



Press Release

DENVER, CO – October 30, 2017

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UDR ANNOUNCES THIRD QUARTER 2017 RESULTS

UDR (the “Company”) Third Quarter 2017 Highlights:

- Net income per share was \$0.06, Funds from Operations (“FFO”) per share was \$0.46, FFO as Adjusted (“FFOA”) per share was \$0.47, and Adjusted Funds from Operations (“AFFO”) per share was \$0.43.
- Net income attributable to common stockholders was \$15.3 million as compared to \$26.0 million in the prior year period. The decrease was primarily due to lower gains on the sale of unconsolidated real estate.
- Year-over-year same-store (“SS”) revenue, expense and net operating income (“NOI”) growth for the quarter were 3.3 percent, 3.9 percent and 3.0 percent, respectively.
- Developer Capital Program transactions completed during and subsequent to quarter end, included:
 - During the quarter, invested \$12.9 million in 1200 Broadway, a 313-home development located in Nashville, TN.
 - During the quarter, sold 8th & Republican, a 211-home community located in Seattle for \$101.3 million.
 - Subsequent to quarter end, purchased Steele Creek, a 218-home community located in Denver, CO for \$141.5 million. The Company’s upside participation totaled \$14.9 million as part of the transaction.
 - Subsequent to quarter end, entered into a contract for the sale of Katella Grand I, a 399-home community located in Anaheim, CA for \$148.0 million.
- Incurred \$2.2 million in casualty-related charges, primarily due to hurricane damages in the Company’s Florida markets, all of which was added back to FFOA per share.
- Revised full-year 2017 earnings and same-store growth guidance:
 - Reduced Net income per share guidance by \$0.035 at the midpoint, to \$0.29 to \$0.31.
 - Reduced FFO per share guidance range by \$0.01 at the midpoint, to \$1.83 to \$1.85.
 - Increased FFOA and AFFO per share guidance ranges by \$0.01 at the midpoints, to \$1.86 to \$1.88 and \$1.71 to \$1.73, respectively.
 - Increased SS revenue growth guidance range to 3.50 to 3.90 percent (+7.5 bps at the midpoint).
 - Increased SS expense growth guidance range to 3.10 to 3.60 percent (+35.0 bps at the midpoint).
 - Increased SS NOI growth guidance range to 3.60 to 4.20 percent (+2.5 bps at the midpoint).

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Net income per common share, diluted	\$0.06	\$0.10	\$0.18	\$0.20
Conversion from GAAP share count	(0.005)	(0.009)	(0.017)	(0.019)
Net gain on the sale of depreciable real estate owned	(0.008)	(0.039)	(0.051)	(0.068)
Real estate depreciation and amortization	0.411	0.398	1.225	1.192
Noncontrolling interests and preferred dividends	0.008	0.012	0.025	0.028
FFO per common share and unit, diluted	\$0.46	\$0.46	\$1.37	\$1.33
Acquisition-related costs/(fees)	0.001	0.000	0.001	0.000
Cost/(benefit) associated with debt extinguishment, other	-	0.006	0.020	0.006
Long-term incentive plan transition costs	-	0.001	-	0.002
Net gain on the sale of non-depreciable real estate owned	-	-	(0.005)	(0.006)
Legal claims, net of tax	-	(0.002)	-	(0.002)
Net loss on sale of unconsolidated land	-	0.003	-	0.003
Casualty-related (recoveries)/charges, including JVs, net	0.007	(0.015)	0.010	(0.006)
FFO as Adjusted per common share and unit, diluted	\$0.47	\$0.45	\$1.39	\$1.33
Recurring capital expenditures	(0.043)	(0.045)	(0.102)	(0.106)
AFFO per common share and unit, diluted	\$0.43	\$0.41	\$1.29	\$1.22

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

Operations

In the third quarter, total revenue increased by \$7.8 million or 3.2 percent, to \$251.1 million. This increase was primarily attributable to growth in revenue from same-store communities and stabilized, non-mature communities.

In the third quarter, same-store NOI increased 3.0 percent year-over-year and was driven by same-store revenue growth of 3.3 percent and a 3.9 percent increase in same-store expenses. Weighted average same-store physical occupancy was flat year-over-year at 96.7 percent. The third quarter annualized rate of turnover was 62.6 percent, representing a 140 basis point decrease year-over-year.

