UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission file number 1-10524 (UDR, Inc.)
Commission file number 333-156002-01 (United Dominion Realty, L.P.)

UDR, Inc.
United Dominion Realty, L.P.

(Exact name of registrant as specified in its charter)

Maryland (UDR, Inc.) **Delaware (United Dominion Realty, L.P.)** *(State or other jurisdiction of incorporation or organization)*	**54-0857512** **54-1776887** *(I.R.S. Employer Identification No.)*

1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129
(Address of principal executive offices) (zip code)
Registrant's telephone number, including area code: (720) 283-6120
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	UDR	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☐	No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

UDR, Inc.	Yes ☐	No ☑
United Dominion Realty, L.P.	Yes ☐	No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☑	No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

UDR, Inc.	Yes ☑	No ☐
United Dominion Realty, L.P.	Yes ☑	No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

UDR, Inc.:			
Large Accelerated Filer ☑	Accelerated Filer ☐	Non-Accelerated Filer ☐	Smaller Reporting Company ☐ Emerging Growth Company ☐
United Dominion Realty, L.P.:			
Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☑	Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

UDR, Inc.	Yes ☐	No ☑
United Dominion Realty, L.P.	Yes ☐	No ☑

The aggregate market value of the shares of common stock of UDR, Inc. held by non-affiliates on June 28, 2019 was approximately $4.9 billion. This calculation excludes shares of common stock held by the registrant's officers and directors and each person known by the registrant to beneficially own more than 5% of the registrant's outstanding shares, as such persons may be deemed to be affiliates. This determination of affiliate status should not be deemed conclusive for any other purpose. As of February 17, 2020, there were 294,631,463 shares of UDR, Inc.'s common stock outstanding.

There is no public trading market for the partnership units of United Dominion Realty, L.P. As a result, an aggregate market value of the partnership units of United Dominion Realty, L.P. cannot be determined.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated by reference from UDR, Inc.'s definitive proxy statement for the 2020 Annual Meeting of Stockholders.

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EXPLANATORY NOTE

This Report combines the annual reports on Form 10-K for the fiscal year ended December 31, 2019 of UDR, Inc., a Maryland corporation, and United Dominion Realty, L.P., a Delaware limited partnership, of which UDR, Inc. is the parent company and sole general partner. Unless the context otherwise requires, all references in this Report to "we," "us," "our," the "Company," "UDR" or "UDR, Inc." refer collectively to UDR, Inc., together with its consolidated subsidiaries and joint ventures, including United Dominion Realty, L.P. and UDR Lighthouse DownREIT L.P. (the "DownREIT Partnership"), also a Delaware limited partnership of which UDR is the sole general partner. Unless the context otherwise requires, the references in this Report to the "Operating Partnership" or the "OP" refer to United Dominion Realty, L.P., together with its consolidated subsidiaries. "Common stock" refers to the common stock of UDR and "stockholders" means the holders of shares of UDR's common stock and preferred stock. The limited partnership interests of the Operating Partnership and the DownREIT Partnership are referred to as "OP Units" and "DownREIT Units," respectively, and the holders of the OP Units and DownREIT Units are referred to as "unitholders." This combined Form 10-K is being filed separately by UDR and the Operating Partnership.

There are a number of differences between the Company and the Operating Partnership, which are reflected in our disclosures in this Report. UDR is a real estate investment trust ("REIT"), whose most significant asset is its ownership interest in the Operating Partnership. UDR also conducts business through other subsidiaries, including its taxable REIT subsidiary ("TRS"). UDR acts as the sole general partner of the Operating Partnership, holds interests in subsidiaries and joint ventures, owns and operates properties, issues securities from time to time and guarantees debt of certain of our subsidiaries. The Operating Partnership conducts the operations of a substantial portion of the business and is structured as a partnership with no publicly traded equity securities. The Operating Partnership has guaranteed certain outstanding debt of UDR.

As of December 31, 2019, UDR owned 0.1 million units (100%) of the general partnership interests of the Operating Partnership and 176.1 million OP Units, representing approximately 95.7% of the total outstanding OP Units in the Operating Partnership. UDR conducts a substantial amount of its business and holds a substantial amount of its assets through the Operating Partnership, and, by virtue of its ownership of the OP Units and UDR's role as the Operating Partnership's sole general partner, UDR has the ability to control all of the day-to-day operations of the Operating Partnership. Separate financial statements and accompanying notes, as well as separate discussions under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchasers of Equity Securities" and "Control and Procedures" are presented in this report for each of UDR and the Operating Partnership. In addition, certain disclosures in "Business" are separated by entity to the extent that the discussion relates to UDR's business outside of the Operating Partnership.

