



Press Release

DENVER, CO - July 26, 2016

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UDR ANNOUNCES SECOND QUARTER 2016 RESULTS AND UPDATES FULL-YEAR GUIDANCE

UDR (the “Company”) Second Quarter 2016 Highlights:

- Net income per share was \$0.06, Funds from Operations (“FFO”) per share was \$0.44, FFO as Adjusted per share was \$0.45, and Adjusted Funds from Operations (“AFFO”) per share was \$0.41.
- Net income attributable to common stockholders was \$17.0 million as compared to \$85.9 million in the prior year. The decrease year-over-year was primarily due to lower gains on the sale of real estate.
- Year-over-year same-store (“SS”) revenue, expense and net operating income (“NOI”) growth for the quarter were 5.7 percent, 5.5 percent and 5.7 percent, respectively.
- Construction was completed on three West Coast Development JV communities located in Seattle, WA and Anaheim, CA with a total going-in valuation of \$315 million.
- Commenced the construction of Crescent Heights, a 150-home development in a 50%/50% joint venture with MetLife in Los Angeles, CA, with a total estimated cost of \$126 million and an expected completion of 2018.
- Sold one wholly-owned retail property located in Bellevue, WA for approximately \$45 million.
- Updated full-year 2016 earnings growth guidance:
 - Tightened and increased Net income per share guidance to \$0.23 to \$0.27 from \$0.20 to \$0.26;
 - Tightened FFO per share guidance to \$1.76 to \$1.80 from \$1.75 to \$1.81; and
 - Tightened and increased FFO as Adjusted and AFFO per share guidance to \$1.77 to \$1.80 from \$1.75 to \$1.81 and \$1.61 to \$1.64 from \$1.59 to \$1.65, respectively.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Net income per common share, diluted	\$0.06	\$0.33	\$0.10	\$0.61
Conversion from GAAP share count	(0.003)	(0.014)	(0.010)	(0.025)
Net gain on the sale of depreciable real estate owned	(0.025)	(0.291)	(0.030)	(0.509)
Depreciation	0.399	0.369	0.794	0.733
Noncontrolling interests and preferred dividends	0.009	0.015	0.016	0.028
FFO per common share and unit, diluted	\$0.44	\$0.41	\$0.87	\$0.84
Acquisition-related costs/(fees), including joint ventures	-	0.006	-	0.006
Texas Joint Venture promote and disposition fee income	-	-	-	(0.035)
Long-term incentive plan transition costs	0.000	0.004	0.001	0.007
Net gain on the sale of non-depreciable real estate owned	-	-	(0.006)	-
Casualty-related (recoveries)/charges, including joint ventures, net	0.005	0.003	0.009	0.007
FFO as Adjusted per common share and unit, diluted	\$0.45	\$0.42	\$0.88	\$0.82
Recurring capital expenditures	(0.037)	(0.037)	(0.061)	(0.064)
AFFO per common share and unit, diluted	\$0.41	\$0.38	\$0.81	\$0.76

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

Operations

Total revenue increased by \$22.9 million or 11 percent, to \$238.8 million for the second quarter and \$38.0 million or 9 percent, to \$473.6 million year-to-date. This increase is primarily due to growth in revenue from stabilized, non-mature communities and same-store communities.

Same-store NOI increased 5.7 percent year-over-year in the second quarter of 2016 driven by same-store revenue growth of 5.7 percent coupled with a 5.5 percent increase in same-store expenses. Same-store expenses during the second quarter and year-to-date were elevated due to a \$1.1 million expense resulting from a higher-than-expected initial stabilized real estate tax assessment on a 2014, San Francisco, development completion. Same-store physical occupancy was 96.6 percent as compared to 96.9 percent in the prior year period. The second quarter annualized rate of turnover was 56.8 percent representing an 80 basis point increase year-over-year.

