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## Press Release

DENVER, CO - July 29, 2014

Contact: Chris Van Ens  
Phone: 720.348.7762

### UDR ANNOUNCES SECOND QUARTER 2014 RESULTS

~ Reports Second Quarter AFFO per Share of \$0.34 ~

#### Second Quarter 2014 Highlights:

- Funds from Operations (“FFO”) per share was \$0.39 (+5% year-over-year), FFO as Adjusted per share was \$0.39 (+11%), and AFFO per share was \$0.34 (+10%).
- Year-over-year same-store (“SS”) revenue and net operating income (“NOI”) growth for the quarter were 4.4 percent and 5.5 percent, respectively.
- Sold two Tampa, FL communities with 677 homes for approximately \$81 million. Subsequent to quarter end, sold a \$50 million, 371-home community located in Orlando, FL. Combined, the sales were transacted at a wtd. avg. 5.6 percent cash flow cap rate.
- Completed the redevelopment of 748 homes at 27 Seventy Five Mesa Verde in Orange County, CA for \$78 million.
- As previously announced, the Company increased its ownership interest from 12 percent to 50 percent in the final six operating communities in the UDR / MetLife I JV. These six communities were contributed to the UDR / MetLife II JV.
- Paid down indebtedness outstanding on the Company’s credit facility with the issuance of a \$300 million, 10-year unsecured offering at a coupon of 3.75 percent.
- Increased full-year 2014 earnings and SS growth and occupancy guidance:
  - FFO per share guidance increased by \$0.04 and FFO as Adjusted and AFFO per share guidance increased by \$0.01 at the midpoint.
  - SS revenue growth guidance: 3.75 to 4.25 percent (+12.5 bps at the midpoint).
  - SS expense growth guidance: 1.75 to 2.25 percent (-100 bps at the midpoint).
  - SS NOI growth guidance: 4.50 to 5.50 percent (+62.5 bps at the midpoint).
  - SS occupancy guidance: 96.5 percent (+50 bps).

	Q2 2014	Q2 2013	YTD 2014	YTD 2013
<b>FFO per share</b>	<b>\$0.39</b>	<b>\$0.37</b>	<b>\$0.75</b>	<b>\$0.71</b>
Gain on sale of land	-	-	(0.004)	-
Casualty-related (recoveries) / charges, net	-	(0.011)	0.002	(0.021)
Other	0.001	-	0.001	-
<b>FFO as Adjusted per share</b>	<b>\$0.39</b>	<b>\$0.35</b>	<b>\$0.74</b>	<b>\$0.69</b>
Recurring capital expenditures	(0.042)	(0.046)	(0.067)	(0.072)
<b>AFFO per share</b>	<b>\$0.34</b>	<b>\$0.31</b>	<b>\$0.68</b>	<b>\$0.62</b>

A reconciliation of FFO, FFO as Adjusted and AFFO to GAAP Net Income attributable to UDR, Inc. can be found on Attachment 2 of the Company’s second quarter supplemental package.

## Operations

Same-store NOI increased 5.5 percent year-over-year in the second quarter of 2014 driven by same-store revenue growth of 4.4 percent against a 1.7 percent increase in same-store expenses. Same-store physical occupancy was 96.8 percent as compared to 96.2 percent in the prior year period. The annualized rate of turnover increased 20 basis points year-over-year to 55.1 percent in the quarter.

### **Summary of Same-Store Results Second Quarter 2014 versus Second Quarter 2013**

<b>Region</b>	<b>Revenue Growth</b>	<b>Expense Growth/ (Decline)</b>	<b>NOI Growth</b>	<b>% of Same-Store Portfolio<sup>(1)</sup></b>	<b>Same-Store Occupancy<sup>(2)</sup></b>	<b>Number of Same-Store Homes<sup>(3)</sup></b>
West	5.8%	2.2%	7.3%	39.5%	96.5%	11,847
Mid-Atlantic	1.6%	2.1%	1.4%	24.5%	97.0%	8,986
Southeast	4.7%	(0.8)%	7.7%	15.5%	96.9%	8,467
Northeast	4.6%	(4.1)%	7.7%	13.3%	96.9%	2,387
Southwest	5.2%	9.9%	2.4%	7.2%	97.3%	3,998
<b>Total</b>	<b>4.4%</b>	<b>1.7%</b>	<b>5.5%</b>	<b>100.0%</b>	<b>96.8%</b>	<b>35,685</b>

(1) Based on Q2 2014 NOI.

