



## Press Release

DENVER, CO – July 26, 2017

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### UDR ANNOUNCES SECOND QUARTER 2017 RESULTS AND INCREASES FULL-YEAR 2017 EARNINGS AND SAME-STORE GUIDANCE

#### UDR (the “Company”) Second Quarter 2017 Highlights:

- Net income per share was \$0.03, Funds from Operations (“FFO”) per share was \$0.45, FFO as Adjusted per share was \$0.47, and Adjusted Funds from Operations (“AFFO”) per share was \$0.43.
- Net income attributable to common stockholders was \$9.2 million as compared to \$17.0 million in the prior year period. The decrease was primarily due to the absence of gains on the sale of real estate and higher debt prepayment costs.
- Year-over-year same-store (“SS”) revenue, expense and net operating income (“NOI”) growth for the quarter were 3.9 percent, 3.1 percent and 4.2 percent, respectively.
- Expanded the Developer Capital Program via investments in three individual communities totaling \$33.1 million with a total funding commitment of \$79.3 million over the expected life of the investments.
- Issued \$300.0 million of 10-year unsecured debt at a 3.5 percent coupon and prepaid approximately \$177.0 million of higher-cost debt originally scheduled to mature in 2018.
- The UDR/MetLife Joint Venture completed the construction of Verve Mountain View, a \$99.0 million, 155-home community located in Mountain View, CA.
- Increased or reaffirmed full-year 2017 earnings and same-store growth guidance:
  - Reaffirmed Net income per share guidance of \$0.31 to \$0.36.
  - Reaffirmed FFO per share guidance of \$1.83 to \$1.87.
  - Increased FFO as Adjusted and AFFO per share guidance by \$0.01 at the midpoints, to \$1.84 to \$1.88 and \$1.69 to \$1.73, respectively.
  - Increased SS revenue growth guidance range to 3.25 to 4.00 percent (+12.5 bps at the midpoint).
  - Increased SS NOI growth guidance range to 3.50 to 4.25 percent (+12.5 bps at the midpoint).

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
<b>Net income per common share, diluted</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$0.13</b>	<b>\$0.10</b>
Conversion from GAAP share count	(0.003)	(0.006)	(0.012)	(0.010)
Net gain on the sale of depreciable real estate owned	-	(0.025)	(0.043)	(0.030)
Depreciation and amortization	0.414	0.399	0.815	0.794
Noncontrolling interests and preferred dividends	0.006	0.009	0.018	0.016
<b>FFO per common share and unit, diluted</b>	<b>\$0.45</b>	<b>\$0.44</b>	<b>\$0.90</b>	<b>\$0.87</b>
Cost/(benefit) associated with debt extinguishment, other	0.015	-	0.020	-
Long-term incentive plan transition costs	-	0.000	-	0.001
Net gain on the sale of non-depreciable real estate owned	-	-	(0.005)	(0.006)
Casualty-related (recoveries)/charges, including JVs, net	0.004	0.005	0.003	0.009
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$0.47</b>	<b>\$0.45</b>	<b>\$0.92</b>	<b>\$0.88</b>
Recurring capital expenditures	(0.036)	(0.037)	(0.059)	(0.061)
<b>AFFO per common share and unit, diluted</b>	<b>\$0.43</b>	<b>\$0.41</b>	<b>\$0.86</b>	<b>\$0.81</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 second quarter Supplemental Financial Information.

## Operations

In the second quarter, total revenue increased by \$9.2 million or 3.8 percent, to \$248.0 million. This increase was primarily due to growth in revenue from same-store communities and stabilized, non-mature communities.

In the second quarter, same-store NOI increased 4.2 percent year-over-year and was driven by same-store revenue growth of 3.9 percent against a 3.1 percent increase in same-store expenses. Weighted average same-store physical occupancy was 96.8 percent as compared to 96.4 percent in the prior year period. The second quarter annualized rate of turnover was 54.7 percent, representing a 180 basis point decrease year-over-year.