Summary of Same-Store Results Second Quarter 2016 versus Second Quarter 2015

Region	Revenue Growth	Expense Growth/ (Decline)	NOI Growth	% of Same-Store Portfolio ⁽¹⁾	Same-Store Occupancy ⁽²⁾	Number of Same-Store Homes ⁽³⁾
West	8.0%	11.7%	6.7%	40.8%	96.1%	11,460
Mid-Atlantic	1.6%	(1.4)%	3.0%	21.6%	96.9%	8,304
Northeast	5.0%	3.3%	5.7%	17.5%	96.8%	3,124
Southeast	7.2%	2.4%	9.5%	14.1%	96.9%	7,683
Southwest	4.6%	10.4%	1.3%	6.0%	96.4%	3,608
Total	5.7%	5.5%	5.7%	100.0%	96.6%	34,179

⁽¹⁾ Based on Q2 2016 NOI.

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

⁽³⁾ During the second quarter, 34,179 apartment homes, or approximately 84 percent of 40,728 total consolidated apartment homes (versus 51,381 apartment homes inclusive of joint ventures, preferred equity investments and development pipeline homes upon completion), were classified as same-store. The Company defines QTD SS Communities as those communities stabilized for five full consecutive quarters. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the quarter in the prior year, were not in process of any substantial redevelopment activities, and not held for disposition.

Sequentially, same-store NOI increased by 1.4 percent on revenue growth of 1.5 percent coupled with a 1.5 percent increase in expenses in the second quarter of 2016.

Year-to-date, for the six months ended June 30, 2016, the Company's same-store revenue increased 6.0 percent coupled with a 4.1 percent increase in same-store expenses resulting in a same-store NOI increase of 6.8 percent year-over-year. Same-store physical occupancy was 96.6% as compared to 96.8% in the prior year period.

Summary of Same-Store Results YTD 2016 versus YTD 2015

Region	Revenue Growth	Expense Growth	NOI Growth	% of Same-Store Portfolio ⁽¹⁾	Same-Store Occupancy ⁽²⁾	Number of Same-Store Homes ⁽³⁾
West	8.6%	8.1%	8.8%	40.8%	96.1%	11,298
Mid-Atlantic	1.8%	0.5%	2.4%	21.4%	96.8%	8,304
Northeast	5.4%	3.8%	6.1%	17.4%	96.8%	3,124
Southeast	7.3%	0.9%	10.4%	14.2%	96.8%	7,683
Southwest	5.0%	5.8%	4.5%	6.2%	96.7%	3,608
Total	6.0%	4.1%	6.8%	100.0%	96.6%	34,017

⁽¹⁾ Based on YTD 2016 NOI.

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

⁽³⁾ During the six months, 34,017 apartment homes, or approximately 84 percent of 40,728 total consolidated apartment homes (versus 51,381 apartment homes inclusive of joint ventures, preferred equity investments and development pipeline homes upon completion), were classified as same-store. The Company defines QTD SS Communities as those communities stabilized for five full consecutive quarters. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the quarter in the prior year, were not in process of any substantial redevelopment activities, and not held for disposition.

Development and Redevelopment Activity

At the end of the second quarter, the Company had a completed and under-construction development pipeline for which its pro rata share totaled \$1.1 billion. The \$1.1 billion consisted of a \$162 million completed, non-stabilized project and \$937 million of under-construction projects. The \$937 million of under-construction development projects will be delivered over the next three years, with \$166 million in 2017, \$405 million in 2018 and the balance in early 2019. The development pipeline is currently expected to produce a weighted average spread between estimated stabilized yields and current market cap rates above the upper end of the Company's 150 to 200 basis point targeted range.

In addition, the Company had preferred equity and participating loan investments for which its pro rata share totaled \$364 million with 100 percent of the equity commitment funded. The \$364 million consisted of \$247 million completed, non-stabilized projects and \$117 million of under-construction projects. Of the \$117 million in development projects left to complete, \$61 million is expected to be completed in 2016 and the balance in 2017.

