asset management fee revenue divided by the average of beginning and ending invested capital for the quarter.

Management considers ROIC a useful metric for investors as it provides a widely used measure of how well the Company is investing its capital on an unleveraged basis.

**Net Debt-to-EBITDA:** The Company defines net debt to EBITDA as total debt net of cash and cash equivalents divided by EBITDA. EBITDA is defined as net income, excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and other joint venture communities, other depreciation and amortization, noncontrolling interests, net gain/(loss) on the sale of real estate owned, and TRS income tax.

Management considers net debt to EBITDA a useful metric for investors as it provides ratings agencies, investors and lending partners with a widely-used measure of the Company's ability to service its debt obligations as well as compare leverage against that of its peer REITs. A reconciliation between net income and EBITDA is provided on Attachment 4(C) of the Company's quarterly supplemental disclosure.

**Net Operating Income ("NOI"):** The Company defines NOI as rental income less direct property rental expenses. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI is property management expense which is calculated as 2.75% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations, and land rent.

Management considers NOI a useful metric for investors as it is a more meaningful representation of a community's continuing operating performance than net income as it is prior to corporate-level expense allocations, general and administrative costs, capital structure and depreciation and amortization and is a widely used input, along with capitalization rates, in the determination of real estate valuations. A reconciliation from net income attributable to UDR, Inc. to NOI is provided below.

##### In thousands

	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015
Net income/(loss) attributable to UDR, Inc.	\$ 237,617	\$ 26,956	\$ 17,946	\$ 10,393	\$ 162,200
Property management	6,603	6,607	6,494	6,379	6,445
Other operating expenses	2,369	1,636	1,892	1,752	3,534
Real estate depreciation and amortization	102,537	105,802	105,937	105,339	104,909
Interest expense	29,295	31,954	30,678	31,104	33,170
Casualty-related (recoveries)/charges, net	(1,102)	205	1,629	-	(45)
General and administrative	13,256	11,826	10,835	13,844	17,993
Tax (benefit)/provision, net	(3,063)	94	(402)	(403)	(1,424)
(Income)/loss from unconsolidated entities	(35,945)	(15,285)	(325)	(679)	(1,052)
Interest income and other (income)/expense, net	(481)	(478)	(540)	(431)	(407)
Joint venture management and other fees	(2,927)	(2,997)	(2,618)	(2,858)	(3,253)
Other depreciation and amortization	1,458	1,526	1,486	1,553	1,899
(Gain)/loss on sale of real estate owned, net of tax	(200,466)	-	(7,315)	(3,070)	(172,635)
Net income/(loss) attributable to noncontrolling interests	22,129	2,510	1,618	1,211	14,963
<b>Total consolidated NOI</b>	<b>\$ 171,280</b>	<b>\$ 170,356</b>	<b>\$ 167,315</b>	<b>\$ 164,134</b>	<b>\$ 166,297</b>

## **Forward Looking Statements**

Certain statements made in this press release may constitute “forward-looking statements.” Words such as “expects,” “intends,” “believes,” “anticipates,” “plans,” “likely,” “will,” “seeks,” “estimates” and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements, by their nature, involve estimates, projections, goals, forecasts and assumptions and are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in a forward-looking statement, due to a number of factors, which include, but are not limited to, unfavorable changes in the apartment market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning availability of capital and the stabilization of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments, redevelopments and lease-ups on schedule, expectations on job growth, home affordability and demand/supply ratio for multifamily housing, expectations concerning development and redevelopment activities, expectations on occupancy levels and rental rates, expectations concerning the joint ventures with third parties, expectations that automation will help grow net operating income, expectations on annualized net operating income and other risk factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time, including the Company’s Annual Report on Form 10-K and the Company’s Quarterly Reports on Form 10-Q. Actual results may differ materially from those described in the forward-looking statements. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this press release, and the Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in the Company’s expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required under the U.S. securities laws.

