



## Press Release

DENVER, CO – October 25, 2016

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### UDR ANNOUNCES THIRD QUARTER 2016 RESULTS AND UPDATES FULL-YEAR GUIDANCE

#### UDR (the “Company”) Third Quarter 2016 Highlights:

- Net income per share was \$0.10, Funds from Operations (“FFO”) per share was \$0.46, 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 \$26.0 million as compared to \$12.4 million in the prior year period. The year-over-year increase was primarily due to higher 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 5.3 percent, 2.5 percent and 6.4 percent, respectively.
- Simplified the Company’s joint venture relationship with MetLife through a variety of strategic transactions consummated during and subsequent to the quarter.
- During and subsequent to the quarter, placed \$284.6 million of apartment communities located in Baltimore, MD and Dallas, TX under contract for disposition with an anticipated closing in the fourth quarter.
- Issued \$300 million of 10-year unsecured debt at 2.95 percent. Proceeds were used to prepay high-cost 2017 debt, reduce the outstanding balance on the Company’s revolver and for general corporate purposes.
- Updated full-year 2016 earnings growth guidance:
  - Increased net income per share guidance to \$0.28 to \$0.32 from \$0.23 to \$0.27; and
  - Tightened and increased FFO, FFO as Adjusted and AFFO per share guidance to \$1.77 to \$1.80 from \$1.76 to \$1.80, \$1.78 to \$1.80 from \$1.77 to \$1.80 and \$1.62 to \$1.64 from \$1.61 to \$1.64, respectively.

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
<b>Net income per common share, diluted</b>	<b>\$0.10</b>	<b>\$0.05</b>	<b>\$0.20</b>	<b>\$0.66</b>
Conversion from GAAP share count	(0.009)	(0.006)	(0.019)	(0.029)
Net gain on the sale of depreciable real estate owned	(0.039)	-	(0.068)	(0.507)
Depreciation and amortization	0.398	0.366	1.192	1.098
Noncontrolling interests and preferred dividends	0.012	0.005	0.028	0.032
<b>FFO per common share and unit, diluted</b>	<b>\$0.46</b>	<b>\$0.42</b>	<b>\$1.33</b>	<b>\$1.25</b>
Acquisition-related costs/(fees), including JVs	0.000	0.002	0.000	0.008
Cost/(benefit) associated with debt extinguishment, other	0.006	-	0.006	-
Texas Joint Venture promote and disposition fee income	-	-	-	(0.035)
Long-term incentive plan transition costs	0.001	0.003	0.002	0.010
Net gain on the sale of non-depreciable real estate owned	-	-	(0.006)	-
Legal claims, net of tax	(0.002)	-	(0.002)	-
Net loss on sale of unconsolidated land	0.003	-	0.003	-
Casualty-related (recoveries)/charges, including JVs, net	(0.015)	0.003	(0.006)	0.010
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$0.45</b>	<b>\$0.42</b>	<b>\$1.33</b>	<b>\$1.24</b>
Recurring capital expenditures	(0.045)	(0.050)	(0.106)	(0.114)
<b>AFFO per common share and unit, diluted</b>	<b>\$0.41</b>	<b>\$0.37</b>	<b>\$1.22</b>	<b>\$1.13</b>

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

## Operations

Total revenue increased by \$21.8 million or 10 percent, to \$243.3 million for the third quarter and \$59.8 million or 9 percent, to \$716.9 million on a year-to-date basis. This increase was primarily due to growth in revenue from stabilized, non-mature communities and same-store communities.

Same-store NOI increased 6.4 percent year-over-year in the third quarter of 2016 and was driven by same-store revenue growth of 5.3 percent against a 2.5 percent increase in same-store expenses. Same-store physical occupancy was 96.8 percent as compared to 96.7 percent in the prior year period. The third quarter annualized rate of turnover was 64.8 percent representing a 10 basis point increase year-over-year.