The Company commenced one new development project during the second quarter. Crescent Heights, a 150-home community located in Los Angeles, CA, is being developed in a 50%/50% joint venture with MetLife for a total budgeted cost of \$126 million and is included in the Company's \$1.1 billion development pipeline. The project is expected to be completed in 2018.

Transactional Activity

During the quarter, the Company increased its ownership interest in a parcel of land located in Los Angeles, CA from 50 percent to 100 percent for an incremental cost of \$19 million. Subsequent to the acquisition, UDR entered into a triple-net operating ground lease, to lease the land to a third-party developer. Annual lease revenue is expected to be approximately \$2.6 million. The lease term is 49 years plus two 25-year extension options, and the ground lease provides the ground lessee with options to buy the fee interest in the property.

Additionally, the Company disposed of a retail property located in Bellevue, WA for a sales price of approximately \$45 million and a gain, net of tax, of \$7.3 million.

Balance Sheet

At June 30, 2016, the Company had \$876 million in availability through a combination of cash and undrawn capacity on its credit facilities.

The Company's total indebtedness at June 30, 2016 was \$3.5 billion. The Company ended the quarter with fixed-rate debt representing 79.3 percent of its total debt, a total blended interest rate of 3.76 percent and a weighted average maturity of 4.9 years. The Company's leverage was 33.2 percent versus 37.5 percent a year ago, net debt-to-EBITDA was 5.3x versus 6.2x a year ago and fixed charge coverage was 4.63x versus 4.21x 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 2016 in the amount of \$0.295 per share. The dividend will be paid in cash on August 1, 2016 to UDR common stock shareholders of record as of July 11, 2016. The second quarter 2016 dividend will represent the 175th consecutive quarterly dividend paid by the Company on its common stock.

On an annualized declared basis, the Company's \$1.18 per share 2016 dividend represents a 6 percent increase versus 2015.

Outlook

For the third quarter of 2016, the Company has established the following earnings guidance ranges:

Net income per share:	\$0.04 to \$0.07
FFO per share:	\$0.44 to \$0.46
FFO as Adjusted per share:	\$0.44 to \$0.46
AFFO per share:	\$0.39 to \$0.41

For the full-year 2016, the Company has updated its previously provided earnings guidance ranges:

	<u>Revised</u>	<u>Prior Guidance</u>
Net income per share	\$0.23 to \$0.27	\$0.20 to \$0.26
FFO per share	\$1.76 to \$1.80	\$1.75 to \$1.81
FFO as Adjusted per share	\$1.77 to \$1.80	\$1.75 to \$1.81
AFFO per share	\$1.61 to \$1.64	\$1.59 to \$1.65

For the full-year 2016, the Company has reaffirmed its previously provided same-store growth guidance ranges:

Revenue	5.50% to 6.00%
Expense	3.00% to 3.50%
Net operating income	6.50% to 7.00%

Additional assumptions for the Company's third quarter and full-year 2016 guidance can be found on Attachment 15 of the Company's second quarter Supplemental Financial Information. A reconciliation of FFO per share, FFO as Adjusted per share and AFFO per share to GAAP Net income per share can be found on Attachment 16(D) of the Company's second quarter Supplemental Financial Information. Non-GAAP financial measures and other terms, as used in this earnings release, are defined and further explained on Attachments 16(A) through 16(D), "Definitions and Reconciliations," of the Company's second quarter Supplemental Financial Information.

Supplemental Information

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

Conference Call and Webcast Information

UDR will host a webcast and conference call at 1:00 p.m. Eastern Time on July 27, 2016 to discuss second 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 877-795-3647 for domestic and 719-325-4903 for international and provide the following conference ID number: 2041191.

A replay of the conference call will be available through August 27, 2016, by dialing 888-203-1112 for domestic and 719-457-0820 for international and entering the confirmation number, 2041191, 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 second quarter 2016 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 720-922-6082.