(2) Average same-store occupancy for the quarter.

(3) During the second quarter, 35,685 apartment homes, or approximately 87 percent of 40,811 total consolidated apartment homes (versus 51,923 apartment homes inclusive of joint ventures and development pipeline homes upon completion), were classified as same-store. The Company defines QTD SS Communities as those communities stabilized for five full consecutive quarters. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the quarter in the prior year, there is no plan to conduct substantial redevelopment activities, and the community is not held for disposition within the current year.

Sequentially, second quarter results followed typical seasonal trends with the Company's same-store NOI increasing by 2.8 percent on revenue growth of 1.8 percent and a 0.3 percent decrease in expenses.

For the six months ended June 30, 2014, the Company's same-store revenue increased 4.5 percent as compared to the prior year. Same-store expenses increased 2.1 percent year-over-year resulting in a same-store NOI increase of 5.5 percent as compared to the prior year period in 2013. Year-over-year same-store physical occupancy increased by 50 basis points to 96.5 percent.

## Summary of Same-Store Results YTD 2014 versus YTD 2013

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	6.2%	2.5%	7.7%	40.9%	96.0%	11,847
Mid-Atlantic	1.4%	3.3%	0.5%	25.3%	96.7%	8,986
Southeast	4.8%	(0.5)%	7.6%	16.3%	96.8%	8,467
Northeast	4.4%	(1.0)%	6.4%	10.0%	96.9%	1,879
Southwest	5.3%	5.2%	5.4%	7.5%	97.0%	3,998
<b>Total</b>	<b>4.5%</b>	<b>2.1%</b>	<b>5.5%</b>	<b>100.0%</b>	<b>96.5%</b>	<b>35,177</b>

(1) Based on YTD 2014 NOI.

(2) Average same-store occupancy for YTD 2014.

(3) During the six months ended June 30, 2014, 35,177 apartment homes, or approximately 86 percent of 40,811 total consolidated 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, there is no plan to conduct substantial redevelopment activities, and the community is not held for disposition within the current year.

### Development and Redevelopment Activity

At the end of the second quarter, the Company's under construction and recently completed development pipeline totaled \$1.1 billion and was expected to produce a weighted average spread between estimated stabilized construction yields and current market cap rates near the midpoint of the Company's 150 to 200 basis point targeted range. The total pipeline was 72 percent funded. Of the remaining \$671 million in development projects left to complete, \$183 million is expected to be completed in 2014, \$326 million in 2015 and the remainder in 2016.

During the second quarter, the Company completed the \$78 million redevelopment of 748 homes at 27 Seventy Five Mesa Verde, a 964-home community located in Orange County, CA. Redevelopment work continued at View 34 (formerly known as Rivergate) in New York, NY where an additional 232 homes were completed during the quarter at an incremental aggregate cost of \$6.7 million.

### Transactional Activity

During the quarter, the Company disposed of two communities containing 677 homes in Tampa, FL for approximately \$81 million. Subsequent to the end of the quarter, the Company sold a \$50 million, 371-home community located in Orlando, FL. Combined, the three sales were transacted at a weighted average 5.6 percent cash flow cap rate, had an average monthly revenue per occupied home of \$1,119 in the second quarter of 2014 and were 20 years old on average.

### Joint Venture / Partnership Investment Activity

As previously announced, on April 21, 2014, the Company increased its ownership interest in the final six operating communities in the UDR / MetLife I Joint Venture from 12 percent to 50 percent. The six communities were contributed to the UDR / MetLife II Joint Venture. These condo-quality communities represent a mix of high-rise, mid-rise and garden style product, are

primarily located in the Company's coastal core markets, and had an aggregate market value of approximately \$505 million based on a 4.8% cap rate on estimated 2014 NOI. Each of the communities was built between 2008 and 2010.