### Summary of Same-Store Results Second Quarter 2017 versus Second Quarter 2016

Region	Revenue Growth	Expense Growth/ (Decline)	NOI Growth	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	4.6%	(0.9)%	6.5%	39.9%	96.4%	11,961
Mid-Atlantic	2.9%	3.3%	2.7%	25.7%	97.1%	10,480
Northeast	2.7%	8.3%	0.6%	17.4%	96.9%	3,493
Southeast	5.2%	5.4%	5.1%	12.8%	97.0%	7,683
Southwest	4.4%	4.6%	4.2%	4.2%	96.7%	2,923
<b>Total</b>	<b>3.9%</b>	<b>3.1%</b>	<b>4.2%</b>	<b>100.0%</b>	<b>96.8%</b>	<b>36,540</b>

<sup>(1)</sup> Based on Q2 2017 NOI.

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

<sup>(3)</sup> During the second quarter, 36,540 apartment homes 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 1.2 percent in the second quarter of 2017 on same-store revenue growth of 0.8 percent and 0.0 percent same-store expense growth.

Year-to-date, for the six months ended June 30, 2017, total revenue increased by \$18.2 million or 3.8 percent, to \$491.8 million. This increase was primarily due to growth in revenue from same-store communities and stabilized, non-mature communities.

Year-to-date, for the six months ended June 30, 2017, same-store NOI increased 4.5 percent year-over-year and was driven by same-store revenue growth of 4.2 percent against a 3.4 percent increase in same-store expenses. Weighted average same-store physical occupancy was 96.8 percent as compared to 96.4 percent in the prior year period. The year-to-date annualized rate of turnover was 47.7 percent, representing a 130 basis point decrease year-over-year.

### Summary of Same-Store Results YTD 2017 versus YTD 2016

Region	Revenue Growth	Expense Growth/ (Decline)	NOI Growth	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	4.7%	2.2%	5.6%	40.9%	96.3%	11,961
Mid-Atlantic	3.3%	(0.5)%	5.0%	24.0%	97.1%	9,629
Northeast	3.3%	8.7%	1.3%	17.7%	97.0%	3,493
Southeast	5.4%	6.6%	4.9%	13.0%	96.9%	7,683
Southwest	4.9%	5.0%	4.9%	4.4%	97.0%	2,923
<b>Total</b>	<b>4.2%</b>	<b>3.4%</b>	<b>4.5%</b>	<b>100.0%</b>	<b>96.8%</b>	<b>35,689</b>

<sup>(1)</sup> Based on YTD 2017 NOI.

<sup>(2)</sup> Weighted average same-store physical occupancy for YTD 2017.

<sup>(3)</sup> During the six months, 35,689 apartment homes 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**

At the end of the second quarter, the Company's development pipeline totaled \$967.2 million, consisting of \$166.2 million of completed, non-stabilized development projects and \$801.0 million of under-construction development projects of which \$510.5 million had been funded, leaving \$290.5 million to be funded. The \$801.0 million of under-construction development projects are scheduled to commence leasing in 2017 and 2018. The development pipeline is currently expected to produce a weighted average spread between stabilized yields and current market cap rates of 150 to 200 basis points.

During the quarter, the UDR/MetLife Joint Venture completed construction on Verve Mountain View, a 155-home community located in Mountain View, CA with an estimated cost to construct of \$99.0 million at 100 percent.

## **Developer Capital Program**

At the end of the second quarter, the Company's Developer Capital Program ("The Program", "DCP") investment totaled \$261.0 million. On its investments, the Company targets IRRs that fall between an acquisition and a ground-up development through a mix of current return on investment ranging from 6.5 percent to 11.0 percent, upside participation of 0.0 percent to 50.0 percent upon monetization of an investment and/or fixed price purchase options. The Program consists of:

**DCP - West Coast Development Joint Venture:** A total original investment of \$150.1 million in six development communities with a going-in valuation of \$293.5 million at the Company's 48 percent pro-rata ownership interest. The Company has fixed price purchase options on each of the Joint Venture's projects commencing one year after completion with option windows ranging between 2017 and 2019.

- During the quarter, the Company invested \$16.1 million (49 percent ownership interest) into Amberglen, a 276-home development located in suburban Portland, OR.