### Summary of Same-Store Results Third Quarter 2016 versus Third Quarter 2015

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	6.6%	1.6%	8.2%	43.8%	96.4%	11,460
Mid-Atlantic	2.2%	(1.9)%	4.3%	18.7%	96.8%	6,902
Northeast	4.2%	4.5%	4.1%	17.7%	97.0%	3,124
Southeast	7.1%	6.2%	7.5%	14.3%	97.2%	7,683
Southwest	5.5%	7.1%	4.5%	5.5%	97.1%	3,303
<b>Total</b>	<b>5.3%</b>	<b>2.5%</b>	<b>6.4%</b>	<b>100.0%</b>	<b>96.8%</b>	<b>32,472</b>

<sup>(1)</sup> Based on Q3 2016 NOI.

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

<sup>(3)</sup> During the third quarter, 32,472 apartment homes, or approximately 80 percent of 40,728 total consolidated apartment homes (versus 51,129 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.

Sequential same-store NOI increased by 1.2 percent in the third quarter of 2016 on same-store revenue growth of 1.5 percent and same-store expense growth of 2.1 percent.

Year-to-date, for the nine months ended September 30, 2016, the Company's same-store revenue increased 5.9 percent and same-store expenses increased 3.5 percent, resulting in a same-store NOI increase of 6.9 percent. Same-store physical occupancy was 96.6 percent as compared to 96.7 percent in the prior year period.

### Summary of Same-Store Results YTD 2016 versus YTD 2015

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	7.9%	5.9%	8.6%	42.9%	96.2%	11,298
Mid-Atlantic	2.1%	(1.0)%	3.5%	19.0%	96.8%	6,902
Northeast	5.0%	4.1%	5.4%	18.0%	96.9%	3,124
Southeast	7.2%	2.7%	9.4%	14.6%	96.9%	7,683
Southwest	5.4%	6.3%	4.9%	5.5%	96.9%	3,303
<b>Total</b>	<b>5.9%</b>	<b>3.5%</b>	<b>6.9%</b>	<b>100.0%</b>	<b>96.6%</b>	<b>32,310</b>

<sup>(1)</sup> Based on YTD 2016 NOI.

<sup>(2)</sup> Average same-store occupancy for YTD 2016.

<sup>(3)</sup> During the nine months, 32,310 apartment homes, or approximately 79 percent of 40,728 total consolidated apartment homes (versus 51,129 apartment homes inclusive of joint ventures, preferred equity investments and development pipeline homes upon completion), were classified as same-store. The Company defines YTD SS Communities as those communities stabilized for two full consecutive calendar years. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior year, were not in process of any substantial redevelopment activities, and not held for disposition.

## **Development and Redevelopment Activity**

At the end of the third quarter, the Company's pro-rata share of its development pipeline totaled \$1.1 billion. The \$1.1 billion consisted of a \$163 million completed, non-stabilized development project and \$937 million of under-construction developments. The \$937 million of under-construction development projects are scheduled to be delivered over the next three years, with \$54 million in 2016, \$112 million in 2017, \$405 million in 2018 and the balance in 2019. The development pipeline is currently expected to produce a weighted average spread between estimated stabilized development yields and current market cap rates in excess of 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. 100 percent of the Company's equity commitments in these projects has been funded. The \$364 million consisted of \$133 million of completed, stabilized developments, \$114 million of completed, non-stabilized developments and \$117 million of under-construction developments. Of the \$117 million in development projects left to complete, \$61 million is expected to be completed in 2016 with the balance in 2017.

## **Transactional Activity**

As previously disclosed during the quarter, the Company placed seven communities, containing 1,402 homes, in Baltimore, MD under contract for disposition for approximately \$236 million or \$168,000 per home. The seven communities had an average monthly revenue per occupied home of \$1,331 and were 31 years old on average. The sales are expected to close in the fourth quarter.

Subsequent to quarter end, the Company placed Highlands of Preston, a 380 home community located in Dallas, TX under contract for disposition for \$48.6 million or \$128,000 per home and is expected to close in the fourth quarter. The community had an average monthly revenue per occupied home of \$1,148, was 31 years old and had undergone redevelopment in 2008.

## **Joint Venture Activity**

The Company continued to simplify its joint venture with MetLife during and subsequent to the third quarter via a series of strategic transactions.