Debt attributable to the six operating communities totaled \$284 million, carried an average interest rate of 4.8 percent and an average term of 7.4 years at the time of the transaction. Additional details relating to the transaction can be found in the Company's [first quarter earnings release](#) on the Company's website at [www.udr.com](http://www.udr.com).

### **Capital Markets**

As previously announced, on June 17, 2014, the Company issued \$300 million of 3.75 percent, 10-year senior unsecured notes under its existing shelf registration statement. The notes will mature on July 1, 2024 and have a yield to maturity of 3.79 percent. Net proceeds from the issuance were used to pay down indebtedness outstanding on the Company's credit facility. Additional details related to the senior unsecured notes can be found in the press release dated [June 17, 2014](#) on the Company's website at [www.udr.com](http://www.udr.com).

As of the end of the second quarter, the Company had no outstanding 2014 debt maturities that could not be extended at the Company's option.

Subsequent to the end of the second quarter on July 16, 2014, the Company received proceeds totaling \$36 million from the prepayment of a "B" note it held. This resulted in a net gain of approximately \$8.4 million, or \$0.03 of FFO per share, which will be recognized in the third quarter of 2014. The gain has a positive impact on the Company's full-year 2014 FFO per share guidance but no effect on FFO as Adjusted or AFFO per share expectations.

### **Balance Sheet**

At June 30, 2014, the Company had \$650 million in availability through a combination of cash and undrawn capacity on its credit facility.

The Company's total indebtedness at June 30, 2014 was \$3.7 billion. The Company ended the quarter with fixed-rate debt representing 83 percent of its total debt, a total blended interest rate of 3.9 percent and a weighted average maturity of 4.7 years. The Company's leverage was 40.5 percent versus 38.6 percent a year ago, net debt-to-EBITDA was 6.9x, flat versus a year ago and fixed charge coverage was 3.6x versus 3.1x 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 2014 in the amount of \$0.26 per share. The dividend will be paid in cash on July 31, 2014 to UDR common stock shareholders of record as of July 10, 2014. The second quarter 2014 dividend will represent the 167<sup>th</sup> consecutive quarterly dividend paid by the Company on its common stock.

On an annualized declared basis, the Company's \$1.04 per share 2014 dividend represents an 11 percent increase versus 2013.

## **Outlook**

**For the third quarter of 2014**, the Company has established the following guidance ranges:

	<b><u>Current</u></b>
FFO per share	\$0.39 to \$0.41
FFO as Adjusted per share	\$0.36 to \$0.38
AFFO per share	\$0.31 to \$0.33

**For the full-year 2014**, the Company has increased its earnings guidance ranges primarily as the result of better-than-expected operations. FFO per share guidance also benefited from the net gain associated with the recent prepayment of a "B" note held by the Company. Below are the full-year guidance ranges:

	<b><u>Revised</u></b>	<b><u>Previous</u></b>
FFO per share	\$1.52 to \$1.56	\$1.47 to \$1.53
FFO as Adjusted per share	\$1.49 to \$1.53	\$1.47 to \$1.53
AFFO per share	\$1.32 to \$1.36	\$1.30 to \$1.36

**For the full-year 2014**, the Company has increased its same-store growth guidance ranges and occupancy expectation. Below are the full-year guidance ranges:

	<b><u>Revised</u></b>	<b><u>Previous</u></b>
Revenue	3.75% to 4.25%	3.50% to 4.25%
Expense	1.75% to 2.25%	2.75% to 3.25%
Net operating income	4.50% to 5.50%	3.75% to 5.00%
Physical occupancy	96.5%	96.0%

Additional assumptions for the Company's third quarter and full-year 2014 guidance can be found on Attachment 15 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 [www.udr.com](http://www.udr.com).

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

UDR will host a webcast and conference call at 1:00 p.m. Eastern Time on July 29, 2014 to discuss second quarter results. The webcast will be available on UDR's website at [www.udr.com](http://www.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 888-481-2877 for domestic and 719-457-2648 for international and provide the following conference ID number: 2761211.

