



## Press Release

DENVER, CO – October 29, 2018

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### UDR ANNOUNCES THIRD QUARTER 2018 RESULTS AND INCREASES FULL-YEAR GUIDANCE RANGES

#### UDR, Inc. (the “Company”) Third Quarter 2018 Highlights:

- Net income per share was \$0.07, Funds from Operations (“FFO”) per share was \$0.49, FFO as Adjusted (“FFOA”) per share was \$0.49, and Adjusted Funds from Operations (“AFFO”) per share was \$0.44.
- Net income attributable to common stockholders was \$17.6 million as compared to \$15.3 million in the prior year period. The increase was primarily due to higher income from operating properties.
- Year-over-year same-store (“SS”) revenue, expense and net operating income (“NOI”) growth for the quarter were 3.8 percent, 3.5 percent and 3.9 percent, respectively.
- The Company’s \$808.5 million pro-rata share of development projects in lease-up continued to realize strong demand, ending the third quarter at a weighted average 77.9 percent leased.
- Invested in three Developer Capital Program (“DCP”) projects for a total commitment of \$73.1 million. The communities are located in Philadelphia, PA, Orlando, FL, and Santa Monica, CA.
- Entered into a contract to sell Circle Towers, a 46 year old, 604-home community located in Fairfax County, VA, for \$160.0 million. The transaction is scheduled to close during the fourth quarter subject to customary closing conditions.
- Subsequent to quarter end, issued \$300.0 million of 10-year unsecured debt at an effective 4.27 percent coupon and intends to use the proceeds to prepay \$195.8 million of 5.28 percent secured debt originally scheduled to mature in October and December 2019 and for general corporate purposes.
- Increased and/or tightened full-year 2018 earnings and same-store growth guidance ranges:
  - Increased net income per share guidance by \$0.18 at the midpoint to \$0.70 to \$0.71.
  - Increased FFOA per share guidance by \$0.01 at the midpoint to \$1.95 to \$1.96.
  - Tightened AFFO per share guidance to \$1.79 to \$1.80.
  - Increased SS revenue, expense and NOI growth guidance ranges by 25 basis points at the low-ends to 3.25 to 3.50 percent.

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
<b>Net income per common share, diluted</b>	<b>\$0.07</b>	<b>\$0.06</b>	<b>\$0.44</b>	<b>\$0.18</b>
Conversion from GAAP share count	(0.006)	(0.005)	(0.041)	(0.017)
Net gain on the sale of depreciable real estate owned	-	(0.008)	(0.237)	(0.051)
Cumulative effect of change in accounting principle	-	-	(0.007)	-
Depreciation and amortization	0.418	0.411	1.242	1.225
Noncontrolling interests and preferred dividends	0.009	0.008	0.047	0.025
<b>FFO per common share and unit, diluted</b>	<b>\$0.49</b>	<b>\$0.46</b>	<b>\$1.44</b>	<b>\$1.37</b>
Cost/(benefit) associated with debt extinguishment and other	0.002	-	0.002	0.020
Acquisition-related costs/(fees)	-	0.001	-	0.001
Net gain on the sale of non-depreciable real estate owned	-	-	-	(0.005)
Legal and other costs	0.002	-	0.004	-
Casualty-related charges/(recoveries), including JVs, net	0.002	0.007	0.009	0.010
<b>FFOA per common share and unit, diluted</b>	<b>\$0.49</b>	<b>\$0.47</b>	<b>\$1.46</b>	<b>\$1.39</b>
Recurring capital expenditures	(0.050)	(0.043)	(0.116)	(0.102)
<b>AFFO per common share and unit, diluted</b>	<b>\$0.44</b>	<b>\$0.43</b>	<b>\$1.34</b>	<b>\$1.29</b>

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 \$15.1 million year-over-year, or 6.0 percent, to \$266.1 million. This increase was primarily attributable to growth in revenue from operating and lease-up communities.