Summary of Same-Store Results Third Quarter 2017 versus Third Quarter 2016

Region	Revenue Growth	Expense Growth/ (Decline)	NOI Growth/ (Decline)	% of Same-Store Portfolio ⁽¹⁾	Same-Store Occupancy ⁽²⁾	Number of Same-Store Homes ⁽³⁾
West	4.1%	9.7%	2.3%	40.4%	96.4%	11,961
Mid-Atlantic	2.1%	(2.0)%	4.0%	25.4%	97.0%	10,480
Northeast	2.6%	11.3%	(1.1)%	16.8%	97.2%	3,493
Southeast	4.1%	(7.4)%	9.7%	13.3%	96.8%	7,683
Southwest	3.5%	8.6%	0.2%	4.1%	96.2%	2,923
Total	3.3%	3.9%	3.0%	100.0%	96.7%	36,540

⁽¹⁾ Based on Q3 2017 NOI.

⁽²⁾ Weighted average same-store physical occupancy for the quarter.

⁽³⁾ During the third 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 decreased by 0.6 percent in the third quarter of 2017 on same-store revenue growth of 0.8 percent and 4.2 percent same-store expense growth. Weighted average same-store physical occupancy decreased by 10 basis points sequentially to 96.7 percent.

Year-to-date, for the nine months ended September 30, 2017, total revenue increased by \$26.1 million or 3.6 percent, to \$742.9 million. This increase was primarily attributable to growth in revenue from same-store communities and stabilized, non-mature communities.

Year-to-date, for the nine months ended September 30, 2017, same-store NOI increased 4.0 percent year-over-year and was driven by same-store revenue growth of 3.9 percent and a 3.6 percent increase in same-store expenses. Weighted average same-store physical occupancy was 96.8 percent as compared to 96.5 percent in the prior year period. The year-to-date annualized rate of turnover was 52.8 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 ⁽¹⁾	Same-Store Occupancy ⁽²⁾	Number of Same-Store Homes ⁽³⁾
West	4.5%	4.6%	4.5%	41.0%	96.4%	11,961
Mid-Atlantic	2.8%	(1.0)%	4.6%	23.9%	97.1%	9,629
Northeast	3.1%	9.7%	0.5%	17.6%	97.1%	3,493
Southeast	5.0%	1.7%	6.5%	13.2%	96.9%	7,683
Southwest	4.4%	6.3%	3.3%	4.3%	96.7%	2,923
Total	3.9%	3.6%	4.0%	100.0%	96.8%	35,689

⁽¹⁾ Based on YTD 2017 NOI.

⁽²⁾ Weighted average same-store physical occupancy for YTD 2017.

⁽³⁾ During the nine 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.

Casualty/Hurricane Impact

The Company incurred \$2.2 million in casualty-related charges, primarily due to hurricane damages in its Florida markets, all of which was added back to FFOA per share. Damages were minor and primarily comprised of general cleanup, landscaping, and repairs for water intrusions and roofing.

Development and Redevelopment

At the end of the third quarter, the Company's development pipeline totaled \$975.6 million, consisting of \$165.1 million of completed, non-stabilized development projects and \$810.5 million of under-construction development projects of which \$595.1 million had been funded, leaving \$215.4 million to be funded. The \$810.5 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.

Developer Capital Program

At the end of the third quarter, the Company's Developer Capital Program (the "Program", "DCP") investment, including accrued return, totaled \$273.0 million. Activity during the quarter consisted of:

- The West Coast Development Joint Venture ("WCDJV") sold 8th & Republican, a 211-home community located in Seattle for \$101.3 million. In conjunction with the sale, the Company recorded a GAAP gain of \$2.4 million.
- The Company provided a funding commitment of \$55.6 million for 1200 Broadway, a 313-home development community located in Nashville, TN. The community will also contain nearly 65,000 square feet of office space and will be anchored by a 41,000 square foot Whole Foods.

Activity subsequent to quarter end consisted of:

- The Company purchased Steele Creek, a 218-home apartment community located in Denver, CO, for \$141.5 million. Prior to purchasing Steele Creek, the Company had provided \$93.5 million in construction financing to the developer of Steele Creek and was entitled to 50 percent upside participation beyond all-in construction cost upon sale of the community. The Company's upside participation totaled \$14.9 million. Steele Creek is located in the upscale Cherry Creek submarket of Denver and contains expansive, high-end amenities including a roof-top pool and approximately 17,000 square feet of well-located, ground-floor retail space. At purchase, average revenue per occupied home was \$3,346.
- The WCDJV entered into a contract to sell Katella Grand I, a 399-home community located in Anaheim, CA for \$148.0 million. The sale is expected to close during the fourth quarter of 2017, subject to customary closing conditions.