**DCP - Other:** A total current investment of \$110.9 million in three development communities. The Company's funding commitment totals \$156.7 million over the expected life of the investments, leaving \$45.8 million yet to fund.

- During the quarter, the Company provided funding commitments totaling \$63.2 million for two development communities located in San Francisco and Washington, D.C.

Further details are available on Attachment 12(B) of the Company's second quarter Supplemental Financial Information.

## **Capital Markets and Balance Sheet**

As previously disclosed during the quarter, the Company issued \$300.0 million of 10-year unsecured debt at a 3.5 percent coupon. Proceeds were used to prepay \$70.0 million of 5.85 percent fixed rate debt scheduled to mature in 2018, \$107.0 million of L+155 variable rate debt scheduled to mature in 2018 and for general corporate purposes. The Company incurred prepayment costs totaling \$4.3 million.

Second quarter UDR/MetLife Joint Venture capital markets activity included refinancing a \$174.0 million, construction loan for 399 Fremont, a recently completed, 447-home community located in San Francisco, with a 10-year, \$197.3 million secured, fixed-rate loan at 3.47 percent. The Joint Venture also refinanced \$135.3 million of 4.59 percent secured debt on two communities into two 7-year secured, fixed-rate loans totaling \$135.5 million at a weighted average rate of 3.25 percent.

At June 30, 2017, the Company had approximately \$896.4 million in availability through a combination of cash and undrawn capacity on its credit facilities.

The Company's total indebtedness at June 30, 2017 was \$3.6 billion. The Company ended the quarter with fixed-rate debt representing 88.0 percent of its total debt, a total blended interest rate of 3.7 percent and a weighted average maturity of 5.1 years. The Company's leverage was 33.3 percent versus 33.2 percent a year ago, its net debt-to-EBITDA was flat year-over-year at 5.3x and its fixed charge coverage ratio was 4.9x versus 4.6x a year ago.

### **Dividend**

As previously announced, the Company's Board of Directors declared a regular quarterly dividend on its common stock for the second quarter of 2017 in the amount of \$0.31 per share. The dividend will be paid in cash on July 31, 2017 to UDR common stock shareholders of record as of July 10, 2017. The second quarter 2017 dividend will represent the 179<sup>th</sup> consecutive quarterly dividend paid by the Company on its common stock.

On an annualized declared basis, the Company's \$1.24 per share 2017 dividend represents a 5 percent increase versus 2016.

## Outlook

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

Net income per share	\$0.08 to \$0.09
FFO per share	\$0.46 to \$0.47
FFO as Adjusted per share	\$0.46 to \$0.47
AFFO per share	\$0.42 to \$0.43

For the full-year 2017, the Company has increased or reaffirmed its previously provided earnings guidance ranges:

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Net income per share	\$0.31 to \$0.36	\$0.31 to \$0.36
FFO per share	\$1.83 to \$1.87	\$1.83 to \$1.87
FFO as Adjusted per share	\$1.84 to \$1.88	\$1.83 to \$1.87
AFFO per share	\$1.69 to \$1.73	\$1.68 to \$1.72

For the full-year 2017, the Company has increased or reaffirmed its previously provided same-store growth guidance ranges:

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Revenue	3.25% to 4.00%	3.00% to 4.00%
Expense	2.50% to 3.50%	2.50% to 3.50%
Net operating income	3.50% to 4.25%	3.25% to 4.25%

Additional assumptions for the Company's third quarter and full-year 2017 guidance can be found on Attachment 15 of the Company's second 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 second 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 second 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 July 27, 2017 to discuss second quarter results. 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 August 27, 2017, by dialing 844-512-2921 for domestic and 412-317-6671 for international and entering the confirmation number, 13665558, 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 and Supplemental Financial Information will be available on the Company's website at [ir.udr.com](http://ir.udr.com).