A replay of the conference call will be available through August 28, 2014, by dialing 888-203-1112 for domestic and 719-457-0820 for international and entering the confirmation number, 2761211, when prompted for the pass code.

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

Mail -- For those without Internet access, the second quarter 2014 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, 2014 (Unaudited)

**Funds From Operations ("FFO"):** The Company defines FFO as net income (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 unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trusts' definition issued in April 2002. In the computation of diluted FFO, OP units, unvested restricted stock, stock options, and the shares of Series E Cumulative Convertible Preferred Stock are dilutive; therefore, they are included in the diluted share count.

Activities of our taxable REIT subsidiary (TRS), RE3, include development and land entitlement. From time to time, we develop and subsequently sell a TRS property which results in a short-term use of funds that produces a profit that differs from the traditional long-term investment in real estate for REITs. We believe that the inclusion of these TRS gains in FFO is consistent with the standards established by NAREIT as the short-term investment is incidental to our main business. TRS gains on sales, net of taxes, are defined as net sales proceeds less a tax provision and the gross investment basis of the asset before accumulated depreciation.

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 attributable to UDR, Inc. 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.

**Interest Coverage Ratio:** The Company defines Interest Coverage Ratio as net income, excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and joint venture communities, other depreciation and amortization, noncontrolling interests, net gain on the sale of depreciable property, RE<sup>3</sup> income tax, divided by total interest.

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

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

#### In thousands

	Q2 2014	YTD 2014
Income/(loss) from unconsolidated entities	\$ (428)	\$ (3,993)
Management fee	963	1,834
Interest expense	7,822	14,803
Depreciation	8,861	19,528
General and administrative	204	286
Other income/expense	(349)	(747)
<b>Total Joint Venture NOI at UDR's Pro-Rata Ownership</b>	<b>\$ 17,073</b>	<b>\$ 31,711</b>

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

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

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

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

**Net Debt to EBITDA:** The Company defines net debt to EBITDA as total debt net of cash and cash equivalents divided by EBITDA. EBITDA is defined as net income, excluding the impact of interest expense, real estate depreciation and amortization of wholly owned and other joint venture communities, other depreciation and amortization, noncontrolling interests, net gain on the sale of depreciable property, and RE<sup>3</sup> income tax.

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

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

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

#### In thousands

	Q2 2014	Q1 2014	4Q 2013	3Q 2013	2Q 2013
Net income/(loss) attributable to UDR, Inc.	\$ 30,007	\$ 18,361	\$ 36,700	\$ 3,188	\$ 5,192
Property management	5,527	5,345	5,233	5,168	5,123
Other operating expenses	2,162	1,926	1,925	1,776	1,800
Real estate depreciation and amortization	88,876	88,533	88,301	83,738	84,595
Interest expense	31,691	32,884	33,360	30,939	30,803
Casualty-related (recoveries)/charges, net	-	500	-	(6,460)	(2,772)
General and administrative	12,530	11,994	11,532	11,364	9,866
Tax provision/(benefit), net (includes valuation adjustment)	(2,190)	(3,329)	15	(2,658)	(2,683)
Income/(loss) from unconsolidated entities	428	3,565	(5,666)	3,794	(515)
Interest and other income, net	(1,426)	(1,415)	(1,328)	(829)	(1,446)
Joint venture management and other fees	(2,747)	(3,687)	(3,095)	(3,207)	(3,217)
Other depreciation and amortization	1,193	1,080	3,281	1,176	1,138
(Income)/loss from discontinued operations, net of tax	(18)	(24,294)	-	-	(830)
(Gain)/loss on sale of real estate owned, net of tax	(26,709)	87	(41,376)	(884)	-
Net income/(loss) attributable to noncontrolling interests	1,079	651	1,302	47	162
<b>Total consolidated NOI</b>	<b>\$ 140,403</b>	<b>\$ 132,201</b>	<b>\$ 130,184</b>	<b>\$ 127,152</b>	<b>\$ 127,216</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, expectations concerning the joint ventures with third parties, expectations that automation will help grow net operating income, expectations on annualized net operating income and other risk factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time, including the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q. Actual results may differ materially from those described in the forward-looking statements. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this press release, and the Company expressly disclaims any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in the Company's expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required under the U.S. securities laws.