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

Capital Markets and Balance Sheet

At September 30, 2017, the Company had approximately \$851.1 million in availability through a combination of cash and undrawn capacity on its credit facilities.

The Company's total indebtedness at September 30, 2017 was \$3.7 billion. The Company ended the quarter with fixed-rate debt representing 86.9 percent of its total debt, a total blended interest rate of 3.7 percent and a weighted average maturity of 4.8 years. The Company's leverage was flat year-over-year at 33.5 percent, its net debt-to-EBITDA was 5.4x versus 5.3x a year ago and its fixed charge coverage ratio was 4.8x versus 4.7x a year ago.

Dividend

As previously announced, the Company's Board of Directors declared a regular quarterly dividend on its common stock for the third quarter of 2017 in the amount of \$0.31 per share. The dividend will be paid in cash on October 31, 2017 to UDR common stock shareholders of record as of October 10, 2017. The third quarter 2017 dividend will represent the 180th 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 fourth quarter of 2017, the Company has established the following earnings guidance ranges:

Net income per share	\$0.11 to \$0.13
FFO per share	\$0.46 to \$0.48
FFO as Adjusted per share	\$0.47 to \$0.49
AFFO per share	\$0.42 to \$0.44

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

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Net income per share	\$0.29 to \$0.31	\$0.31 to \$0.36
FFO per share	\$1.83 to \$1.85	\$1.83 to \$1.87
FFO as Adjusted per share	\$1.86 to \$1.88	\$1.84 to \$1.88
AFFO per share	\$1.71 to \$1.73	\$1.69 to \$1.73

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

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Revenue	3.50% to 3.90%	3.25% to 4.00%
Expense	3.10% to 3.60%	2.50% to 3.50%
Net operating income	3.60% to 4.20%	3.50% to 4.25%

Additional assumptions for the Company's fourth quarter and full-year 2017 guidance can be found on Attachment 15 of the Company's third 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 third 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 third 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.

Conference Call and Webcast Information

UDR will host a webcast and conference call at 1:00 p.m. Eastern Time on October 31, 2017 to discuss third quarter results. The webcast will be available on UDR's website at 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 November 30, 2017, by dialing 844-512-2921 for domestic and 412-317-6671 for international and entering the confirmation number, 13671569, when prompted for the passcode.

A replay of the call will be available for 30 days on UDR's website at 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.

Mail -- For those without Internet access, the third 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 September 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 consolidated 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 consolidated interest, excluding the impact of costs associated with debt extinguishment.

Management considers Interest Coverage Ratio - 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 Ratio - 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

	3Q 2017	YTD 2017
Income/(loss) from unconsolidated entities	\$ 1,819	\$ 11,591
Management fee	1,169	3,448
Interest expense	9,850	28,487
Depreciation	14,710	42,974
General and administrative	147	424
West Coast Development JV Preferred Return - Attachment 12(B)	(1,614)	(4,557)
Developer Capital Program - Other	(2,188)	(5,289)
Other (income)/expense (includes 717 Olympic casualty (gain)/expense)	179	(405)
(Gain)/loss on sales	(2,355)	(14,513)
Total Joint Venture NOI at UDR's Ownership Interest	\$ 21,717	\$ 62,160

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 JV 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 JV 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 consolidated 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 consolidated 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 and other revenues 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

	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016
Net income/(loss) attributable to UDR, Inc.	\$ 16,190	\$ 10,157	\$ 25,967	\$ 237,617	\$ 26,956
Property management	6,827	6,728	6,635	6,603	6,607
Other operating expenses	1,950	2,369	1,691	2,369	1,636
Real estate depreciation and amortization	107,171	108,450	105,032	102,537	105,802
Interest expense	30,095	33,866	30,539	29,295	31,954
Casualty-related (recoveries)/charges, net	2,056	1,191	502	(1,102)	205
General and administrative	12,467	11,434	13,075	13,256	11,826
Tax (benefit)/provision, net	127	366	332	(3,063)	94
(Income)/loss from unconsolidated entities	(1,819)	1,426	(11,198)	(35,945)	(15,285)
Interest income and other (income)/expense, net	(481)	(515)	(427)	(481)	(478)
Joint venture management and other fees	(2,827)	(3,321)	(2,570)	(2,927)	(2,997)
Other depreciation and amortization	1,585	1,567	1,608	1,458	1,526
(Gain)/loss on sale of real estate owned, net of tax	-	-	(2,132)	(200,466)	-
Net income/(loss) attributable to noncontrolling interests	1,380	905	2,429	22,129	2,510
Total consolidated NOI	\$ 174,721	\$ 174,623	\$ 171,483	\$ 171,280	\$ 170,356