Mail -- For those without Internet access, the second quarter 2017 earnings report and Supplemental Financial Information 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 June 30, 2017 (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 - adjusted for non-recurring items:** The Company defines Interest Coverage Ratio - adjusted for non-recurring items as net income/(loss), excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and joint venture communities, other depreciation and amortization, income tax provision/(benefit), net and the impact of other non-recurring items including, but not limited to, net gain/(loss) on the sale of real estate owned and casualty-related expenses and recoveries of wholly owned and joint venture communities divided by total interest, excluding the impact of costs associated with debt extinguishment.

Management considers interest coverage - adjusted for non-recurring items 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 - adjusted for non-recurring items 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

	2Q 2017	YTD 2017
Income/(loss) from unconsolidated entities	\$ (1,426)	\$ 9,772
Management fee	1,144	2,279
Interest expense	9,654	18,637
Depreciation	14,497	28,264
General and administrative	148	277
West Coast Development JV Preferred Return - Attachment 12(B)	(1,436)	(2,943)
Developer Capital Program - Other	(1,568)	(3,101)
Other (income)/expense (includes 717 Olympic casualty (gain)/expense)	232	(584)
(Gain)/loss on sales	-	(12,158)
<b>Total Joint Venture NOI at UDR's Ownership Interest</b>	<b>\$ 21,245</b>	<b>\$ 40,443</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, annualized, 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, annualized, 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 - adjusted for non-recurring items:** The Company defines net debt-to-EBITDA - adjusted for non-recurring items as total debt net of cash and cash equivalents divided by EBITDA - adjusted for non-recurring items. EBITDA is defined as net income/(loss), excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and joint venture communities, other depreciation and amortization and income tax provision/(benefit), net. EBITDA - adjusted for non-recurring items is defined as EBITDA excluding the impact of other non-recurring items including, but not limited to, net gain/(loss) on the sale of real estate owned and casualty-related expenses and recoveries of wholly owned and joint venture communities.

Management considers net debt-to-EBITDA - adjusted for non-recurring items 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/(loss) and EBITDA - adjusted for non-recurring items 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

	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016
Net income/(loss) attributable to UDR, Inc.	\$ 10,157	\$ 25,967	\$ 237,617	\$ 26,956	\$ 17,946
Property management	6,728	6,635	6,603	6,607	6,494
Other operating expenses	2,369	1,691	2,369	1,636	1,892
Real estate depreciation and amortization	108,450	105,032	102,537	105,802	105,937
Interest expense	33,866	30,539	29,295	31,954	30,678
Casualty-related (recoveries)/charges, net	1,191	502	(1,102)	205	1,629
General and administrative	11,434	13,075	13,256	11,826	10,835
Tax (benefit)/provision, net	366	332	(3,063)	94	(402)
(Income)/loss from unconsolidated entities	1,426	(11,198)	(35,945)	(15,285)	(325)
Interest income and other (income)/expense, net	(515)	(427)	(481)	(478)	(540)
Joint venture management and other fees	(3,321)	(2,570)	(2,927)	(2,997)	(2,618)
Other depreciation and amortization	1,567	1,608	1,458	1,526	1,486
(Gain)/loss on sale of real estate owned, net of tax	-	(2,132)	(200,466)	-	(7,315)
Net income/(loss) attributable to noncontrolling interests	905	2,429	22,129	2,510	1,618
<b>Total consolidated NOI</b>	<b>\$ 174,623</b>	<b>\$ 171,483</b>	<b>\$ 171,280</b>	<b>\$ 170,356</b>	<b>\$ 167,315</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 technology 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 June 30, 2017, UDR owned or had an ownership position in 50,338 apartment homes including 3,230 homes under development or in its Developer Capital Program. 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 (Unaudited) <sup>(1)</sup>