## **About UDR, Inc.**

UDR, Inc. (NYSE:[UDR](#)), an S&P 500 company, is a leading multifamily real estate investment trust with a demonstrated performance history of delivering superior and dependable returns by successfully managing, buying, selling, developing and redeveloping attractive real estate properties in targeted U.S. markets. As of December 31, 2016, UDR owned or had an ownership position in 49,907 apartment homes including 3,604 homes under development or in preferred equity investments. For over 45 years, UDR has delivered long-term value to shareholders, the best standard of service to residents and the highest quality experience for associates. Additional information can be found on the Company’s website at [ir.udr.com](http://ir.udr.com).





# Attachment 1

## UDR, Inc. Consolidated Statements of Operations <sup>(1)</sup> (Unaudited)

In thousands, except per share amounts	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
<b>REVENUES:</b>				
Rental income	\$ 240,081	\$ 234,352	\$ 948,461	\$ 871,928
Joint venture management and other fees <sup>(2)</sup>	2,927	3,253	11,400	22,710
Total revenues	<u>243,008</u>	<u>237,605</u>	<u>959,861</u>	<u>894,638</u>
<b>OPERATING EXPENSES:</b>				
Property operating and maintenance	40,075	41,174	159,947	155,096
Real estate taxes and insurance	28,726	26,881	115,429	102,963
Property management	6,603	6,445	26,083	23,978
Other operating expenses	2,369	3,534	7,649	9,708
Real estate depreciation and amortization	102,537	104,909	419,615	374,598
Acquisition costs	152	1,433	213	2,126
General and administrative	13,104	16,560	49,548	57,564
Casualty-related (recoveries)/charges, net	(1,102)	(45)	732	2,335
Other depreciation and amortization	1,458	1,899	6,023	6,679
Total operating expenses	<u>193,922</u>	<u>202,790</u>	<u>785,239</u>	<u>735,047</u>
<b>Operating income</b>	<b>49,086</b>	<b>34,815</b>	<b>174,622</b>	<b>159,591</b>
Income/(loss) from unconsolidated entities <sup>(3)</sup>	35,945	1,052	52,234	62,329
Interest expense	(29,295)	(33,170)	(121,302)	(121,875)
(Cost)/benefit associated with debt extinguishment and other	-	-	(1,729)	-
Total interest expense	<u>(29,295)</u>	<u>(33,170)</u>	<u>(123,031)</u>	<u>(121,875)</u>
Interest income and other income/(expense), net	481	407	1,930	1,551
<b>Income/(loss) before income taxes and gain/(loss) on sale of real estate owned</b>	<b>56,217</b>	<b>3,104</b>	<b>105,755</b>	<b>101,596</b>
Tax benefit/(provision), net	3,063	1,424	3,774	3,886
<b>Income/(loss) from continuing operations</b>	<b>59,280</b>	<b>4,528</b>	<b>109,529</b>	<b>105,482</b>
Gain/(loss) on sale of real estate owned, net of tax	200,466	172,635	210,851	251,677
<b>Net income/(loss)</b>	<b>259,746</b>	<b>177,163</b>	<b>320,380</b>	<b>357,159</b>
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership <sup>(4) (5)</sup>	(22,114)	(14,966)	(27,282)	(16,773)
Net (income)/loss attributable to noncontrolling interests	(15)	3	(380)	(3)
<b>Net income/(loss) attributable to UDR, Inc.</b>	<b>237,617</b>	<b>162,200</b>	<b>292,718</b>	<b>340,383</b>
Distributions to preferred stockholders - Series E (Convertible)	(930)	(930)	(3,717)	(3,722)
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 236,687</b>	<b>\$ 161,270</b>	<b>\$ 289,001</b>	<b>\$ 336,661</b>
<b>Income/(loss) per weighted average common share - basic:</b>	<b>\$0.89</b>	<b>\$0.62</b>	<b>\$1.09</b>	<b>\$1.30</b>
<b>Income/(loss) per weighted average common share - diluted:</b>	<b>\$0.88</b>	<b>\$0.61</b>	<b>\$1.08</b>	<b>\$1.29</b>
Common distributions declared per share	\$0.2950	\$0.2775	\$1.1800	\$1.1100
Weighted average number of common shares outstanding - basic	266,498	260,830	265,386	258,669
Weighted average number of common shares outstanding - diluted	271,551	266,108	267,311	263,752

(1) See Attachment 16 for definitions and other terms.