During the quarter, the Company completed a swap of developable land with MetLife, resulting in the Company acquiring MetLife's remaining 95 percent interest in a land site in Dublin, CA in exchange for the Company's 5 percent weighted average ownership interest in two land sites located in Bellevue, WA and Los Angeles, CA.

Additionally during the quarter, the UDR/MetLife Joint Venture disposed of Cirque, a 252 home, high-rise community located in Dallas, TX to an unrelated third party for \$74.7 million, of which the Company's share was \$37.4 million. The community had an average monthly revenue per occupied home of \$2,575 and was 8 years old.

Subsequent to quarter end, the Company acquired MetLife's 50 percent interest in Ten20 and Ashton Bellevue, two adjacent UDR/MetLife Joint Venture communities located in Bellevue, WA. The Company acquired MetLife's interest for \$68.4 million plus the assumption of \$37.9 million of debt. These communities had a weighted average monthly revenue per occupied home of \$3,322 and were 7 years old.

After accounting for joint venture refinancings, these transactions were approximately \$14 million net cash positive to the Company and served to reduce the size of the UDR/MetLife Joint Venture by approximately 10% or \$355 million.

## **Capital Markets**

As previously disclosed during the quarter, the Company issued \$300 million of 10-year unsecured debt at 2.95 percent. Proceeds were used to prepay approximately \$158 million of 5.61% debt originally maturing in 2017, reduce the outstanding balance on the Company's revolver and for general corporate purposes.

## **Balance Sheet**

At September 30, 2016, the Company had \$931 million in availability through a combination of cash and undrawn capacity on its credit facilities.

The Company's total indebtedness at September 30, 2016 was \$3.5 billion. The Company ended the quarter with fixed-rate debt representing 81.5 percent of its total debt, a total blended interest rate of 3.66 percent and a weighted average maturity of 5.3 years. The Company's leverage was 33.5 percent versus 36.7 percent a year ago, net debt-to-EBITDA was 5.3x versus 6.0x a year ago and fixed charge coverage was 4.70x versus 4.22x 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 2016 in the amount of \$0.295 per share. The dividend will be paid in cash on October 31, 2016 to UDR common stock shareholders of record as of October 11, 2016. The third quarter 2016 dividend will represent the 176<sup>th</sup> 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 fourth quarter of 2016**, the Company has established the following earnings guidance ranges:

Net income per share	\$0.08 to \$0.12
FFO per share	\$0.44 to \$0.46
FFO as Adjusted per share	\$0.45 to \$0.47
AFFO per share	\$0.39 to \$0.41

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

	<b><u>Revised</u></b>	<b><u>Prior Guidance</u></b>
Net income per share	\$0.28 to \$0.32	\$0.23 to \$0.27
FFO per share	\$1.77 to \$1.80	\$1.76 to \$1.80
FFO as Adjusted per share	\$1.78 to \$1.80	\$1.77 to \$1.80
AFFO per share	\$1.62 to \$1.64	\$1.61 to \$1.64

**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 fourth quarter and full-year 2016 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 26, 2016 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 800-344-6491 for domestic and 785-830-7988 for international and provide the following conference ID number: 7125719.

A replay of the conference call will be available through November 25, 2016, by dialing 888-203-1112 for domestic and 719-457-0820 for international and entering the confirmation number, 7125719, when prompted for the passcode.

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

### **Full Text of the Earnings Report and Supplemental Data**

Internet -- The full text of the earnings report and Supplemental Financial Information will be available on the Company's website at [ir.udr.com](http://ir.udr.com).

Mail -- For those without Internet access, the third 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 720-348-7762.