In the third quarter, same-store NOI increased 3.9 percent year-over-year, driven by same-store revenue growth of 3.8 percent and same-store expense growth of 3.5 percent. Weighted average same-store physical occupancy increased by 30 basis points year-over-year to 96.9 percent. The third quarter annualized rate of turnover was 63.4 percent, representing a 40 basis point increase year-over-year.

### Summary of Same-Store Results Third Quarter 2018 versus Third Quarter 2017

Region	Revenue Growth	Expense Growth/ (Decline)	NOI Growth/ (Decline)	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	4.4%	(0.0)%	6.0%	45.4%	96.5%	13,942
Mid-Atlantic	3.3%	4.1%	3.0%	22.3%	97.2%	9,876
Northeast	1.7%	6.8%	(0.6)%	15.2%	97.3%	3,493
Southeast	5.8%	9.3%	4.3%	12.7%	96.9%	7,683
Southwest	2.2%	1.1%	3.0%	4.4%	97.2%	3,313
<b>Total</b>	<b>3.8%</b>	<b>3.5%</b>	<b>3.9%</b>	<b>100.0%</b>	<b>96.9%</b>	<b>38,307</b>

<sup>(1)</sup> Based on Q3 2018 SS NOI.

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

<sup>(3)</sup> During the third quarter, 38,307 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 were not held for disposition.

In the third quarter, sequential same-store NOI decreased by 0.2 percent, driven by same-store revenue growth of 1.2 percent and same-store expense growth of 4.9 percent. Weighted average same-store physical occupancy decreased by 10 basis points sequentially to 96.9 percent.

Year-to-date, for the nine months ended September 30, 2018, total revenue increased by \$36.3 million year-over-year, or 4.9 percent, to \$779.2 million. This increase was primarily attributable to growth in revenue from operating and lease-up communities.

Year-to-date, for the nine months ended September 30, 2018, same-store NOI increased 3.4 percent year-over-year, driven by same-store revenue growth of 3.4 percent and same-store expense growth of 3.4 percent. Weighted average same-store physical occupancy increased by 30 basis points year-over-year to 96.9 percent. The year-to-date annualized rate of turnover was 52.5 percent, representing a 100 basis point decrease year-over-year.

### Summary of Same-Store Results Year-To-Date 2018 versus Year-To-Date 2017

Region	Revenue Growth	Expense Growth	NOI Growth/ (Decline)	% of Same-Store Portfolio <sup>(1)</sup>	Same-Store Occupancy <sup>(2)</sup>	Number of Same-Store Homes <sup>(3)</sup>
West	4.3%	0.8%	5.6%	44.8%	96.5%	13,698
Mid-Atlantic	2.8%	4.5%	2.0%	22.8%	97.4%	9,876
Northeast	1.0%	6.5%	(1.3)%	15.8%	97.2%	3,493
Southeast	5.0%	3.7%	5.6%	12.7%	97.0%	7,683
Southwest	1.6%	4.8%	(0.4)%	3.9%	96.9%	2,923
<b>Total</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>100.0%</b>	<b>96.9%</b>	<b>37,673</b>

<sup>(1)</sup> Based on YTD 2018 SS NOI.

<sup>(2)</sup> Weighted average same-store physical occupancy for YTD 2018.

<sup>(3)</sup> For the nine months ended September 30, 2018, 37,673 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 were not held for disposition.

### **Development Activity**

At the end of the third quarter, the Company's development pipeline totaled \$808.5 million at its pro-rata ownership interest, and was 98 percent funded. All of the Company's development communities were in lease-up as of the end of the third quarter. 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.

### **DCP Activity**

At the end of the third quarter, the Company's DCP investment, including accrued return, totaled \$222.7 million. Activity during the quarter consisted of:

- Investment in three DCP projects for a total capital commitment of \$73.1 million. The communities are located in Philadelphia, PA, Orlando, FL, and Santa Monica, CA, will include 867 homes and have a weighted average yield and term to maturity of 10.0 percent and 4.9 years.