(2) 4Q 2015 and YTD 2015 presented above include approximately \$0.4 million and \$10.0 million of promote and disposition fee income in connection with the January 2015 sale of eight communities held by the Texas Joint Venture.

(3) 4Q 2016, 4Q 2015, YTD 2016, and YTD 2015 presented above include approximately \$36.4 million, \$0.4 million, \$47.8 million, and \$59.4 million, respectively, of gains on the sale of unconsolidated depreciable properties.

(4) In October 2015, UDR completed the acquisition of six Washington, DC area communities from Home Properties, L.P. for a total purchase price of \$901 million. Four of the six communities were acquired through UDR's 50.1% ownership in newly formed UDR Lighthouse DownREIT L.P. (the "DownREIT Partnership"). The increase in the percentage of net income attributable to noncontrolling interests during the 4th quarter relates to third parties' 49.9% interest in the DownREIT Partnership.

(5) Due to the quarterly calculation of noncontrolling interest, the sum of the quarterly amounts will not equal the annual totals.



## Attachment 2

### UDR, Inc. Funds From Operations <sup>(1)</sup> (Unaudited)

In thousands, except per share and unit amounts	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 236,687</b>	\$ 161,270	<b>\$ 289,001</b>	\$ 336,661
Real estate depreciation and amortization	102,537	104,909	419,615	374,598
Noncontrolling interests	22,129	14,963	27,662	16,776
Real estate depreciation and amortization on unconsolidated joint ventures	13,055	9,389	47,832	38,652
Net gain on the sale of unconsolidated depreciable property	(36,385)	(372)	(47,848)	(59,445)
Net gain on the sale of depreciable real estate owned	(200,466)	(172,635)	(209,166)	(251,677)
<b>Funds from operations ("FFO") attributable to common stockholders and unitholders, basic</b>	<b>\$ 137,557</b>	\$ 117,524	<b>\$ 527,096</b>	\$ 455,565
Distributions to preferred stockholders - Series E (Convertible) <sup>(2)</sup>	930	930	3,717	3,722
<b>FFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 138,487</b>	\$ 118,454	<b>\$ 530,813</b>	\$ 459,287
<b>FFO per common share and unit, basic</b>	<b>\$ 0.47</b>	\$ 0.41	<b>\$ 1.81</b>	\$ 1.68
<b>FFO per common share and unit, diluted</b>	<b>\$ 0.47</b>	\$ 0.41	<b>\$ 1.80</b>	\$ 1.66
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	291,471	285,144	290,516	271,616
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,524	290,422	295,469	276,699
<b>Impact of adjustments to FFO:</b>				
Acquisition-related costs/(fees)	\$ 152	\$ 1,433	\$ 213	\$ 2,126
Acquisition-related costs/(fees) on unconsolidated joint ventures	-	-	-	1,460
Cost/(benefit) associated with debt extinguishment and other	-	-	1,729	-
Texas Joint Venture promote and disposition fee income	-	(372)	-	(10,005)
Long-term incentive plan transition costs	274	884	898	3,537
Net gain on the sale of non-depreciable real estate owned	-	-	(1,685)	-
Legal claims, net of tax	-	705	(480)	705
Net loss on sale of unconsolidated land	-	-	1,016	-
Severance costs and other restructuring expense	871	-	871	-
Tax benefit associated with the conversion of certain TRS entities into REITs <sup>(3)</sup>	(2,436)	-	(2,436)	-
Casualty-related (recoveries)/charges, net	(1,102)	(45)	732	2,335
Casualty-related (recoveries)/charges on unconsolidated joint ventures, net <sup>(4)</sup>	(251)	2,218	(3,752)	2,474
	<b>\$ (2,492)</b>	\$ 4,823	<b>\$ (2,894)</b>	\$ 2,632
<b>FFO as Adjusted attributable to common stockholders and unitholders, diluted</b>	<b>\$ 135,995</b>	\$ 123,277	<b>\$ 527,919</b>	\$ 461,919
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$ 0.46</b>	\$ 0.42	<b>\$ 1.79</b>	\$ 1.67
Recurring capital expenditures	(15,974)	(14,419)	(47,257)	(45,467)
<b>AFFO attributable to common stockholders and unitholders</b>	<b>\$ 120,021</b>	\$ 108,858	<b>\$ 480,662</b>	\$ 416,452
<b>AFFO per common share and unit, diluted</b>	<b>\$ 0.40</b>	\$ 0.37	<b>\$ 1.63</b>	\$ 1.51

(1) See Attachment 16 for definitions and other terms.