This press release and these forward-looking statements include UDR's analysis and conclusions and reflect UDR's judgment as of the date of these materials. UDR assumes no obligation to revise or update to reflect future events or circumstances.

## **About UDR, Inc.**

UDR, Inc. (NYSE:[UDR](#)), an S&P 400 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, 2014, UDR owned or had an ownership position in 51,923 apartment homes including 1,321 homes under development. For 42 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 [www.udr.com](http://www.udr.com).





# Attachment 1

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

In thousands, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>REVENUES:</b>				
Rental income <sup>(2)</sup>	\$ 200,959	\$ 186,285	\$ 395,311	\$ 368,246
Joint venture management and other fees	2,747	3,217	6,434	6,140
Total revenues	203,706	189,502	401,745	374,386
<b>OPERATING EXPENSES:</b>				
Property operating and maintenance	36,840	36,153	73,560	70,974
Real estate taxes and insurance	23,716	22,916	49,147	46,208
Property management	5,527	5,123	10,872	10,127
Other operating expenses	2,162	1,800	4,088	3,436
Real estate depreciation and amortization	88,876	84,595	177,409	167,493
Acquisition costs	-	-	102	-
General and administrative	12,530	9,866	24,422	19,342
Casualty-related (recoveries)/charges, net	-	(2,772)	500	(5,793)
Other depreciation and amortization	1,193	1,138	2,273	2,284
Total operating expenses	170,844	158,819	342,373	314,071
<b>Operating income</b>	<b>32,862</b>	<b>30,683</b>	<b>59,372</b>	<b>60,315</b>
Income/(loss) from unconsolidated entities	(428)	515	(3,993)	(2,287)
Interest expense	(31,499)	(30,625)	(64,383)	(61,606)
Other debt (charges)/benefits, net <sup>(3)</sup>	(192)	(178)	(192)	(178)
Total Interest expense	(31,691)	(30,803)	(64,575)	(61,784)
Interest and other income/(expense), net	1,426	1,446	2,841	2,462
<b>Income/(loss) before income taxes and discontinued operations</b>	<b>2,169</b>	<b>1,841</b>	<b>(6,355)</b>	<b>(1,294)</b>
Tax benefit/(provision), net	2,190	2,683	5,519	4,656
<b>Income/(loss) from continuing operations</b>	<b>4,359</b>	<b>4,524</b>	<b>(836)</b>	<b>3,362</b>
Income/(loss) from discontinued operations, net of tax <sup>(4)</sup>	18	830	(69)	1,683
<b>Income/(loss) before gain/(loss) on sale of real estate owned</b>	<b>4,377</b>	<b>5,354</b>	<b>(905)</b>	<b>5,045</b>
Gain/(loss) on sale of real estate owned, net of tax <sup>(4)</sup>	26,709	-	51,003	-
<b>Net income/(loss)</b>	<b>31,086</b>	<b>5,354</b>	<b>50,098</b>	<b>5,045</b>
Net (income)/loss attributable to redeemable noncontrolling interests in the OP	(1,077)	(159)	(1,724)	(114)
Net (income)/loss attributable to noncontrolling interests	(2)	(3)	(6)	(7)
<b>Net income/(loss) attributable to UDR, Inc.</b>	<b>30,007</b>	<b>5,192</b>	<b>48,368</b>	<b>4,924</b>
Distributions to preferred stockholders - Series E (Convertible)	(931)	(931)	(1,862)	(1,862)
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 29,076</b>	<b>\$ 4,261</b>	<b>\$ 46,506</b>	<b>\$ 3,062</b>
<b>Income/(loss) per weighted average common share - basic:</b>				
Income/(loss) from continuing operations attributable to common stockholders	\$0.12	\$0.01	\$0.19	\$0.01
Income/(loss) from discontinued operations attributable to common stockholders	\$0.00	\$0.00	\$0.00	\$0.01
Net income/(loss) attributable to common stockholders	\$0.12	\$0.02	\$0.19	\$0.01
<b>Income/(loss) per weighted average common share - diluted:</b>				
Income/(loss) from continuing operations attributable to common stockholders	\$0.12	\$0.01	\$0.18	\$0.01
Income/(loss) from discontinued operations attributable to common stockholders	\$0.00	\$0.00	\$0.00	\$0.01
Net income/(loss) attributable to common stockholders	\$0.12	\$0.02	\$0.18	\$0.01
Common distributions declared per share	\$0.260	\$0.235	\$0.520	\$0.470
Weighted average number of common shares outstanding - basic	250,255	249,985	250,216	249,951
Weighted average number of common shares outstanding - diluted	252,191	251,406	252,091	251,353