Attachment 16(B)

UDR, Inc. Definitions and Reconciliations June 30, 2016 (Unaudited)

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

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

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

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

In thousands

	2Q 2016	YTD 2016
Income/(loss) from unconsolidated entities	\$ 325	\$ 1,004
Management fee	1,132	2,237
Interest expense	8,310	16,192
Depreciation	12,299	22,649
General and administrative	239	399
West Coast Development JV	(2,230)	(4,327)
Steele Creek	(1,560)	(3,079)
Other income/expense (includes 717 Olympic casualty expense)	(236)	418
Total Joint Venture NOI at UDR's Pro-Rata Ownership Interest	\$ 18,279	\$ 35,493

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/(loss) on the sale of real estate owned, and TRS income tax.

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

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

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

In thousands

	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015
Net income/(loss) attributable to UDR, Inc.	\$ 17,946	\$ 10,393	\$ 162,200	\$ 13,291	\$ 86,855
Property management	6,494	6,379	6,445	5,988	5,851
Other operating expenses	1,892	1,752	3,534	2,639	1,769
Real estate depreciation and amortization	105,937	105,339	104,909	90,568	90,344
Interest expense	30,678	31,104	33,170	30,232	29,673
Casualty-related (recoveries)/charges, net	1,629	-	(45)	541	843
General and administrative	10,835	13,844	17,993	15,824	13,721
Tax (benefit)/provision, net	(402)	(403)	(1,424)	(633)	(1,404)
(Income)/loss from unconsolidated entities	(325)	(679)	(1,052)	(2,691)	573
Interest income and other (income)/expense, net	(540)	(431)	(407)	(402)	(382)
Joint venture management and other fees	(2,618)	(2,858)	(3,253)	(3,653)	(3,098)
Other depreciation and amortization	1,486	1,553	1,899	1,457	1,700
(Gain)/loss on sale of real estate owned, net of tax	(7,315)	(3,070)	(172,635)	-	(79,042)
Net income/(loss) attributable to noncontrolling interests	1,618	1,211	14,963	404	3,029
Total consolidated NOI	\$ 167,315	\$ 164,134	\$ 166,297	\$ 153,565	\$ 150,432

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 500 company, is a leading multifamily real estate investment trust with a demonstrated performance history of delivering superior and dependable returns by successfully managing, buying, selling, developing and redeveloping attractive real estate properties in targeted U.S. markets. As of June 30, 2016, UDR owned or had an ownership position in 51,381 apartment homes including 3,510 homes under development or in preferred equity investments. For over 44 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 ⁽¹⁾ (Unaudited)