PART I

Forward-Looking Statements

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, development activity and capital expenditures, capital raising activities, rent growth, occupancy, and rental expense growth. Words such as "expects," "anticipates," "intends," "plans," "likely," "will," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unfavorable changes in the apartment market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning the availability of capital and the stability of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments and redevelopments, delays in completing lease-ups on schedule or at expected rent and occupancy levels, expectations on job growth, home affordability and demand/supply ratio for multifamily housing, expectations concerning development and redevelopment activities, expectations on occupancy levels and rental rates, expectations concerning joint ventures and partnerships with third parties, expectations that automation will help grow net operating income, and expectations on annualized net operating income.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

- general economic conditions;
- unfavorable changes in apartment market and economic conditions that could adversely affect occupancy levels and rental rates;
- the failure of acquisitions to achieve anticipated results;
- possible difficulty in selling apartment communities;
- competitive factors that may limit our ability to lease apartment homes or increase or maintain rents;
- insufficient cash flow that could affect our debt financing and create refinancing risk;
- failure to generate sufficient revenue, which could impair our debt service payments and distributions to stockholders;
- development and construction risks that may impact our profitability;
- potential damage from natural disasters, including hurricanes and other weather-related events, which could result in substantial costs to us;
- risks from climate change that impacts our properties or operations;
- risks from extraordinary losses for which we may not have insurance or adequate reserves;
- risks from cybersecurity breaches of our information technology systems and the information technology systems of our third party vendors and other third parties;
- uninsured losses due to insurance deductibles, self-insurance retention, uninsured claims or casualties, or losses in excess of applicable coverage;
- delays in completing developments and lease-ups on schedule;
- our failure to succeed in new markets;

- risks that third parties who have an interest in or are otherwise involved in projects in which we have an interest, including mezzanine borrowers, joint venture partners or other investors, do not perform as expected;

- changing interest rates, which could increase interest costs and affect the market price of our securities;

- potential liability for environmental contamination, which could result in substantial costs to us;

- the imposition of federal taxes if we fail to qualify as a REIT under the Code in any taxable year;

- our internal control over financial reporting may not be considered effective which could result in a loss of investor confidence in our financial reports, and in turn have an adverse effect on our stock price; and

- changes in real estate laws, tax laws, rent control or stabilization laws or other laws affecting our business.

A discussion of these and other factors affecting our business and prospects is set forth in Part I, Item 1A. *Risk Factors*. We encourage investors to review these risk factors.

Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this Report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our 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 by law.

Item 1. BUSINESS

General

UDR is a self-administered real estate investment trust, or REIT, that owns, operates, acquires, renovates, develops, redevelops, disposes of, and manages multifamily apartment communities generally located in high barrier-to-entry markets throughout the United States. The high barrier-to-entry markets are characterized by limited land for new construction, difficult and lengthy entitlement processes, low single-family home affordability and strong employment growth potential. At December 31, 2019, our consolidated real estate portfolio consisted of 148 communities located in 20 markets, consisting of 47,010 completed apartment homes, which are held directly or through our subsidiaries, including the Operating Partnership and the DownREIT Partnership, and consolidated joint ventures. In addition, we have an ownership interest in 5,268 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 2,138 apartment homes owned by entities in which we hold preferred equity investments. At December 31, 2019, the Company was developing three wholly-owned communities totaling 878 homes, none of which have been completed.

At December 31, 2019, the Operating Partnership's consolidated real estate portfolio included 52 communities located in 15 markets, with a total of 16,434 completed apartment homes. The Operating Partnership owns, operates, acquires, renovates, develops, redevelops, disposes of, and manages multifamily apartment communities generally located in high barrier-to-entry markets located throughout the United States. During the year ended December 31, 2019, rental revenues of the Operating Partnership represented approximately 39% of our total rental revenues.

UDR has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to in this Report as the "Code." To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gains) to our stockholders annually. As a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent we distribute such net income to our stockholders annually. In 2019, we declared total distributions of $1.37 per common share and paid dividends of $1.35 per common share.