### **Transaction Activity**

During the quarter, the Company entered into a contract to sell Circle Towers, a 46 year old, 604-home community located in Fairfax County, VA, for \$160.0 million or \$264,900 per home. During the third quarter the community had a weighted average monthly revenue per occupied home of \$2,049. The transaction is scheduled to close during the fourth quarter subject to customary closing conditions.

### **Capital Markets and Balance Sheet Activity**

Balance sheet activity during the third quarter included:

- The Company amended and restated its \$1.1 billion revolving credit facility and its \$350.0 million term loan outstanding under the same agreement. The amendment extends the maturity dates on the revolver and term loan to January and September 2023, respectively. In addition, the spread over LIBOR was reduced by 7.5 basis points and 5.0 basis points for the revolver and term loan, respectively.
- The Company refinanced \$79.1 million of consolidated secured debt with a weighted average rate of 5.04 percent within its DownREIT partnership that was originally scheduled to mature in 2018 and 2019 into an \$80.0 million secured 10-year fixed-rate loan at a rate of 4.08 percent.
- Third quarter UDR/MetLife Joint Venture capital markets activity included refinancing the construction loan associated with Vitruvian West into a \$41.3 million secured 10-year fixed-rate loan at a rate of 4.12 percent.

Subsequent to quarter end, the Company issued \$300.0 million of 10-year unsecured debt at a 4.40 percent coupon. Proceeds are intended to be used to prepay \$195.8 million of 5.28 percent secured debt originally scheduled to mature in October and December 2019 and for general corporate purposes. The Company had previously entered into a hedging instrument that lowered the effective coupon on the unsecured issuance to 4.27 percent.

At September 30, 2018, the Company had approximately \$710.1 million of availability, through a combination of cash and undrawn capacity, on its credit facilities.

The Company's total indebtedness at September 30, 2018 was \$3.8 billion. The Company ended the quarter with fixed-rate debt representing 84.4 percent of its total debt, a weighted average interest rate of 3.6 percent and a weighted average maturity of 4.9 years. The Company's consolidated leverage was 33.7 percent versus 33.5 percent a year ago, its consolidated net-debt-to-EBITDA was 5.7x versus 5.9x a year ago and its consolidated fixed charge coverage ratio was 4.5x versus 4.4x 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 2018 in the amount of \$0.3225 per share. The dividend will be paid in cash on October 31, 2018 to UDR common stock shareholders of record as of October 10, 2018. The third quarter 2018 dividend will represent the 184<sup>th</sup> consecutive quarterly dividend paid by the Company on its common stock.

## Outlook

**For the fourth quarter of 2018**, the Company has established the following earnings guidance ranges:

Net income per share	\$0.26 to \$0.27
FFO per share	\$0.48 to \$0.49
FFO as Adjusted per share	\$0.49 to \$0.50
AFFO per share	\$0.45 to \$0.46

**For the full-year 2018**, the Company has revised its previously provided earnings guidance ranges:

	<u>Updated Guidance</u>	<u>Prior Guidance</u>
Net income per share	\$0.70 to \$0.71	\$0.51 to \$0.54
FFO per share	\$1.92 to \$1.93	\$1.92 to \$1.95
FFO as Adjusted per share	\$1.95 to \$1.96	\$1.93 to \$1.96
AFFO per share	\$1.79 to \$1.80	\$1.78 to \$1.81

**For the full-year 2018**, the Company has increased its previously provided same-store growth guidance ranges:

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

Additional assumptions for the Company's third quarter and full-year 2018 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](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 October 30, 2018 to discuss third 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 November 30, 2018, by dialing 844-512-2921 for domestic and 412-317-6671 for international and entering the confirmation number, 13683794, when prompted for the passcode.