In thousands, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>REVENUES:</b>				
Rental income	\$ 244,658	\$ 236,168	\$ 485,929	\$ 468,125
Joint venture management and other fees	3,321	2,618	5,891	5,476
Total revenues	<u>247,979</u>	<u>238,786</u>	<u>491,820</u>	<u>473,601</u>
<b>OPERATING EXPENSES:</b>				
Property operating and maintenance	40,612	38,574	80,212	78,020
Real estate taxes and insurance	29,423	30,279	59,611	58,656
Property management	6,728	6,494	13,363	12,873
Other operating expenses	2,369	1,892	4,060	3,644
Real estate depreciation and amortization	108,450	105,937	213,482	211,276
Acquisition costs	-	-	-	-
General and administrative	11,434	10,835	24,509	24,679
Casualty-related (recoveries)/charges, net	1,191	1,629	1,693	1,629
Other depreciation and amortization	1,567	1,486	3,175	3,039
Total operating expenses	<u>201,774</u>	<u>197,126</u>	<u>400,105</u>	<u>393,816</u>
<b>Operating income</b>	<b>46,205</b>	<b>41,660</b>	<b>91,715</b>	<b>79,785</b>
Income/(loss) from unconsolidated entities <sup>(2)</sup>	(1,426)	325	9,772	1,004
Interest expense	(29,548)	(30,678)	(58,571)	(61,782)
(Cost)/benefit associated with debt extinguishment and other	(4,318)	-	(5,834)	-
Total interest expense	<u>(33,866)</u>	<u>(30,678)</u>	<u>(64,405)</u>	<u>(61,782)</u>
Interest income and other income/(expense), net	515	540	942	971
<b>Income/(loss) before income taxes and gain/(loss) on sale of real estate owned</b>	<b>11,428</b>	<b>11,847</b>	<b>38,024</b>	<b>19,978</b>
Tax (provision)/benefit, net	(366)	402	(698)	805
<b>Income/(loss) from continuing operations</b>	<b>11,062</b>	<b>12,249</b>	<b>37,326</b>	<b>20,783</b>
Gain/(loss) on sale of real estate owned, net of tax	-	7,315	2,132	10,385
<b>Net income/(loss)</b>	<b>11,062</b>	<b>19,564</b>	<b>39,458</b>	<b>31,168</b>
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership	(854)	(1,610)	(3,192)	(2,515)
Net (income)/loss attributable to noncontrolling interests	(51)	(8)	(142)	(314)
<b>Net income/(loss) attributable to UDR, Inc.</b>	<b>10,157</b>	<b>17,946</b>	<b>36,124</b>	<b>28,339</b>
Distributions to preferred stockholders - Series E (Convertible)	(929)	(929)	(1,858)	(1,858)
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 9,228</b>	<b>\$ 17,017</b>	<b>\$ 34,266</b>	<b>\$ 26,481</b>
<b>Income/(loss) per weighted average common share - basic:</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$0.13</b>	<b>\$0.10</b>
<b>Income/(loss) per weighted average common share - diluted:</b>	<b>\$0.03</b>	<b>\$0.06</b>	<b>\$0.13</b>	<b>\$0.10</b>
Common distributions declared per share	\$0.310	\$0.295	\$0.620	\$0.590
Weighted average number of common shares outstanding - basic	266,972	266,268	266,881	264,362
Weighted average number of common shares outstanding - diluted	268,859	268,174	268,742	266,227

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

(2) During 1Q17, UDR exercised its fixed price option to acquire CityLine, a West Coast Development JV community in Seattle, WA, and recorded a \$12.2 million gain on consolidation.