# Attachment 16(B)

## UDR, Inc. Definitions and Reconciliations September 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

	3Q 2016	YTD 2016
Income/(loss) from unconsolidated entities	\$ 15,285	\$ 16,289
Management fee	1,336	3,573
Interest expense	8,423	24,615
Depreciation	12,128	34,777
General and administrative	13	412
West Coast Development JV	(2,311)	(6,638)
Steele Creek	(1,567)	(4,646)
Other (income)/expense (includes 717 Olympic casualty (gain)/expense)	(3,452)	(3,891)
NOI related to sold properties	(1,228)	(1,228)
Gain on sales	(10,447)	(10,447)
<b>Total Joint Venture NOI at UDR's Pro-Rata Ownership Interest</b>	<b>\$ 18,180</b>	<b>\$ 52,816</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/(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

	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015
Net income/(loss) attributable to UDR, Inc.	\$ 26,956	\$ 17,946	\$ 10,393	\$ 162,200	\$ 13,291
Property management	6,607	6,494	6,379	6,445	5,988
Other operating expenses	1,636	1,892	1,752	3,534	2,639
Real estate depreciation and amortization	105,802	105,937	105,339	104,909	90,568
Interest expense	31,954	30,678	31,104	33,170	30,232
Casualty-related (recoveries)/charges, net	205	1,629	-	(45)	541
General and administrative	11,826	10,835	13,844	17,993	15,824
Tax (benefit)/provision, net	94	(402)	(403)	(1,424)	(633)
(Income)/loss from unconsolidated entities	(15,285)	(325)	(679)	(1,052)	(2,691)
Interest income and other (income)/expense, net	(478)	(540)	(431)	(407)	(402)
Joint venture management and other fees	(2,997)	(2,618)	(2,858)	(3,253)	(3,653)
Other depreciation and amortization	1,526	1,486	1,553	1,899	1,457
(Gain)/loss on sale of real estate owned, net of tax	-	(7,315)	(3,070)	(172,635)	-
Net income/(loss) attributable to noncontrolling interests	2,510	1,618	1,211	14,963	404
<b>Total consolidated NOI</b>	<b>\$ 170,356</b>	<b>\$ 167,315</b>	<b>\$ 164,134</b>	<b>\$ 166,297</b>	<b>\$ 153,565</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.

## **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, 2016, UDR owned or had an ownership position in 51,129 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](http://ir.udr.com).





# Attachment 1

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

In thousands, except per share amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>REVENUES:</b>				
Rental income	\$ 240,255	\$ 217,765	\$ 708,380	\$ 637,576
Joint venture management and other fees <sup>(2)</sup>	2,997	3,653	8,473	19,457
Total revenues	243,252	221,418	716,853	657,033
<b>OPERATING EXPENSES:</b>				
Property operating and maintenance	41,852	39,478	119,872	113,922
Real estate taxes and insurance	28,047	24,722	86,703	76,082
Property management	6,607	5,988	19,480	17,533
Other operating expenses	1,636	2,639	5,280	6,174
Real estate depreciation and amortization	105,802	90,568	317,078	269,689
Acquisition costs	61	410	61	693
General and administrative	11,765	15,414	36,444	41,004
Casualty-related (recoveries)/charges, net	205	541	1,834	2,380
Other depreciation and amortization	1,526	1,457	4,565	4,780
Total operating expenses	197,501	181,217	591,317	532,257
<b>Operating income</b>	<b>45,751</b>	<b>40,201</b>	<b>125,536</b>	<b>124,776</b>
Income/(loss) from unconsolidated entities <sup>(2)</sup>	15,285	2,691	16,289	61,277
Interest expense	(30,225)	(30,232)	(92,007)	(88,705)
(Cost)/benefit associated with debt extinguishment and other	(1,729)	-	(1,729)	-
Total interest expense	(31,954)	(30,232)	(93,736)	(88,705)
Interest income and other income/(expense), net	478	402	1,449	1,144
<b>Income/(loss) before income taxes and gain/(loss) on sale of real estate owned</b>	<b>29,560</b>	<b>13,062</b>	<b>49,538</b>	<b>98,492</b>
Tax benefit/(provision), net	(94)	633	711	2,462
<b>Income/(loss) from continuing operations</b>	<b>29,466</b>	<b>13,695</b>	<b>50,249</b>	<b>100,954</b>
Gain/(loss) on sale of real estate owned, net of tax	-	-	10,385	79,042
<b>Net income/(loss)</b>	<b>29,466</b>	<b>13,695</b>	<b>60,634</b>	<b>179,996</b>
Net (income)/loss attributable to redeemable noncontrolling interests in the OP and DownREIT Partnership	(2,459)	(405)	(4,974)	(6,022)
Net (income)/loss attributable to noncontrolling interests	(51)	1	(365)	(6)
<b>Net income/(loss) attributable to UDR, Inc.</b>	<b>26,956</b>	<b>13,291</b>	<b>55,295</b>	<b>173,968</b>
Distributions to preferred stockholders - Series E (Convertible)	(929)	(930)	(2,787)	(2,792)
<b>Net income/(loss) attributable to common stockholders</b>	<b>\$ 26,027</b>	<b>\$ 12,361</b>	<b>\$ 52,508</b>	<b>\$ 171,176</b>
<b>Income/(loss) per weighted average common share - basic:</b>	<b>\$0.10</b>	<b>\$0.05</b>	<b>\$0.20</b>	<b>\$0.66</b>
<b>Income/(loss) per weighted average common share - diluted:</b>	<b>\$0.10</b>	<b>\$0.05</b>	<b>\$0.20</b>	<b>\$0.66</b>
Common distributions declared per share	\$0.2950	\$0.2775	\$0.8850	\$0.8325
Weighted average number of common shares outstanding - basic	266,301	259,114	265,013	257,940
Weighted average number of common shares outstanding - diluted	268,305	261,207	266,925	260,020