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 September 30, 2017, UDR owned or had an ownership position in 50,127 apartment homes including 2,935 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.



Attachment 1

UDR, Inc. Consolidated Statements of Operations (Unaudited) ⁽¹⁾

In thousands, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
REVENUES:				
Rental income	\$ 248,264	\$ 240,255	\$ 734,193	\$ 708,380
Joint venture management and other fees	2,827	2,997	8,718	8,473
Total revenues	251,091	243,252	742,911	716,853
OPERATING EXPENSES:				
Property operating and maintenance	42,362	41,852	122,574	119,872
Real estate taxes and insurance	31,181	28,047	90,792	86,703
Property management	6,827	6,607	20,190	19,480
Other operating expenses	1,950	1,636	6,010	5,280
Real estate depreciation and amortization	107,171	105,802	320,653	317,078
Acquisition costs	344	61	344	61
General and administrative	12,123	11,765	36,632	36,444
Casualty-related (recoveries)/charges, net	2,056	205	3,749	1,834
Other depreciation and amortization	1,585	1,526	4,760	4,565
Total operating expenses	205,599	197,501	605,704	591,317
Operating income	45,492	45,751	137,207	125,536
Income/(loss) from unconsolidated entities ⁽²⁾	1,819	15,285	11,591	16,289
Interest expense	(30,095)	(30,225)	(88,666)	(92,007)
(Cost)/benefit associated with debt extinguishment and other	-	(1,729)	(5,834)	(1,729)
Total interest expense	(30,095)	(31,954)	(94,500)	(93,736)
Interest income and other income/(expense), net	481	478	1,423	1,449
Income/(loss) before income taxes and gain/(loss) on sale of real estate owned	17,697	29,560	55,721	49,538
Tax (provision)/benefit, net	(127)	(94)	(825)	711
Income/(loss) from continuing operations	17,570	29,466	54,896	50,249
Gain/(loss) on sale of real estate owned, net of tax	-	-	2,132	10,385
Net income/(loss)	17,570	29,466	57,028	60,634
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership	(1,415)	(2,459)	(4,607)	(4,974)
Net (income)/loss attributable to noncontrolling interests	35	(51)	(107)	(365)
Net income/(loss) attributable to UDR, Inc.	16,190	26,956	52,314	55,295
Distributions to preferred stockholders - Series E (Convertible)	(926)	(929)	(2,784)	(2,787)
Net income/(loss) attributable to common stockholders	\$ 15,264	\$ 26,027	\$ 49,530	\$ 52,508
Income/(loss) per weighted average common share - basic:	\$0.06	\$0.10	\$0.19	\$0.20
Income/(loss) per weighted average common share - diluted:	\$0.06	\$0.10	\$0.18	\$0.20
Common distributions declared per share	\$0.310	\$0.295	\$0.930	\$0.885
Weighted average number of common shares outstanding - basic	267,056	266,301	266,940	265,013
Weighted average number of common shares outstanding - diluted	269,062	268,305	268,851	266,925

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

(2) During the three months ended September 30, 2017, UDR recorded a gain on sale of approximately \$2.4 million in connection with the sale of 8th & Republican, a West Coast Development JV community in Seattle, WA. For the nine months ended September 30, 2017, UDR has recorded gains on sale of approximately \$14.5 million.