A replay of the call will also 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 third quarter 2018 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, 2018 (Unaudited)

**Funds from Operations as Adjusted ("FFO as Adjusted") attributable to common stockholders and unitholders:** The Company defines FFO as Adjusted attributable to common stockholders and unitholders as FFO excluding the impact of acquisition-related costs and other non-comparable items including, but not limited to, prepayment costs/benefits associated with early debt retirement, gains or losses on sales of non-depreciable property and marketable securities, deferred tax valuation allowance increases and decreases, casualty-related expenses and recoveries, severance costs and legal costs.

Management believes that FFO as Adjusted is useful supplemental information regarding our operating performance as it provides a consistent comparison of our operating performance across time periods and allows investors to more easily compare our operating results with other REITs. FFO as Adjusted is not intended to represent cash flow or liquidity for the period, and is only intended to provide an additional measure of our operating performance. The Company believes that net income/(loss) attributable to common stockholders is the most directly comparable GAAP financial measure to FFO as Adjusted. However, other REITs may use different methodologies for calculating FFO as Adjusted or similar FFO measures and, accordingly, our FFO as Adjusted may not always be comparable to FFO as Adjusted or similar FFO measures calculated by other REITs. FFO as Adjusted should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of financial performance, or as an alternative to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity. A reconciliation from net income attributable to common stockholders to FFO as Adjusted is provided on Attachment 2.

**Funds from Operations ("FFO") attributable to common stockholders and unitholders:** The Company defines FFO attributable to common stockholders and unitholders as net income/(loss) attributable to common stockholders (computed in accordance with GAAP), excluding impairment write-downs of depreciable real estate or of investments in non-consolidated investees that are driven by measurable decreases in the fair value of depreciable real estate held by the investee, gains or losses from sales of depreciable property, plus real estate depreciation and amortization, and after adjustments for noncontrolling interests, unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's definition issued in April 2002. In the computation of diluted FFO, if OP Units, DownREIT Units, unvested restricted stock, unvested LTIP units, stock options, and the shares of Series E Cumulative Convertible Preferred Stock are dilutive, they are included in the diluted share count.

Management considers FFO a useful metric for investors as the Company uses FFO in evaluating property acquisitions and its operating performance and believes that FFO should be considered along with, but not as an alternative to, net income and cash flow as a measure of the Company's activities in accordance with GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of funds available to fund our cash needs. A reconciliation from net income/(loss) attributable to common stockholders to FFO is provided on Attachment 2.

**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.

### Joint Venture Reconciliation at UDR's weighted average ownership interest:

#### In thousands

	3Q 2018	YTD 2018
Income/(loss) from unconsolidated entities	\$ (1,382)	\$ (5,091)
Management fee	1,236	3,656
Interest expense	10,425	29,817
Depreciation	15,979	45,831
General and administrative	134	406
West Coast Development JV Preferred Return - Attachment 12(B)	(1,064)	(3,127)
Developer Capital Program - Other (excludes Alameda Point Block 11)	(2,809)	(6,099)
Other (income)/expense	230	728
<b>Total Joint Venture NOI at UDR's Ownership Interest</b>	<b>\$ 22,749</b>	<b>\$ 66,121</b>