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

(2) The Company recorded a gain of approximately \$11.5 million in connection with the sale of Cirque during the three months ended September 30, 2016. The Company also recorded a casualty gain of \$4.6 million and \$3.5 million for the three and nine months ended September 30, 2016 as a result of insurance proceeds received related to 717 Olympic. 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 nine months ended September 30, 2015.



## Attachment 2

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

In thousands, except per share and unit amounts	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Net income/(loss) attributable to common stockholders</b>	\$ 26,027	\$ 12,361	\$ 52,508	\$ 171,176
Real estate depreciation and amortization	105,802	90,568	317,078	269,689
Noncontrolling interests	2,510	404	5,339	6,028
Real estate depreciation and amortization on unconsolidated joint ventures	12,128	9,396	34,777	29,263
Net gain on the sale of unconsolidated depreciable property <sup>(2)</sup>	(11,463)	-	(11,463)	(59,073)
Net gain on the sale of depreciable real estate owned <sup>(5)</sup>	-	-	(8,700)	(79,042)
<b>Funds from operations ("FFO") attributable to common stockholders and unitholders, basic</b>	<b>\$ 135,004</b>	<b>\$ 112,729</b>	<b>\$ 389,539</b>	<b>\$ 338,041</b>
Distributions to preferred stockholders - Series E (Convertible) <sup>(3)</sup>	929	930	2,787	2,792
<b>FFO attributable to common stockholders and unitholders, diluted</b>	<b>\$ 135,933</b>	<b>\$ 113,659</b>	<b>\$ 392,326</b>	<b>\$ 340,833</b>
<b>FFO per common share and unit, basic</b>	<b>\$ 0.46</b>	<b>\$ 0.42</b>	<b>\$ 1.34</b>	<b>\$ 1.27</b>
<b>FFO per common share and unit, diluted</b>	<b>\$ 0.46</b>	<b>\$ 0.42</b>	<b>\$ 1.33</b>	<b>\$ 1.25</b>
Weighted average number of common shares and OP/DownREIT Units outstanding - basic	291,469	268,175	290,196	267,057
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding - diluted	296,501	273,297	295,136	272,170
<b>Impact of adjustments to FFO:</b>				
Acquisition-related costs/(fees), including joint ventures	\$ 61	\$ 410	\$ 61	\$ 2,153
Cost/(benefit) associated with debt extinguishment and other	1,729	-	1,729	-
Texas Joint Venture promote and disposition fee income <sup>(2)</sup>	-	-	-	(9,633)
Long-term incentive plan transition costs	274	791	625	2,653
Net gain on the sale of non-depreciable real estate owned <sup>(5)</sup>	-	-	(1,685)	-
Legal claims, net of tax	(480)	-	(480)	-
Net loss on sale of unconsolidated land	1,016	-	1,016	-
Casualty-related (recoveries)/charges, including joint ventures, net <sup>(4)</sup>	(4,422)	797	(1,667)	2,636
	\$ (1,822)	\$ 1,998	\$ (401)	\$ (2,191)
<b>FFO as Adjusted attributable to common stockholders and unitholders, diluted</b>	<b>\$ 134,111</b>	<b>\$ 115,657</b>	<b>\$ 391,925</b>	<b>\$ 338,642</b>
<b>FFO as Adjusted per common share and unit, diluted</b>	<b>\$ 0.45</b>	<b>\$ 0.42</b>	<b>\$ 1.33</b>	<b>\$ 1.24</b>
Recurring capital expenditures	(13,270)	(13,694)	(31,283)	(31,048)
<b>AFFO attributable to common stockholders and unitholders</b>	<b>\$ 120,841</b>	<b>\$ 101,963</b>	<b>\$ 360,642</b>	<b>\$ 307,594</b>
<b>AFFO per common share and unit, diluted</b>	<b>\$ 0.41</b>	<b>\$ 0.37</b>	<b>\$ 1.22</b>	<b>\$ 1.13</b>