## Attachment 2

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

In thousands, except per share and unit amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>Net income/(loss) attributable to common stockholders</b>	\$ 9,228	\$ 17,017	\$ 34,266	\$ 26,481
Real estate depreciation and amortization	108,450	105,937	213,482	211,276
Noncontrolling interests	905	1,618	3,334	2,829
Real estate depreciation and amortization on unconsolidated joint ventures	14,497	12,299	28,264	22,649
Net gain on the sale of unconsolidated depreciable property	-	-	(12,158)	-
Net gain on the sale of depreciable real estate owned	-	(7,315)	(552)	(8,700)
<b>Funds from operations ("FFO") attributable to common stockholders and unitholders, basic</b>	<b>\$ 133,080</b>	<b>\$ 129,556</b>	<b>\$ 266,636</b>	<b>\$ 254,535</b>
Distributions to preferred stockholders - Series E (Convertible) <sup>(2)</sup>	929	929	1,858	1,858
<b>FFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 134,009</b>	<b>\$ 130,485</b>	<b>\$ 268,494</b>	<b>\$ 256,393</b>
<b>FFO per common share and unit, basic</b>	<b>\$ 0.46</b>	<b>\$ 0.44</b>	<b>\$ 0.91</b>	<b>\$ 0.88</b>
<b>FFO per common share and unit, diluted</b>	<b>\$ 0.45</b>	<b>\$ 0.44</b>	<b>\$ 0.90</b>	<b>\$ 0.87</b>
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	291,836	291,458	291,794	289,553
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,751	296,392	296,683	294,446
<b>Impact of adjustments to FFO:</b>				
Cost/(benefit) associated with debt extinguishment and other	\$ 4,318	\$ -	\$ 5,834	\$ -
Long-term incentive plan transition costs	-	28	-	351
Net gain on the sale of non-depreciable real estate owned <sup>(3)</sup>	-	-	(1,580)	(1,685)
Casualty-related (recoveries)/charges, net	1,191	1,629	1,693	1,629
Casualty-related (recoveries)/charges on unconsolidated joint ventures, net	-	-	(881)	1,126
	<b>\$ 5,509</b>	<b>\$ 1,657</b>	<b>\$ 5,066</b>	<b>\$ 1,421</b>
<b>FFO as Adjusted attributable to common stockholders and unitholders, diluted</b>	<b>\$ 139,518</b>	<b>\$ 132,142</b>	<b>\$ 273,560</b>	<b>\$ 257,814</b>
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$ 0.47</b>	<b>\$ 0.45</b>	<b>\$ 0.92</b>	<b>\$ 0.88</b>
Recurring capital expenditures	(10,682)	(11,052)	(17,473)	(18,013)
<b>AFFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 128,836</b>	<b>\$ 121,090</b>	<b>\$ 256,087</b>	<b>\$ 239,801</b>
<b>AFFO per common share and unit, diluted</b>	<b>\$ 0.43</b>	<b>\$ 0.41</b>	<b>\$ 0.86</b>	<b>\$ 0.81</b>

(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) The GAAP gain for the six months ended June 30, 2017 and 2016 is \$2.1 million and \$10.4 million, respectively, of which \$1.6 million and \$1.7 million is FFO gain related to the sale of land parcels. The FFO gain is backed out for FFO as Adjusted.



## Attachment 3

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

In thousands, except share and per share amounts	June 30, 2017	December 31, 2016
<b>ASSETS</b>		
Real estate owned:		
Real estate held for investment	\$ 9,423,191	\$ 9,271,847
Less: accumulated depreciation	(3,131,603)	(2,923,072)
Real estate held for investment, net	6,291,588	6,348,775
Real estate under development		
(net of accumulated depreciation of \$428 and \$0)	465,301	342,282
Real estate held for disposition		
(net of accumulated depreciation of \$0 and \$553)	-	1,071
Total real estate owned, net of accumulated depreciation	6,756,889	6,692,128
Cash and cash equivalents	1,411	2,112
Restricted cash	19,602	19,994
Notes receivable, net	17,290	19,790
Investment in and advances to unconsolidated joint ventures, net	843,167	827,025
Other assets	129,575	118,535
Total assets	\$ 7,767,934	\$ 7,679,584
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Secured debt	\$ 806,647	\$ 1,130,858
Unsecured debt	2,828,001	2,270,620
Real estate taxes payable	19,595	17,388
Accrued interest payable	28,482	29,257
Security deposits and prepaid rent	35,336	34,238
Distributions payable	91,447	86,936
Accounts payable, accrued expenses, and other liabilities	92,161	103,835
Total liabilities	3,901,669	3,673,132
Redeemable noncontrolling interests in the OP and DownREIT Partnership	967,797	909,482
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, 2016)	46,457	46,457
16,038,692 shares of Series F outstanding (16,196,889 shares		
at December 31, 2016)	1	1
Common stock, \$0.01 par value; 350,000,000 shares authorized		
267,557,894 shares issued and outstanding (267,259,469 shares at December 31, 2016)	2,676	2,673
Additional paid-in capital	4,640,550	4,635,413
Distributions in excess of net income	(1,792,674)	(1,585,825)
Accumulated other comprehensive income/(loss), net	(4,395)	(5,609)
Total stockholders' equity	2,892,615	3,093,110
Noncontrolling interests	5,853	3,860
Total equity	2,898,468	3,096,970
Total liabilities and equity	\$ 7,767,934	\$ 7,679,584