In thousands, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
REVENUES:				
Rental income	\$ 236,168	\$ 212,764	\$ 468,125	\$ 419,811
Joint venture management and other fees ⁽²⁾	2,618	3,098	5,476	15,804
Total revenues	<u>238,786</u>	<u>215,862</u>	<u>473,601</u>	<u>435,615</u>
OPERATING EXPENSES:				
Property operating and maintenance	38,574	37,194	78,020	74,444
Real estate taxes and insurance	30,279	25,138	58,656	51,360
Property management	6,494	5,851	12,873	11,545
Other operating expenses	1,892	1,769	3,644	3,535
Real estate depreciation and amortization	105,937	90,344	211,276	179,121
Acquisition costs	-	84	-	283
General and administrative	10,835	13,637	24,679	25,590
Casualty-related (recoveries)/charges, net	1,629	843	1,629	1,839
Other depreciation and amortization	1,486	1,700	3,039	3,323
Total operating expenses	<u>197,126</u>	<u>176,560</u>	<u>393,816</u>	<u>351,040</u>
Operating income	41,660	39,302	79,785	84,575
Income/(loss) from unconsolidated entities ⁽²⁾	325	(573)	1,004	58,586
Interest expense	(30,678)	(29,673)	(61,782)	(58,473)
Interest income and other income/(expense), net	540	382	971	742
Income/(loss) before income taxes and gain/(loss) on sale of real estate owned	11,847	9,438	19,978	85,430
Tax benefit/(provision), net	402	1,404	805	1,829
Income/(loss) from continuing operations	12,249	10,842	20,783	87,259
Gain/(loss) on sale of real estate owned, net of tax	7,315	79,042	10,385	79,042
Net income/(loss)	19,564	89,884	31,168	166,301
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership	(1,610)	(3,029)	(2,515)	(5,617)
Net (income)/loss attributable to noncontrolling interests	(8)	-	(314)	(7)
Net income/(loss) attributable to UDR, Inc.	17,946	86,855	28,339	160,677
Distributions to preferred stockholders - Series E (Convertible)	(929)	(931)	(1,858)	(1,862)
Net income/(loss) attributable to common stockholders	\$ 17,017	\$ 85,924	\$ 26,481	\$ 158,815
Income/(loss) per weighted average common share - basic:	\$0.06	\$0.33	\$0.10	\$0.62
Income/(loss) per weighted average common share - diluted:	\$0.06	\$0.33	\$0.10	\$0.61
Common distributions declared per share	\$0.2950	\$0.2775	\$0.5900	\$0.5550
Weighted average number of common shares outstanding - basic	266,268	257,849	264,362	257,344
Weighted average number of common shares outstanding - diluted	268,174	262,806	266,227	259,267

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

(2) In January 2015, the eight communities held by the Texas Joint Venture were sold, generating proceeds to UDR of \$43.5 million. The Company recorded promote and disposition fee income of approximately \$9.6 million and a gain of approximately \$59.1 million in connection with the sale during the six months ended June 30, 2015.



Attachment 2

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

In thousands, except per share and unit amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income/(loss) attributable to common stockholders	\$ 17,017	\$ 85,924	\$ 26,481	\$ 158,815
Real estate depreciation and amortization	105,937	90,344	211,276	179,121
Noncontrolling interests	1,618	3,029	2,829	5,624
Real estate depreciation and amortization on unconsolidated joint ventures	12,299	10,017	22,649	19,867
Net gain on the sale of unconsolidated depreciable property ⁽²⁾	-	-	-	(59,073)
Net gain on the sale of depreciable real estate owned ⁽⁵⁾	(7,315)	(79,042)	(8,700)	(79,042)
Funds from operations ("FFO") attributable to common stockholders and unitholders, basic	\$ 129,556	\$ 110,272	\$ 254,535	\$ 225,312
Distributions to preferred stockholders - Series E (Convertible) ⁽³⁾	929	931	1,858	1,862
FFO attributable to common stockholders and unitholders, diluted	\$ 130,485	\$ 111,203	\$ 256,393	\$ 227,174
FFO per common share and unit, basic	\$ 0.44	\$ 0.41	\$ 0.88	\$ 0.85
FFO per common share and unit, diluted	\$ 0.44	\$ 0.41	\$ 0.87	\$ 0.84
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	291,458	266,974	289,553	266,489
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,392	271,931	294,446	271,448
Impact of adjustments to FFO:				
Acquisition-related costs/(fees), including joint ventures	\$ -	\$ 1,544	\$ -	\$ 1,743
Texas Joint Venture promote and disposition fee income ⁽²⁾	-	-	-	(9,633)
Long-term incentive plan transition costs	28	1,008	351	1,862
Net gain on the sale of non-depreciable real estate owned ⁽⁵⁾	-	-	(1,685)	-
Casualty-related (recoveries)/charges, including joint ventures, net ⁽⁴⁾	1,629	843	2,755	1,839
FFO as Adjusted attributable to common stockholders and unitholders, diluted	\$ 132,142	\$ 114,598	\$ 257,814	\$ 222,985
FFO as Adjusted per common share and unit, diluted	\$ 0.45	\$ 0.42	\$ 0.88	\$ 0.82
Recurring capital expenditures	(11,052)	(10,111)	(18,013)	(17,354)
AFFO attributable to common stockholders and unitholders	\$ 121,090	\$ 104,487	\$ 239,801	\$ 205,631
AFFO per common share and unit, diluted	\$ 0.41	\$ 0.38	\$ 0.81	\$ 0.76