**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 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Net income/(loss) attributable to UDR, Inc.	\$ 18,610	\$ 20,601	\$ 81,756	\$ 69,280	\$ 16,190
Property management	7,240	7,057	6,888	6,878	6,827
Other operating expenses	3,314	2,825	2,009	3,050	1,950
Real estate depreciation and amortization	107,881	106,520	108,136	109,401	107,171
Interest expense	34,401	31,598	29,943	34,211	30,095
Casualty-related charges/(recoveries), net	678	746	940	586	2,056
General and administrative	11,896	12,373	11,759	11,590	12,467
Tax provision/(benefit), net	158	233	227	(1,065)	127
(Income)/loss from unconsolidated entities	1,382	2,032	1,677	(19,666)	(1,819)
Interest income and other (income)/expense, net	(1,188)	(1,128)	(2,759)	(548)	(481)
Joint venture management and other fees	(2,888)	(3,109)	(2,822)	(2,764)	(2,827)
Other depreciation and amortization	1,682	1,684	1,691	1,648	1,585
(Gain)/loss on sale of real estate owned, net of tax	-	-	(70,300)	(41,272)	-
Net income/(loss) attributable to noncontrolling interests	1,648	1,843	7,469	6,347	1,380
<b>Total consolidated NOI</b>	<b>\$ 184,814</b>	<b>\$ 183,275</b>	<b>\$ 176,614</b>	<b>\$ 177,676</b>	<b>\$ 174,721</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. Such statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unfavorable changes in the apartment market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning the availability of capital and the stability of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments and redevelopments, delays in completing lease-ups on schedule or at expected rent and occupancy levels, 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 joint ventures and partnerships 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 September 30, 2018, UDR owned or had an ownership position in 49,464 apartment homes including 932 homes under development or in its Developer Capital Program – West Coast Development Joint Venture. For over 46 years, UDR has delivered long-term value to shareholders, the best standard of service to residents and the highest quality experience for associates.





# Attachment 1

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

In thousands, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>REVENUES:</b>				
Rental income	\$ 263,256	\$ 248,264	\$ 770,373	\$ 734,193
Joint venture management and other fees	2,888	2,827	8,819	8,718
Total revenues	266,144	251,091	779,192	742,911
<b>OPERATING EXPENSES:</b>				
Property operating and maintenance	44,090	42,362	126,129	122,574
Real estate taxes and insurance	34,352	31,181	99,541	90,792
Property management	7,240	6,827	21,185	20,190
Other operating expenses	3,314	1,950	8,148	6,010
Real estate depreciation and amortization	107,881	107,171	322,537	320,653
Acquisition costs	-	344	-	344
General and administrative	11,896	12,123	36,028	36,632
Casualty-related charges/(recoveries), net	678	2,056	2,364	3,749
Other depreciation and amortization	1,682	1,585	5,057	4,760
Total operating expenses	211,133	205,599	620,989	605,704
<b>Operating income</b>	<b>55,011</b>	<b>45,492</b>	<b>158,203</b>	<b>137,207</b>
Income/(loss) from unconsolidated entities <sup>(2)</sup>	(1,382)	1,819	(5,091)	11,591
Interest expense	(33,994)	(30,095)	(95,535)	(88,666)
(Cost)/benefit associated with debt extinguishment and other	(407)	-	(407)	(5,834)
Total interest expense	(34,401)	(30,095)	(95,942)	(94,500)
Interest income and other income/(expense), net	1,188	481	5,075	1,423
<b>Income/(loss) before income taxes and gain/(loss) on sale of real estate owned</b>	<b>20,416</b>	<b>17,697</b>	<b>62,245</b>	<b>55,721</b>
Tax (provision)/benefit, net	(158)	(127)	(618)	(825)
<b>Income/(loss) from continuing operations</b>	<b>20,258</b>	<b>17,570</b>	<b>61,627</b>	<b>54,896</b>
Gain/(loss) on sale of real estate owned, net of tax	-	-	70,300	2,132
<b>Net income/(loss)</b>	<b>20,258</b>	<b>17,570</b>	<b>131,927</b>	<b>57,028</b>
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership	(1,616)	(1,415)	(10,819)	(4,607)
Net (income)/loss attributable to noncontrolling interests	(32)	35	(141)	(107)
<b>Net income/(loss) attributable to UDR, Inc.</b>	<b>18,610</b>	<b>16,190</b>	<b>120,967</b>	<b>52,314</b>
Distributions to preferred stockholders - Series E (Convertible)	(971)	(926)	(2,897)	(2,784)
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 17,639</b>	<b>\$ 15,264</b>	<b>\$ 118,070</b>	<b>\$ 49,530</b>
<b>Income/(loss) per weighted average common share - basic:</b>	<b>\$0.07</b>	<b>\$0.06</b>	<b>\$0.44</b>	<b>\$0.19</b>
<b>Income/(loss) per weighted average common share - diluted:</b>	<b>\$0.07</b>	<b>\$0.06</b>	<b>\$0.44</b>	<b>\$0.18</b>
Common distributions declared per share	\$0.3225	\$0.3100	\$0.9675	\$0.9300
Weighted average number of common shares outstanding - basic	267,727	267,056	267,529	266,940
Weighted average number of common shares outstanding - diluted	268,861	269,062	269,020	268,851