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

(2) The Company recorded a gain of approximately \$11.5 million in connection with the sale of Cirque during the three months ended September 30, 2016. 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 nine months ended September 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 (recoveries)/charges include casualty recoveries of \$4.6 million and \$3.5 million for the three and nine months ended September 30, 2016 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 nine months ended September 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 <sup>(1)</sup> (Unaudited)

In thousands, except share and per share amounts	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Real estate owned:		
Real estate held for investment	\$ 8,984,369	\$ 9,053,599
Less: accumulated depreciation	(2,849,902)	(2,646,044)
Real estate held for investment, net	6,134,467	6,407,555
Real estate under development		
(net of accumulated depreciation of \$0 and \$0)	294,844	124,072
Real estate held for disposition		
(net of accumulated depreciation of \$91,435 and \$830)	51,052	11,775
Total real estate owned, net of accumulated depreciation	6,480,363	6,543,402
Cash and cash equivalents	3,301	6,742
Restricted cash	21,233	20,798
Funds held in escrow from IRC Section 1031 exchanges	87,162	-
Notes receivable, net	19,694	16,694
Investment in and advances to unconsolidated joint ventures, net	917,941	938,906
Other assets	121,475	137,302
Total assets	\$ 7,651,169	\$ 7,663,844
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Secured debt	\$ 1,048,993	\$ 1,376,945
Unsecured debt	2,495,397	2,193,850
Real estate taxes payable	36,030	18,786
Accrued interest payable	28,135	29,162
Security deposits and prepaid rent	37,300	36,330
Distributions payable	86,959	80,368
Accounts payable, accrued expenses, and other liabilities	91,601	81,356
Total liabilities	3,824,415	3,816,797
Redeemable noncontrolling interests in the OP and DownREIT Partnership	900,756	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
16,291,246 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		
267,222,186 shares issued and outstanding (261,844,521 shares at December 31, 2015)	2,672	2,618
Additional paid-in capital	4,631,539	4,447,816
Distributions in excess of net income	(1,746,617)	(1,584,459)
Accumulated other comprehensive income/(loss), net	(11,146)	(12,678)
Total stockholders' equity	2,922,906	2,899,755
Noncontrolling interests	3,092	856
Total equity	2,925,998	2,900,611
Total liabilities and equity	\$ 7,651,169	\$ 7,663,844