(2) Series E preferred shares are dilutive for purposes of calculating FFO per share. Consequently, distributions to Series E preferred shareholders are added to FFO and the weighted average number of shares are included in the denominator when calculating FFO per common share and unit, diluted.

(3) During 4Q16, the Company recognized a one-time tax benefit of \$2.4 million related to the conversion of certain taxable REIT subsidiary entities into REITs.

(4) Casualty-related (recoveries)/charges on unconsolidated joint ventures, net include casualty recoveries of \$0.3 million and \$3.8 million for the three and twelve months ended December 31, 2016 related to UDR's share of the 717 Olympic casualty, which is included in income/(loss) from unconsolidated entities in Attachment 1.



## Attachment 3

### UDR, Inc. Consolidated Balance Sheets <sup>(1)</sup> (Unaudited)

In thousands, except share and per share amounts	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
Real estate owned:		
Real estate held for investment	\$ 9,271,847	\$ 9,053,599
Less: accumulated depreciation	<u>(2,923,072)</u>	<u>(2,646,044)</u>
Real estate held for investment, net	6,348,775	6,407,555
Real estate under development		
(net of accumulated depreciation of \$0 and \$0)	342,282	124,072
Real estate held for disposition		
(net of accumulated depreciation of \$553 and \$830)	<u>1,071</u>	<u>11,775</u>
Total real estate owned, net of accumulated depreciation	6,692,128	6,543,402
Cash and cash equivalents	2,112	6,742
Restricted cash	19,994	20,798
Notes receivable, net	19,790	16,694
Investment in and advances to unconsolidated joint ventures, net	827,025	938,906
Other assets	<u>118,535</u>	<u>137,302</u>
Total assets	<u>\$ 7,679,584</u>	<u>\$ 7,663,844</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Secured debt	\$ 1,130,858	\$ 1,376,945
Unsecured debt	2,270,620	2,193,850
Real estate taxes payable	17,388	18,786
Accrued interest payable	29,257	29,162
Security deposits and prepaid rent	34,238	36,330
Distributions payable	86,936	80,368
Accounts payable, accrued expenses, and other liabilities	<u>103,835</u>	<u>81,356</u>
Total liabilities	3,673,132	3,816,797
Redeemable noncontrolling interests in the OP and DownREIT Partnership	909,482	946,436
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
2,796,903 shares of 8.00% Series E Cumulative Convertible issued		
and outstanding (2,796,903 shares at December 31, 2015)	46,457	46,457
16,196,889 shares of Series F outstanding (16,452,496 shares		
at December 31, 2015)	1	1
Common stock, \$0.01 par value; 350,000,000 shares authorized		
267,259,469 shares issued and outstanding (261,844,521 shares at December 31, 2015)	2,673	2,618
Additional paid-in capital	4,635,413	4,447,816
Distributions in excess of net income	(1,585,825)	(1,584,459)
Accumulated other comprehensive income/(loss), net	<u>(5,609)</u>	<u>(12,678)</u>
Total stockholders' equity	3,093,110	2,899,755
Noncontrolling interests	<u>3,860</u>	<u>856</u>
Total equity	3,096,970	2,900,611
Total liabilities and equity	<u>\$ 7,679,584</u>	<u>\$ 7,663,844</u>

(1) See Attachment 16 for definitions and other terms.