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

(2) During the three and nine months ended September 30, 2017, UDR recorded gains on sale of approximately \$2.4 million and \$14.5 million, respectively.



## Attachment 2

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

In thousands, except per share and unit amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Net income/(loss) attributable to common stockholders</b>	\$ 17,639	\$ 15,264	\$ 118,070	\$ 49,530
Real estate depreciation and amortization	107,881	107,171	322,537	320,653
Noncontrolling interests	1,648	1,380	10,960	4,714
Real estate depreciation and amortization on unconsolidated joint ventures	15,979	14,710	45,831	42,974
Cumulative effect of change in accounting principle <sup>(2)</sup>	-	-	(2,100)	-
Net gain on the sale of unconsolidated depreciable property	-	(2,355)	-	(14,513)
Net gain on the sale of depreciable real estate owned	-	-	(70,300)	(552)
<b>Funds from operations ("FFO") attributable to common stockholders and unitholders, basic</b>	<b>\$ 143,147</b>	<b>\$ 136,170</b>	<b>\$ 424,998</b>	<b>\$ 402,806</b>
Distributions to preferred stockholders - Series E (Convertible) <sup>(3)</sup>	971	926	2,897	2,784
<b>FFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 144,118</b>	<b>\$ 137,096</b>	<b>\$ 427,895</b>	<b>\$ 405,590</b>
<b>FFO per weighted average common share and unit, basic</b>	<b>\$ 0.49</b>	<b>\$ 0.47</b>	<b>\$ 1.46</b>	<b>\$ 1.38</b>
<b>FFO per weighted average common share and unit, diluted</b>	<b>\$ 0.49</b>	<b>\$ 0.46</b>	<b>\$ 1.44</b>	<b>\$ 1.37</b>
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	292,285	291,878	292,075	291,822
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,430	296,900	296,577	296,757
<b>Impact of adjustments to FFO:</b>				
Cost/(benefit) associated with debt extinguishment and other	\$ 482	\$ -	\$ 482	\$ 5,834
Acquisition-related costs/(fees)	-	344	-	344
Net gain on the sale of non-depreciable real estate owned <sup>(4)</sup>	-	-	-	(1,580)
Legal and other costs	563	-	1,188	-
Casualty-related charges/(recoveries), net	740	2,164	2,555	3,857
Casualty-related charges/(recoveries) on unconsolidated joint ventures, net	-	-	-	(881)
	<b>\$ 1,785</b>	<b>\$ 2,508</b>	<b>\$ 4,225</b>	<b>\$ 7,574</b>
<b>FFO as Adjusted attributable to common stockholders and unitholders, diluted</b>	<b>\$ 145,903</b>	<b>\$ 139,604</b>	<b>\$ 432,120</b>	<b>\$ 413,164</b>
<b>FFO as Adjusted per weighted average common share and unit, diluted</b>	<b>\$ 0.49</b>	<b>\$ 0.47</b>	<b>\$ 1.46</b>	<b>\$ 1.39</b>
Recurring capital expenditures	(14,949)	(12,649)	(34,399)	(30,122)
<b>AFFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 130,954</b>	<b>\$ 126,955</b>	<b>\$ 397,721</b>	<b>\$ 383,042</b>
<b>AFFO per weighted average common share and unit, diluted</b>	<b>\$ 0.44</b>	<b>\$ 0.43</b>	<b>\$ 1.34</b>	<b>\$ 1.29</b>