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



## Attachment 4(C)

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

	Quarter Ended September 30, 2016
<b>Coverage Ratios</b>	
Net income/(loss) attributable to UDR, Inc.	\$ 26,956
Adjustments:	
Interest expense	31,954
Real estate depreciation and amortization	105,802
Real estate depreciation and amortization on unconsolidated joint ventures	12,128
Other depreciation and amortization	1,526
Noncontrolling interests	2,510
Income tax provision/(benefit)	94
EBITDA	<u>\$ 180,970</u>
Net gain on the sale of unconsolidated depreciable property	(11,463)
Long-term incentive plan transition costs	274
Acquisition-related costs/(fees), including joint ventures	61
Legal claims, net of tax	(480)
Net loss on sale of unconsolidated land	1,016
Casualty-related (recoveries)/charges, including joint ventures, net	(4,422)
EBITDA - adjusted for non-recurring items	<u>\$ 165,956</u>
Annualized EBITDA - adjusted for non-recurring items	<u>\$ 663,824</u>
Interest expense	\$ 31,954
Capitalized interest expense	4,133
Total interest	\$ 36,087
Costs associated with debt extinguishment	(1,729)
Total interest - adjusted for non-recurring items	\$ 34,358
Preferred dividends	\$ 929
Total debt	\$ 3,544,390
Cash	3,301
Net debt	<u>\$ 3,541,089</u>
<b>Interest Coverage Ratio</b>	<u><b>5.01x</b></u>
<b>Fixed Charge Coverage Ratio</b>	<u><b>4.89x</b></u>
<b>Interest Coverage Ratio - adjusted for non-recurring items</b>	<u><b>4.83x</b></u>
<b>Fixed Charge Coverage Ratio - adjusted for non-recurring items</b>	<u><b>4.70x</b></u>
<b>Net Debt-to-EBITDA - adjusted for non-recurring items</b>	<u><b>5.3x</b></u>

#### Debt Covenant Overview

Unsecured Line of Credit Covenants <sup>(2)</sup>	Required	Actual	Compliance
Maximum Leverage Ratio	≤60.0%	34.2% <sup>(2)</sup>	Yes
Minimum Fixed Charge Coverage Ratio	≥1.5x	3.8x	Yes
Maximum Secured Debt Ratio	≤40.0%	15.0%	Yes
Minimum Unencumbered Pool Leverage Ratio	≥150.0%	363.1%	Yes
Senior Unsecured Note Covenants <sup>(3)</sup>	Required	Actual	Compliance
Debt as a percentage of Total Assets	≤60.0%	33.6% <sup>(3)</sup>	Yes
Consolidated Income Available for Debt Service to Annual Service Charge	≥1.5x	5.0x	Yes
Secured Debt as a percentage of Total Assets	≤40.0%	9.9%	Yes
Total Unencumbered Assets to Unsecured Debt	≥150.0%	309.6%	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 September 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 fourth 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	\$ 0.28	\$ 0.32
Conversion from GAAP share count	(0.02)	(0.03)
Net gain on the sale of depreciable real estate owned	(0.07)	(0.07)
Depreciation	1.58	1.58
Noncontrolling interests	(0.01)	(0.01)
Preferred dividends	0.01	0.01
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 1.77</b>	<b>\$ 1.80</b>
Disposition-related FFO	-	-
Long-term incentive plan transition costs	-	-
Acquisition-related and other costs	0.01	0.01
Cost associated with debt extinguishment	0.01	0.01
Casualty-related (recoveries)/charges	(0.01)	(0.01)
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 1.78</b>	<b>\$ 1.80</b>
Recurring capital expenditures	(0.16)	(0.16)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 1.62</b>	<b>\$ 1.64</b>

	4Q 2016	
	Low	High
Forecasted net income per diluted share	\$ 0.08	\$ 0.12
Conversion from GAAP share count	-	(0.01)
Depreciation	0.36	0.35
Noncontrolling interests	-	-
Preferred dividends	-	-
<b>Forecasted FFO per diluted share and unit</b>	<b>\$ 0.44</b>	<b>\$ 0.46</b>
Disposition-related FFO	-	-
Long-term incentive plan transition costs	-	-
Acquisition-related and other costs	0.01	0.01
Cost associated with debt extinguishment	-	-
Casualty-related (recoveries)/charges	-	-
<b>Forecasted FFO as Adjusted per diluted share and unit</b>	<b>\$ 0.45</b>	<b>\$ 0.47</b>
Recurring capital expenditures	(0.06)	(0.06)
<b>Forecasted AFFO per diluted share and unit</b>	<b>\$ 0.39</b>	<b>\$ 0.41</b>