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



## Attachment 4(C)

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

	Quarter Ended June 30, 2017
<b>Coverage Ratios</b>	
Net income/(loss)	\$ 11,062
Adjustments:	
Interest expense	33,866
Real estate depreciation and amortization	108,450
Real estate depreciation and amortization on unconsolidated joint ventures	14,497
Other depreciation and amortization	1,567
Income tax provision/(benefit), net	366
EBITDA	\$ 169,808
Casualty-related (recoveries)/charges, net	1,191
EBITDA - adjusted for non-recurring items	\$ 170,999
Annualized EBITDA - adjusted for non-recurring items	\$ 683,996
Interest expense	33,866
Capitalized interest expense	4,646
Total interest	\$ 38,512
Costs associated with debt extinguishment	(4,318)
Total interest - adjusted for non-recurring items	\$ 34,194
Preferred dividends	\$ 929
Total debt	\$ 3,634,648
Cash	1,411
Net debt	\$ 3,633,237
<b>Interest Coverage Ratio - adjusted for non-recurring items</b>	<b>5.0x</b>
<b>Fixed Charge Coverage Ratio - adjusted for non-recurring items</b>	<b>4.9x</b>
<b>Net Debt-to-EBITDA - adjusted for non-recurring items</b>	<b>5.3x</b>

#### Debt Covenant Overview

Unsecured Line of Credit Covenants <sup>(2)</sup>	Required	Actual	Compliance	
Maximum Leverage Ratio	≤60.0%	34.4% <sup>(2)</sup>	Yes	
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.7x	Yes	
Maximum Secured Debt Ratio	≤40.0%	13.2%	Yes	
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	344.3%	Yes	
Senior Unsecured Note Covenants <sup>(3)</sup>	Required	Actual	Compliance	
Debt as a percentage of Total Assets	≤65.0%	33.4% <sup>(3)</sup>	Yes	
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5x	5.0x	Yes	
Secured Debt as a percentage of Total Assets	≤40.0%	7.4%	Yes	
Total Unencumbered Assets to Unsecured Debt	≥150.0%	295.8%	Yes	
Securities Ratings	Debt	Preferred	Outlook	Commercial Paper
Moody's Investors Service	Baa1	Baa2	Stable	P-2
Standard & Poor's	BBB+	BBB-	Stable	A-2

Asset Summary	Number of Homes	2Q 2017 NOI <sup>(1)</sup> (\$000s)	% of NOI	Gross Carrying Value (\$000s)	% of Total Gross Carrying Value
Unencumbered assets	31,717	\$ 144,657	82.8%	\$ 8,217,616	83.1%
Encumbered assets	8,105	29,966	17.2%	1,671,304	16.9%
	<u>39,822</u>	<u>\$ 174,623</u>	<u>100.0%</u>	<u>\$ 9,888,920</u>	<u>100.0%</u>

(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 June 30, 2017 (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 third 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	(0.18)	(0.19)
Depreciation	1.70	1.70
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	(0.01)	(0.01)
Acquisition-related and other costs	-	-
Cost associated with debt extinguishment	0.02	0.02
Casualty-related (recoveries)/charges	-	-
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 1.84</b>	<b>\$ 1.88</b>
Recurring capital expenditures	(0.15)	(0.15)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 1.69</b>	<b>\$ 1.73</b>

	3Q 2017	
	Low	High
Forecasted net income per diluted share	\$ 0.08	\$ 0.09
Conversion from GAAP share count	(0.05)	(0.05)
Depreciation	0.43	0.43
Noncontrolling interests	-	-
Preferred dividends	-	-
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 0.46</b>	<b>\$ 0.47</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>\$ 0.46</b>	<b>\$ 0.47</b>
Recurring capital expenditures	(0.04)	(0.04)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 0.42</b>	<b>\$ 0.43</b>