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

(2) Three and six months ended June 30, 2013 are impacted by \$1.1 million and \$2.5 million of lost rent due to business interruption related to Hurricane Sandy, respectively.

(3) Includes prepayment penalties, write-off of deferred financing costs and unamortized discounts/premiums on early debt extinguishment.

(4) Effective January 1, 2014, UDR prospectively adopted Accounting Standards Update ("ASU") No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, for all communities not previously sold or classified as held for sale. ASU 2014-08 incorporates into the definition of a discontinued operation a requirement that a disposition represent a strategic shift in an entity's operations, which resulted in UDR no longer classifying the sale of communities as a discontinued operation.



## Attachment 2

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

In thousands, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income/(loss) attributable to UDR, Inc.	\$ 30,007	\$ 5,192	\$ 48,368	\$ 4,924
Distributions to preferred stockholders	(931)	(931)	(1,862)	(1,862)
Real estate depreciation and amortization, including discontinued operations	88,876	85,131	177,409	168,573
Noncontrolling interests	1,079	162	1,730	121
Real estate depreciation and amortization on unconsolidated joint ventures	8,861	5,943	19,528	14,948
Net (gain)/loss on the sale of depreciable property, excluding TRS	(26,709)	-	(49,883)	-
<b>Funds from operations ("FFO"), basic</b>	<b>\$ 101,183</b>	<b>\$ 95,497</b>	<b>\$ 195,290</b>	<b>\$ 186,704</b>
Distributions to preferred stockholders - Series E (Convertible)	931	931	1,862	1,862
<b>FFO, diluted</b>	<b>\$ 102,114</b>	<b>\$ 96,428</b>	<b>\$ 197,152</b>	<b>\$ 188,566</b>
<b>FFO per common share, basic</b>	<b>\$ 0.39</b>	<b>\$ 0.37</b>	<b>\$ 0.75</b>	<b>\$ 0.72</b>
<b>FFO per common share, diluted</b>	<b>\$ 0.39</b>	<b>\$ 0.37</b>	<b>\$ 0.75</b>	<b>\$ 0.71</b>
Weighted average number of common shares and OP Units outstanding - basic	259,571	259,309	259,533	259,303
Weighted average number of common shares, OP Units, and common stock equivalents outstanding - diluted	264,543	263,766	264,444	263,741
<b>Impact of adjustments to FFO:</b>				
Acquisition-related costs (including joint ventures)	\$ -	\$ -	\$ 102	\$ -
Joint venture financing and acquisition fees	-	(218)	-	(218)
Costs/(benefit) associated with debt extinguishment and tender offer	192	178	192	178
Gain on sale of land	-	-	(1,120)	-
Casualty-related (recoveries)/charges, net <sup>(2)</sup>	-	(2,772)	500	(5,606)
	<b>\$ 192</b>	<b>\$ (2,812)</b>	<b>\$ (326)</b>	<b>\$ (5,646)</b>
<b>FFO as Adjusted, diluted</b>	<b>\$ 102,306</b>	<b>\$ 93,616</b>	<b>\$ 196,826</b>	<b>\$ 182,920</b>
<b>FFO as Adjusted per common share, diluted</b>	<b>\$ 0.39</b>	<b>\$ 0.35</b>	<b>\$ 0.74</b>	<b>\$ 0.69</b>
Recurring capital expenditures	(11,096)	(12,224)	(17,697)	(18,986)
<b>AFFO</b>	<b>\$ 91,210</b>	<b>\$ 81,392</b>	<b>\$ 179,129</b>	<b>\$ 163,934</b>
<b>AFFO per common share, diluted</b>	<b>\$ 0.34</b>	<b>\$ 0.31</b>	<b>\$ 0.68</b>	<b>\$ 0.62</b>