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

(2) During 1Q18, UDR adopted ASU No. 2016 01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The updated standard requires certain equity securities to be measured at fair value on the balance sheet, with changes in fair value recognized in net income. The adoption of the standard resulted in UDR recording a gain of \$2.1 million in Interest income and other income/(expense), net on the Consolidated Statements of Operations. As such, the cumulative effect of the change in accounting principle is backed out for FFO.

(3) 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.

(4) The GAAP gain for the nine months ended September 30, 2017 is \$2.1 million, of which \$1.6 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>

<u>In thousands, except share and per share amounts</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>ASSETS</b>		
Real estate owned:		
Real estate held for investment	\$ 9,809,142	\$ 9,584,716
Less: accumulated depreciation	(3,544,781)	(3,326,312)
Real estate held for investment, net	<u>6,264,361</u>	<u>6,258,404</u>
Real estate under development		
(net of accumulated depreciation of \$3,674 and \$3,854)	347,012	588,636
Real estate held for disposition		
(net of accumulated depreciation of \$77,872 and \$0)	<u>89,964</u>	<u>-</u>
Total real estate owned, net of accumulated depreciation	<u>6,701,337</u>	<u>6,847,040</u>
Cash and cash equivalents	1,084	2,038
Restricted cash	26,996	19,792
Notes receivable, net	41,009	19,469
Investment in and advances to unconsolidated joint ventures, net	767,376	720,830
Other assets	<u>140,982</u>	<u>124,104</u>
Total assets	<u>\$ 7,678,784</u>	<u>\$ 7,733,273</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Secured debt	\$ 798,241	\$ 803,269
Unsecured debt	3,012,939	2,868,394
Real estate taxes payable	38,581	18,349
Accrued interest payable	27,750	33,432
Security deposits and prepaid rent	31,821	31,916
Distributions payable	95,372	91,455
Accounts payable, accrued expenses, and other liabilities	<u>73,812</u>	<u>102,956</u>
Total liabilities	<u>4,078,516</u>	<u>3,949,771</u>
Redeemable noncontrolling interests in the OP and DownREIT Partnership	992,805	948,138
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 (2,780,994 shares at December 31, 2017)	46,200	46,200
15,804,393 shares of Series F outstanding (15,852,721 shares		
at December 31, 2017)	1	1
Common stock, \$0.01 par value; 350,000,000 shares authorized		
268,390,557 shares issued and outstanding (267,822,069 shares at December 31, 2017)	2,684	2,678
Additional paid-in capital	4,619,570	4,651,205
Distributions in excess of net income	(2,075,402)	(1,871,603)
Accumulated other comprehensive income/(loss), net	<u>202</u>	<u>(2,681)</u>
Total stockholders' equity	<u>2,593,255</u>	<u>2,825,800</u>
Noncontrolling interests	<u>14,208</u>	<u>9,564</u>
Total equity	<u>2,607,463</u>	<u>2,835,364</u>
Total liabilities and equity	<u>\$ 7,678,784</u>	<u>\$ 7,733,273</u>