## Attachment 4(C)

### UDR, Inc. Selected Financial Information <sup>(1)</sup> (Unaudited)

	Quarter Ended December 31, 2016
<b>Coverage Ratios</b>	
Net income/(loss) attributable to UDR, Inc.	\$ 237,617
Adjustments:	
Interest expense	29,295
Real estate depreciation and amortization	102,537
Real estate depreciation and amortization on unconsolidated joint ventures	13,055
Other depreciation and amortization	1,458
Noncontrolling interests	22,129
Income tax provision/(benefit)	(3,063)
EBITDA	\$ 403,028
Net gain on the sale of depreciable real estate owned	(200,466)
Net gain on the sale of unconsolidated depreciable property	(36,385)
Long-term incentive plan transition costs	274
Acquisition-related costs/(fees)	152
Severance costs and other restructuring expense	871
Casualty-related (recoveries)/charges, net	(1,102)
Casualty-related (recoveries)/charges on unconsolidated joint ventures, net	(251)
EBITDA - adjusted for non-recurring items	\$ 166,121
Annualized EBITDA - adjusted for non-recurring items	\$ 664,484
Interest expense	29,295
Capitalized interest expense	4,361
Total interest	\$ 33,656
Preferred dividends	\$ 930
Total debt	\$ 3,401,478
Cash	2,112
Net debt	\$ 3,399,366
Interest Coverage Ratio - adjusted for non-recurring items	<u>4.9x</u>
Fixed Charge Coverage Ratio - adjusted for non-recurring items	<u>4.8x</u>
Net Debt-to-EBITDA - adjusted for non-recurring items	<u>5.1x</u>

#### Debt Covenant Overview

Unsecured Line of Credit Covenants <sup>(2)</sup>	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	33.3% <sup>(2)</sup>	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.9x	Yes
Maximum Secured Debt Ratio	≤40.0%	15.9%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	394.3%	Yes

Senior Unsecured Note Covenants <sup>(3)</sup>	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤60.0%	32.2% <sup>(3)</sup>	Yes
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5x	4.9x	Yes
Secured Debt as a percentage of Total Assets	≤40.0%	10.7%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	338.6%	Yes

Securities Ratings	Debt	Preferred	Outlook
Moody's Investors Service	Baa1	Baa2	Stable
Standard & Poor's	BBB+	BBB-	Stable

(1) See Attachment 16 for definitions and other terms.

(2) As defined in our credit agreement dated October 20, 2015.

(3) As defined in our indenture dated November 1, 1995 as amended, supplemented or modified from time to time.



# Attachment 16(D)

## UDR, Inc. Definitions and Reconciliations December 31, 2016 (Unaudited)

All guidance is based on current expectations of future economic conditions and the judgment of the Company's management team. The following reconciles from GAAP Net income/(loss) per share for full year 2017 and first quarter of 2017 to forecasted FFO, FFO as Adjusted and AFFO per share and unit:

	Full-Year 2017	
	Low	High
Forecasted net income per diluted share	\$ 0.31	\$ 0.36
Conversion from GAAP share count	(0.17)	(0.18)
Depreciation	1.69	1.69
Noncontrolling interests	(0.01)	(0.01)
Preferred dividends	0.01	0.01
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 1.83</b>	<b>\$ 1.87</b>
Disposition-related FFO	-	-
Acquisition-related and other costs	-	-
Cost associated with debt extinguishment	-	-
Casualty-related (recoveries)/charges	-	-
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 1.83</b>	<b>\$ 1.87</b>
Recurring capital expenditures	(0.15)	(0.15)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 1.68</b>	<b>\$ 1.72</b>

	1Q 2017	
	Low	High
Forecasted net income per diluted share	\$ 0.08	\$ 0.09
Conversion from GAAP share count	(0.06)	(0.05)
Depreciation	0.42	0.42
Noncontrolling interests	-	-
Preferred dividends	-	-
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 0.44</b>	<b>\$ 0.46</b>
Disposition-related FFO	-	-
Acquisition-related and other costs	-	-
Cost associated with debt extinguishment	-	-
Casualty-related (recoveries)/charges	-	-
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 0.44</b>	<b>\$ 0.46</b>
Recurring capital expenditures	(0.02)	(0.02)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 0.42</b>	<b>\$ 0.44</b>