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

(2) 2014 adjustment relates to estimated damages at our Rosebeach community in California as a result of the earthquake in March 2014. 2013 adjustment primarily represents the portion of Hurricane Sandy insurance recoveries in 2013 that relate to the \$9.3 million in charges added back to FFO as Adjusted in 4Q 2012. The difference between the casualty-related recoveries reflected on the Consolidated Statements of Operations and the adjustment above represents the amount of 2013 business interruption recoveries during 2013. The business interruption insurance recoveries are offset by lost rental revenues from the business interruption in 2013.



# Attachment 3

## UDR, Inc. Consolidated Balance Sheets

In thousands, except share and per share amounts	June 30, 2014 (unaudited)	December 31, 2013 (audited)
<b>ASSETS</b>		
Real estate owned:		
Real estate held for investment	\$ 7,957,185	\$ 7,723,844
Less: accumulated depreciation	(2,290,008)	(2,200,815)
Real estate held for investment, net	5,667,177	5,523,029
Real estate under development		
(net of accumulated depreciation of \$0 and \$1,411)	275,819	466,002
Real estate held for disposition		
(net of accumulated depreciation of \$49,816 and \$6,568)	54,533	10,152
Total real estate owned, net of accumulated depreciation	5,997,529	5,999,183
Cash and cash equivalents	26,816	30,249
Restricted cash	23,334	22,796
Funds held in escrow from IRC Section 1031 exchanges	30,275	-
Deferred financing costs, net	25,545	26,924
Notes receivable, net	44,248	83,033
Investment in and advances to unconsolidated joint ventures, net	612,688	507,655
Other assets	171,970	137,882
Total assets	<u>\$ 6,932,405</u>	<u>\$ 6,807,722</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Secured debt	\$ 1,402,731	\$ 1,442,077
Unsecured debt	2,345,063	2,081,626
Real estate taxes payable	16,543	13,847
Accrued interest payable	29,160	32,279
Security deposits and prepaid rent	30,802	27,203
Distributions payable	68,556	61,907
Accounts payable, accrued expenses, and other liabilities	89,566	118,682
Total liabilities	3,982,421	3,777,621
Redeemable noncontrolling interests in the OP	266,589	217,597
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
2,803,812 shares of 8.00% Series E Cumulative Convertible issued		
and outstanding (2,803,812 shares at December 31, 2013)	46,571	46,571
Common stock, \$0.01 par value; 350,000,000 shares authorized		
251,492,420 shares issued and outstanding (250,749,665 shares at December 31, 2013)	2,515	2,507
Additional paid-in capital	4,114,566	4,109,765
Distributions in excess of net income	(1,478,814)	(1,342,070)
Accumulated other comprehensive income/(loss), net	(2,305)	(5,125)
Total stockholders' equity	2,682,533	2,811,648
Noncontrolling interests	862	856
Total equity	2,683,395	2,812,504
Total liabilities and equity	<u>\$ 6,932,405</u>	<u>\$ 6,807,722</u>