Attachment 2

UDR, Inc. Funds From Operations (Unaudited) ⁽¹⁾

In thousands, except per share and unit amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income/(loss) attributable to common stockholders	\$ 15,264	\$ 26,027	\$ 49,530	\$ 52,508
Real estate depreciation and amortization	107,171	105,802	320,653	317,078
Noncontrolling interests	1,380	2,510	4,714	5,339
Real estate depreciation and amortization on unconsolidated joint ventures	14,710	12,128	42,974	34,777
Net gain on the sale of unconsolidated depreciable property	(2,355)	(11,463)	(14,513)	(11,463)
Net gain on the sale of depreciable real estate owned	-	-	(552)	(8,700)
Funds from operations ("FFO") attributable to common stockholders and unitholders, basic	\$ 136,170	\$ 135,004	\$ 402,806	\$ 389,539
Distributions to preferred stockholders - Series E (Convertible) ⁽²⁾	926	929	2,784	2,787
FFO attributable to common stockholders and unitholders, diluted	\$ 137,096	\$ 135,933	\$ 405,590	\$ 392,326
FFO per common share and unit, basic	\$ 0.47	\$ 0.46	\$ 1.38	\$ 1.34
FFO per common share and unit, diluted	\$ 0.46	\$ 0.46	\$ 1.37	\$ 1.33
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	291,878	291,469	291,822	290,196
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,900	296,501	296,757	295,136
Impact of adjustments to FFO:				
Acquisition-related costs/(fees)	\$ 344	61	\$ 344	\$ 61
Cost/(benefit) associated with debt extinguishment and other	-	1,729	5,834	1,729
Long-term incentive plan transition costs	-	274	-	625
Net gain on the sale of non-depreciable real estate owned ⁽³⁾	-	-	(1,580)	(1,685)
Legal claims, net of tax	-	(480)	-	(480)
Net loss on sale of unconsolidated land	-	1,016	-	1,016
Casualty-related (recoveries)/charges, net	2,164	205	3,857	1,834
Casualty-related (recoveries)/charges on unconsolidated joint ventures, net	-	(4,627)	(881)	(3,501)
	\$ 2,508	\$ (1,822)	\$ 7,574	\$ (401)
FFO as Adjusted attributable to common stockholders and unitholders, diluted	\$ 139,604	\$ 134,111	\$ 413,164	\$ 391,925
FFO as Adjusted per common share and unit, diluted	\$ 0.47	\$ 0.45	\$ 1.39	\$ 1.33
Recurring capital expenditures	(12,649)	(13,270)	(30,122)	(31,283)
AFFO attributable to common stockholders and unitholders, diluted	\$ 126,955	\$ 120,841	\$ 383,042	\$ 360,642
AFFO per common share and unit, diluted	\$ 0.43	\$ 0.41	\$ 1.29	\$ 1.22

(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 stockholders 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 nine months ended September 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) ⁽¹⁾

In thousands, except share and per share amounts	September 30, 2017	December 31, 2016
ASSETS		
Real estate owned:		
Real estate held for investment	\$ 9,456,293	\$ 9,271,847
Less: accumulated depreciation	<u>(3,235,851)</u>	<u>(2,923,072)</u>
Real estate held for investment, net	6,220,442	6,348,775
Real estate under development		
(net of accumulated depreciation of \$1,737 and \$0)	532,580	342,282
Real estate held for disposition		
(net of accumulated depreciation of \$0 and \$553)	<u>-</u>	<u>1,071</u>
Total real estate owned, net of accumulated depreciation	6,753,022	6,692,128
Cash and cash equivalents	1,788	2,112
Restricted cash	20,413	19,994
Notes receivable, net	18,594	19,790
Investment in and advances to unconsolidated joint ventures, net	839,864	827,025
Other assets	<u>127,024</u>	<u>118,535</u>
Total assets	<u>\$ 7,760,705</u>	<u>\$ 7,679,584</u>
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt	\$ 804,977	\$ 1,130,858
Unsecured debt	2,874,034	2,270,620
Real estate taxes payable	35,337	17,388
Accrued interest payable	30,192	29,257
Security deposits and prepaid rent	32,619	34,238
Distributions payable	91,454	86,936
Accounts payable, accrued expenses, and other liabilities	<u>96,009</u>	<u>103,835</u>
Total liabilities	3,964,622	3,673,132
Redeemable noncontrolling interests in the OP and DownREIT Partnership	943,182	909,482
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
2,780,994 shares of 8.00% Series E Cumulative Convertible issued		
and outstanding (2,796,903 shares at December 31, 2016)	46,200	46,457
16,025,255 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		
267,599,391 shares issued and outstanding (267,259,469 shares at December 31, 2016)	2,676	2,673
Additional paid-in capital	4,643,803	4,635,413
Distributions in excess of net income	(1,843,490)	(1,585,825)
Accumulated other comprehensive income/(loss), net	<u>(4,167)</u>	<u>(5,609)</u>
Total stockholders' equity	2,845,023	3,093,110
Noncontrolling interests	<u>7,878</u>	<u>3,860</u>
Total equity	2,852,901	3,096,970
Total liabilities and equity	<u>\$ 7,760,705</u>	<u>\$ 7,679,584</u>