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

(2) In January 2015, the eight communities held by the Texas Joint Venture were sold, generating proceeds to UDR of \$43.5 million. The Company recorded promote and disposition fee income of approximately \$9.6 million and a gain of approximately \$59.1 million in connection with the sale during the six months ended June 30, 2015.

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

(4) Casualty-related charges for the six months ended June 30, 2016 include \$1.1 million related to UDR's share of the 717 Olympic casualty, which is included in income/(loss) from unconsolidated entities in Attachment 1.

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



Attachment 3

UDR, Inc. Consolidated Balance Sheets ⁽¹⁾ (Unaudited)

In thousands, except share and per share amounts	June 30, 2016	December 31, 2015
ASSETS		
Real estate owned:		
Real estate held for investment	\$ 9,073,474	\$ 9,053,599
Less: accumulated depreciation	<u>(2,842,273)</u>	<u>(2,646,044)</u>
Real estate held for investment, net	6,231,201	6,407,555
Real estate under development		
(net of accumulated depreciation of \$0 and \$0)	238,938	124,072
Real estate held for disposition		
(net of accumulated depreciation of \$0 and \$830)	<u>-</u>	<u>11,775</u>
Total real estate owned, net of accumulated depreciation	6,470,139	6,543,402
Cash and cash equivalents	5,167	6,742
Restricted cash	20,524	20,798
Funds held in escrow from IRC Section 1031 exchanges	34,732	-
Notes receivable, net	19,694	16,694
Investment in and advances to unconsolidated joint ventures, net	933,403	938,906
Other assets	<u>126,423</u>	<u>137,302</u>
Total assets	<u>\$ 7,610,082</u>	<u>\$ 7,663,844</u>
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt	\$ 1,256,119	\$ 1,376,945
Unsecured debt	2,209,058	2,193,850
Real estate taxes payable	23,168	18,786
Accrued interest payable	26,735	29,162
Security deposits and prepaid rent	37,916	36,330
Distributions payable	86,957	80,368
Accounts payable, accrued expenses, and other liabilities	<u>91,275</u>	<u>81,356</u>
Total liabilities	3,731,228	3,816,797
Redeemable noncontrolling interests in the OP and DownREIT Partnership	929,985	946,436
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
2,796,903 shares of 8.00% Series E Cumulative Convertible issued		
and outstanding (2,796,903 shares at December 31, 2015)	46,457	46,457
16,452,496 shares of Series F outstanding (16,452,496 shares		
at December 31, 2015)	1	1
Common stock, \$0.01 par value; 350,000,000 shares authorized		
267,058,578 shares issued and outstanding (261,844,521 shares at December 31, 2015)	2,671	2,618
Additional paid-in capital	4,622,939	4,447,816
Distributions in excess of net income	(1,712,418)	(1,584,459)
Accumulated other comprehensive income/(loss), net	<u>(12,974)</u>	<u>(12,678)</u>
Total stockholders' equity	2,946,676	2,899,755
Noncontrolling interests	<u>2,193</u>	<u>856</u>
Total equity	<u>2,948,869</u>	<u>2,900,611</u>
Total liabilities and equity	<u>\$ 7,610,082</u>	<u>\$ 7,663,844</u>

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



Attachment 4(C)

UDR, Inc. Selected Financial Information ⁽¹⁾ (Unaudited)