	Dividends Declared in 2019	Dividends Paid in 2019
First Quarter	$ 0.3425	$ 0.3225
Second Quarter	0.3425	0.3425
Third Quarter	0.3425	0.3425
Fourth Quarter	0.3425	0.3425
Total	$ 1.3700	$ 1.3500

UDR was formed in 1972 as a Virginia corporation. In June 2003, we changed our state of incorporation from Virginia to Maryland. The Operating Partnership is the successor-in-interest to United Dominion Realty, L.P., a limited partnership formed under the laws of Virginia, which commenced operations in 1995. The Operating Partnership was redomiciled in 2004 as a Delaware limited partnership. Our corporate offices are located at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado and our telephone number is (720) 283-6120. Our website is *www.udr.com*. The information contained on our website, including any information referred to in this Report as being available on our website, is not a part of or incorporated into this Report.

As of February 17, 2020, we had 1,330 full-time associates and 21 part-time associates, all of whom were employed by UDR.

Reporting Segments

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other*.

Our S*ame-Store Communities* segment represents those communities acquired, developed, and stabilized prior to January 1, 2018, and held as of December 31, 2019. 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 communities are not classified as held for disposition at year end. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment represents those communities that do not meet the criteria to be included in *Same-Store Communities,* including, but not limited to, recently acquired, developed and redeveloped communities, and the non-apartment components of mixed use properties. For additional information regarding our operating segments, see Note 16, *Reportable Segments*, in the Notes to the UDR Consolidated Financial Statements included in this Report and Note 12, *Reportable Segments*, in the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report.

Business Objectives

Our principal business objective is to maximize the economic returns of our apartment communities to provide our stockholders with the greatest possible total return and value. To achieve this objective, we intend to continue to pursue the following goals and strategies:

- own and operate apartments in high barrier-to-entry markets, which are characterized by limited land for new construction, difficult and lengthy entitlement processes, low single-family home affordability and strong employment growth potential, thus enhancing stability and predictability of returns to our stockholders;
- manage real estate cycles by taking an opportunistic approach to buying, selling, renovating, redeveloping, and developing apartment communities;
- empower site associates to manage our communities efficiently and effectively;
- measure and reward associates based on specific performance targets; and
- manage our capital structure to help enhance predictability of liquidity, earnings and dividends.

2019 Highlights

- In July 2019, the Company marked its 47th year as a REIT and, in October 2019, paid its 188th consecutive quarterly dividend. The Company's annualized declared 2019 dividend of $1.37 represented a 6.2% increase over the previous year.
- Total revenues increased 10.1% over the prior year primarily due to communities acquired during 2019 and rent growth.
- We achieved Same-Store revenue growth of 3.6% and Same-Store net operating income ("NOI") growth of 4.0%.
- We commenced the development of three communities located in Denver, Colorado, Dublin, California, and Addison, Texas, with a total of 878 apartment homes.
- We acquired eight communities with a total of 2,919 apartment homes located in Brooklyn, New York, St. Petersburg, Florida, Towson, Maryland, King of Prussia, Pennsylvania, Waltham, Massachusetts, Norwood, Massachusetts, and Englewood, New Jersey, for a total of approximately $911.9 million.
- We acquired two to-be-developed land parcels located in Washington, D.C., and Denver, Colorado, for a total of approximately $40.8 million.
- We increased our ownership interest in two communities from our West Coast Development joint venture with a total of 541 apartment homes, located in Anaheim, California and Seattle, Washington, for a total cash purchase price of approximately $53.5 million after the repayment of joint venture construction financing.
- We increased our ownership interest in one community from our UDR/KFH joint venture with a total of 292 apartment homes, located in Washington, D.C., for a total of $186.8 million and sold our 30% ownership interest in two communities from our UDR/KFH joint venture with a total of 368 apartment homes, located in Arlington, Virginia and Silver Spring, Maryland, for a collective sales price of $118.3 million, resulting in a gain on sale of approximately $10.6 million.

- We acquired the approximately 50% ownership interest not previously owned in 10 UDR/MetLife joint venture operating communities, one development community and four land parcels valued at $1.1 billion, or $564.2 million at our share, and sold our approximately 50% ownership interest in five UDR/MetLife joint venture operating communities valued at $645.8 million, or $322.9 million at our share, to MetLife, and recognized a net gain on sale of $114.9 million at our share.

- We recognized a gain of $5.3 million from the sale of a parcel of land in Los Angeles, California.

- We contributed $67.0 million to four investments under our Developer Capital Program, which earn preferred returns ranging between 9.0% to 12.5%.

- We issued $1.1 billion of senior unsecured medium-term notes (including a $300.0 million "green bond") at a weighted average interest rate of 3.2%, and prepaid $700.0 million of senior unsecured medium-term notes at a weighted average interest rate of 4.2%.