## Attachment 4(C)

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

	Quarter Ended June 30, 2014
<b>Coverage Ratios</b>	
Net income/(loss) attributable to UDR, Inc.	\$ 30,007
Adjustments (includes continuing and discontinued operations):	
Interest expense	31,691
Real estate depreciation and amortization	88,876
Real estate depreciation and amortization on unconsolidated joint ventures	8,861
Other depreciation and amortization	1,193
Noncontrolling interests	1,079
Income tax expense/(benefit)	(2,230)
EBITDA	<u>\$ 159,477</u>
Gain/(loss) on sale of real estate owned, net of tax	(26,709)
EBITDA - adjusted for non-recurring items	<u>\$ 132,768</u>
Annualized EBITDA - adjusted for non-recurring items	<u>\$ 531,072</u>
Interest expense	\$ 31,691
Capitalized interest expense	4,915
Total interest	<u>\$ 36,606</u>
Preferred dividends	\$ 931
Total debt	\$ 3,747,794
Cash	26,816
Cash held by qualified intermediary related to completed 1031 exchange <sup>(2)</sup>	49,217
Net debt	<u>\$ 3,671,761</u>
Interest Coverage Ratio	<u>4.36x</u>
Fixed Charge Coverage Ratio	<u>4.25x</u>
Interest Coverage Ratio - adjusted for non-recurring items	<u>3.65x</u>
Fixed Charge Coverage Ratio - adjusted for non-recurring items	<u>3.56x</u>
Net Debt-to-EBITDA, adjusted for non-recurring items	<u>6.9x</u>

#### Debt Covenant Overview

Unsecured Line of Credit Covenants <sup>(3)</sup>	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	41.6%	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5	2.8	Yes
Maximum Secured Debt Ratio	≤40.0%	19.7%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	287.4%	Yes

Senior Unsecured Note Covenants <sup>(4)</sup>	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤60.0%	40.5%	Yes
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5	3.3	Yes
Secured Debt as a percentage of Total Assets	≤40.0%	15.1%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	271.2%	Yes

Securities Ratings	Debt	Preferred	Outlook
Moody's Investors Service	Baa2	Baa3	Positive
Standard & Poor's	BBB	BB+	Stable

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

(2) Cash held by qualified intermediary relates to UDR's proceeds from the sale of a community on June 30, 2014 that was remitted to UDR on July 1, 2014. The amount is classified as a receivable within Other Assets on the Consolidated Balance Sheet as of June 30, 2014.

(3) As defined in our credit agreement dated October 25, 2011 as amended June 6, 2013.

(4) 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, 2014 (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 2014 and third quarter of 2014 to forecasted FFO, FFO as Adjusted and AFFO per share:

	Full Year 2014	
	Low	High
Forecasted earnings per diluted share	\$ 0.23	\$ 0.27
Conversion from GAAP share count	(0.08)	(0.08)
Net (gain)/loss on the sale of depreciable property, excluding TRS	(0.19)	(0.19)
Depreciation	1.51	1.51
Noncontrolling Interests	0.01	0.01
Preferred Dividends	0.01	0.01
<b>Forecasted FFO per diluted share</b>	<b>\$ 1.49</b>	<b>\$ 1.53</b>
TRS gains from asset sales	(0.01)	(0.01)
Acquisition, debt extinguishment, casualty and other costs	0.01	0.01
<b>Forecasted FFO as Adjusted per diluted share</b>	<b>\$ 1.49</b>	<b>\$ 1.53</b>
Recurring capital expenditures	(0.17)	(0.17)
<b>Forecasted AFFO per diluted share</b>	<b>\$ 1.32</b>	<b>\$ 1.36</b>

	3Q 2014	
	Low	High
Forecasted earnings per diluted share	\$ -	\$ 0.02
Conversion from GAAP share count	(0.02)	(0.02)
Net (gain)/loss on the sale of depreciable property, excluding TRS	-	-
Depreciation	0.38	0.38
Noncontrolling Interests	-	-
Preferred Dividends	-	-
<b>Forecasted FFO per diluted share</b>	<b>\$ 0.36</b>	<b>\$ 0.38</b>
TRS gains from asset sales	-	-
Acquisition, debt extinguishment, casualty and other costs	-	-
<b>Forecasted FFO as Adjusted per diluted share</b>	<b>\$ 0.36</b>	<b>\$ 0.38</b>
Recurring capital expenditures	(0.05)	(0.05)
<b>Forecasted AFFO per diluted share</b>	<b>\$ 0.31</b>	<b>\$ 0.33</b>