	Quarter Ended June 30, 2016
Coverage Ratios	
Net income/(loss) attributable to UDR, Inc.	\$ 17,946
Adjustments:	
Interest expense	30,678
Real estate depreciation and amortization	105,937
Real estate depreciation and amortization on unconsolidated joint ventures	12,299
Other depreciation and amortization	1,486
Noncontrolling interests	1,618
Income tax provision/(benefit)	(402)
EBITDA	<u>\$ 169,562</u>
(Gain)/loss on sale of real estate owned, net of tax	(7,315)
Long-term incentive plan transition costs	28
Casualty-related (recoveries)/charges, including joint ventures, net	1,629
EBITDA - adjusted for non-recurring items	<u>\$ 163,904</u>
Annualized EBITDA - adjusted for non-recurring items	<u>\$ 655,616</u>
Interest expense	\$ 30,678
Capitalized interest expense	3,786
Total interest	\$ 34,464
Preferred dividends	\$ 929
Total debt	\$ 3,465,177
Cash	5,167
Net debt	<u>\$ 3,460,010</u>
Interest Coverage Ratio	<u>4.92x</u>
Fixed Charge Coverage Ratio	<u>4.79x</u>
Interest Coverage Ratio - adjusted for non-recurring items	<u>4.76x</u>
Fixed Charge Coverage Ratio - adjusted for non-recurring items	<u>4.63x</u>
Net Debt-to-EBITDA - adjusted for non-recurring items	<u>5.3x</u>

Debt Covenant Overview

Unsecured Line of Credit Covenants ⁽²⁾	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	34.1% ⁽²⁾	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.7x	Yes
Maximum Secured Debt Ratio	≤40.0%	16.8%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	378.2%	Yes

Senior Unsecured Note Covenants ⁽³⁾	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤60.0%	33.3% ⁽³⁾	Yes
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5x	4.9x	Yes
Secured Debt as a percentage of Total Assets	≤40.0%	12.0%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	333.6%	Yes

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

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

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

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



Attachment 16(D)

UDR, Inc. Definitions and Reconciliations June 30, 2016 (Unaudited)

All guidance is based on current expectations of future economic conditions and the judgment of the Company's management team. The following reconciles from GAAP Net income/(loss) per share for full year 2016 and third quarter of 2016 to forecasted FFO, FFO as Adjusted and AFFO per share and unit:

	Full-Year 2016	
	Low	High
Forecasted net income per diluted share	\$ 0.23	\$ 0.27
Conversion from GAAP share count	(0.02)	(0.02)
Net gain on the sale of depreciable real estate owned	(0.03)	(0.03)
Depreciation	1.58	1.58
Noncontrolling interests	(0.01)	(0.01)
Preferred dividends	0.01	0.01
Forecasted FFO per diluted share and unit	\$ 1.76	\$ 1.80
Disposition-related FFO	(0.01)	(0.01)
Long-term incentive plan transition costs	-	-
Casualty-related (recoveries)/charges	0.01	0.01
Forecasted FFO as Adjusted per diluted share and unit	\$ 1.77	\$ 1.80
Recurring capital expenditures	(0.16)	(0.16)
Forecasted AFFO per diluted share and unit	\$ 1.61	\$ 1.64

	3Q 2016	
	Low	High
Forecasted net income per diluted share	\$ 0.04	\$ 0.07
Conversion from GAAP share count	-	(0.01)
Depreciation	0.40	0.40
Noncontrolling interests	-	-
Preferred dividends	-	-
Forecasted FFO per diluted share and unit	\$ 0.44	\$ 0.46
Disposition-related FFO	-	-
Long-term incentive plan transition costs	-	-
Casualty-related (recoveries)/charges	-	-
Forecasted FFO as Adjusted per diluted share and unit	\$ 0.44	\$ 0.46
Recurring capital expenditures	(0.05)	(0.05)
Forecasted AFFO per diluted share and unit	\$ 0.39	\$ 0.41