(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 September 30, 2018
<b>Coverage Ratios</b>	
Net income/(loss)	\$ 20,258
Adjustments:	
Interest expense, including costs associated with debt extinguishment	34,401
Real estate depreciation and amortization	107,881
Other depreciation and amortization	1,682
Income tax provision/(benefit), net	158
Adjustments to reflect the Company's share of EBITDAre of unconsolidated joint ventures	26,404
EBITDAre	<u>\$ 190,784</u>
Casualty-related charges/(recoveries), net	740
Legal and other costs	563
(Income)/loss from unconsolidated entities	1,382
Adjustments to reflect the Company's share of EBITDAre of unconsolidated joint ventures	(26,404)
Management fee expense on unconsolidated joint ventures	(1,236)
Consolidated EBITDAre - adjusted for non-recurring items	<u>\$ 165,829</u>
Annualized consolidated EBITDAre - adjusted for non-recurring items	<u>\$ 663,316</u>
Interest expense, including costs associated with debt extinguishment	34,401
Capitalized interest expense	1,657
Total interest	\$ 36,058
Costs associated with debt extinguishment	(482)
Total interest - adjusted for non-recurring items	<u>\$ 35,576</u>
Preferred dividends	\$ 971
Total debt	\$ 3,811,180
Cash	(1,084)
Net debt	<u>\$ 3,810,096</u>
<b>Consolidated Interest Coverage Ratio - adjusted for non-recurring items</b>	<b><u>4.7x</u></b>
<b>Consolidated Fixed Charge Coverage Ratio - adjusted for non-recurring items</b>	<b><u>4.5x</u></b>
<b>Consolidated Net Debt-to-EBITDAre - adjusted for non-recurring items</b>	<b><u>5.7x</u></b>

#### Debt Covenant Overview

Unsecured Line of Credit Covenants <sup>(2)</sup>	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	34.0% <sup>(2)</sup>	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.8x	Yes
Maximum Secured Debt Ratio	≤40.0%	12.8%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	351.1%	Yes

Senior Unsecured Note Covenants <sup>(3)</sup>	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤65.0%	33.8% <sup>(3)</sup>	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%	7.1%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	294.1%	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 2018 NOI <sup>(1)</sup> (\$000s)	% of NOI	Gross Carrying Value (\$000s)	% of Total Gross Carrying Value
Unencumbered assets	32,705	\$ 154,684	83.7%	\$ 8,677,168	84.0%
Encumbered assets	7,715	30,130	16.3%	1,650,496	16.0%
	<u>40,420</u>	<u>\$ 184,814</u>	<u>100.0%</u>	<u>\$ 10,327,664</u>	<u>100.0%</u>

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

(2) As defined in our credit agreement dated September 27, 2018.

(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, 2018 (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 2018 and fourth quarter of 2018 to forecasted FFO, FFO as Adjusted and AFFO per share and unit:

	Full-Year 2018	
	Low	High
Forecasted net income per diluted share	\$ 0.70	\$ 0.71
Conversion from GAAP share count	(0.04)	(0.04)
Net gain on the sale of depreciable real estate owned	(0.46)	(0.46)
Depreciation	1.66	1.66
Cumulative effect of change in accounting principle	(0.01)	(0.01)
Noncontrolling interests	0.06	0.06
Preferred dividends	0.01	0.01
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 1.92</b>	<b>\$ 1.93</b>
Legal and other costs	0.01	0.01
Cost associated with debt extinguishment	0.01	0.01
Casualty-related charges/(recoveries)	0.01	0.01
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 1.95</b>	<b>\$ 1.96</b>
Recurring capital expenditures	(0.16)	(0.16)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 1.79</b>	<b>\$ 1.80</b>

	4Q 2018	
	Low	High
Forecasted net income per diluted share	\$ 0.26	\$ 0.27
Conversion from GAAP share count	(0.01)	(0.01)
Net gain on the sale of depreciable real estate owned	(0.22)	(0.22)
Depreciation	0.42	0.42
Noncontrolling interests	0.03	0.03
Preferred dividends	-	-
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 0.48</b>	<b>\$ 0.49</b>
Legal and other costs	-	-
Cost associated with debt extinguishment	0.01	0.01
Casualty-related charges/(recoveries)	-	-
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 0.49</b>	<b>\$ 0.50</b>
Recurring capital expenditures	(0.04)	(0.04)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 0.45</b>	<b>\$ 0.46</b>