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



Attachment 4(C)

UDR, Inc. Selected Financial Information (Dollars in Thousands) (Unaudited) ⁽¹⁾

	Quarter Ended September 30, 2017
Coverage Ratios	
Net income/(loss)	\$ 17,570
Adjustments:	
Interest expense	30,095
Real estate depreciation and amortization	107,171
Real estate depreciation and amortization on unconsolidated joint ventures	14,710
Other depreciation and amortization	1,585
Income tax provision/(benefit), net	127
EBITDA	\$ 171,258
Net gain on the sale of unconsolidated depreciable property	(2,355)
Acquisition-related costs/(fees)	344
Casualty-related (recoveries)/charges, net	2,164
EBITDA - adjusted for non-recurring items	\$ 171,411
Annualized EBITDA - adjusted for non-recurring items	\$ 685,644
Interest expense	30,095
Capitalized interest expense	4,638
Total interest	\$ 34,733
Preferred dividends	\$ 926
Total debt	\$ 3,679,011
Cash	1,788
Net debt	\$ 3,677,223
Interest Coverage Ratio - adjusted for non-recurring items	4.9x
Fixed Charge Coverage Ratio - adjusted for non-recurring items	4.8x
Net Debt-to-EBITDA - adjusted for non-recurring items	5.4x

Debt Covenant Overview

Unsecured Line of Credit Covenants ⁽²⁾	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	34.4% ⁽²⁾	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.7x	Yes
Maximum Secured Debt Ratio	≤40.0%	13.1%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	342.7%	Yes

Senior Unsecured Note Covenants ⁽³⁾	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤65.0%	33.5% ⁽³⁾	Yes
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5x	5.1x	Yes
Secured Debt as a percentage of Total Assets	≤40.0%	7.3%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	294.3%	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	3Q 2017 NOI ⁽¹⁾ (\$000s)	% of NOI	Gross Carrying Value (\$000s)	% of Total Gross Carrying Value
Unencumbered assets	31,801	\$ 144,824	82.9%	\$ 8,310,731	83.2%
Encumbered assets	8,105	29,897	17.1%	1,679,879	16.8%
	<u>39,906</u>	<u>\$ 174,721</u>	<u>100.0%</u>	<u>\$ 9,990,610</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 September 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 fourth 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	\$ 0.29	\$ 0.31
Conversion from GAAP share count	(0.02)	(0.02)
Net gain on the sale of depreciable real estate owned	(0.10)	(0.10)
Depreciation	1.63	1.63
Noncontrolling interests	0.02	0.02
Preferred dividends	0.01	0.01
Forecasted FFO per diluted share and unit	\$ 1.83	\$ 1.85
Disposition-related FFO	(0.01)	(0.01)
Acquisition-related and other costs	0.01	0.01
Cost associated with debt extinguishment	0.02	0.02
Casualty-related (recoveries)/charges	0.01	0.01
Forecasted FFO as Adjusted per diluted share and unit	\$ 1.86	\$ 1.88
Recurring capital expenditures	(0.15)	(0.15)
Forecasted AFFO per diluted share and unit	\$ 1.71	\$ 1.73

	4Q 2017	
	Low	High
Forecasted net income per diluted share	\$ 0.11	\$ 0.13
Conversion from GAAP share count	(0.01)	(0.01)
Net gain on the sale of depreciable real estate owned	(0.05)	(0.05)
Depreciation	0.41	0.41
Noncontrolling interests	-	-
Preferred dividends	-	-
Forecasted FFO per diluted share and unit	\$ 0.46	\$ 0.48
Disposition-related FFO	-	-
Acquisition-related and other costs	0.01	0.01
Cost associated with debt extinguishment	-	-
Casualty-related (recoveries)/charges	-	-
Forecasted FFO as Adjusted per diluted share and unit	\$ 0.47	\$ 0.49
Recurring capital expenditures	(0.05)	(0.05)
Forecasted AFFO per diluted share and unit	\$ 0.42	\$ 0.44