- We sold 7.0 million shares of common stock for aggregate net proceeds of $312.3 million at a weighted average price per share of $45.29 under our ATM program, and sold 1.3 million shares of common stock through a forward sales agreement for aggregate net proceeds of $63.5 million at a weighted average price per share of $47.41, which was also under our ATM program.

- We sold an additional 7.5 million shares of common stock in an underwritten public offering for net proceeds of $349.8 million at a price per share of $46.65.

Refer to Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations,* for further information on the Company's and the Operating Partnership's activities in 2019.

Our Strategic Vision

Our strategic vision is to be the multifamily public REIT of choice. We intend to realize this vision by executing on our strategic objectives, which are:

1. Maintaining a Diversified Portfolio and Allocating Capital to Accretive Investment Opportunities
2. Maintaining a Strong Balance Sheet
3. Consistently Driving Operating Excellence
4. Advancing a Strong Corporate Culture and Ensuring High Resident Satisfaction

Maintaining a Diversified Portfolio and Allocating Capital to Accretive Investment Opportunities

We believe greater portfolio diversification, as defined by geographic concentration, location within a market (i.e., urban or suburban) and property quality (i.e., A or B), reduces the volatility of our same-store growth throughout the real estate cycle, appeals to a wider renter and investor audience and lessens the market risk associated with owning a homogenous portfolio. Diversified characteristics of our portfolio include:

- our consolidated apartment portfolio includes 148 communities located in 20 markets throughout the U.S., including both coastal and sunbelt locations; and

- our mix of urban/suburban communities is approximately 43%/57% and our mix of A/B quality properties is approximately 57%/43%.

We are focused on increasing our presence in markets with favorable job formation, high propensity to rent, low single-family home affordability, and a favorable demand/supply ratio for multifamily housing. Portfolio investment decisions consider internal analyses and third-party research.

Acquisitions and Dispositions

When evaluating potential acquisitions, we consider a wide variety of factors, including:

- whether it is located in a high barrier-to-entry market;

- population growth, cost of alternative housing, overall potential for economic growth and the tax and regulatory environment of the market in which the property is located;
- geographic location, including proximity to jobs, entertainment, transportation, and our existing communities which can deliver significant economies of scale;
- construction quality, condition and design of the property;
- current and projected cash flow of the property and the ability to increase cash flow;
- ability of the property's projected returns to exceed our cost of capital;
- potential for capital appreciation of the property;
- ability to increase the value and profitability of the property through operations and redevelopment;
- terms of resident leases, including the potential for rent increases;
- occupancy and demand by residents for properties of a similar type in the vicinity;
- prospects for liquidity through sale, financing or refinancing of the property; and
- competition from existing multifamily communities and the potential for the construction of new multifamily properties in the area.

We regularly monitor our assets to increase the quality and performance of our portfolio. Factors we consider in deciding whether to dispose of a property include:

- whether it is in a market targeted for divestment or a reduction in investment;
- current market price for an asset compared to projected economics for that asset;
- potential increases in new construction in the market area;
- areas with low job growth prospects;
- near- and long-term capital expenditure needs for the asset; and
- operating efficiencies.

The following table summarizes our apartment community acquisitions and dispositions and our consolidated year-end ownership position for the past five years (*dollars in thousands*):

	2019	2018	2017	2016	2015
Homes acquired	**7,079**	—	462	508	3,246
Homes disposed	—	868	218	1,782	2,735
Homes owned at December 31,	**47,010**	39,931	39,998	39,454	40,728
Total real estate owned, at cost	**$ 12,602,101**	$ 10,196,159	$ 10,177,206	$ 9,615,753	$ 9,190,276

The following table summarizes the Operating Partnership's apartment community acquisitions and dispositions and year-end ownership position for the past five years (*dollars in thousands*):

	2019	2018	2017	2016	2015
Homes acquired	—	—	218	—	421
Homes disposed	—	264	218	276	4,256 (a)
Homes owned at December 31,	**16,434**	16,434	16,698	16,698	16,974
Total real estate owned, at cost	**$ 3,875,160**	$ 3,811,985	$ 3,816,956	$ 3,674,704	$ 3,630,905

(a) Includes 3,107 homes deconsolidated in 2015 upon contribution of communities by the Operating Partnership to the DownREIT Partnership.

Development Activities

Our objective in developing a community is to create value while improving the quality of our portfolio. How demographic trends, economic drivers, and multifamily fundamentals and valuations have trended over the long-term and our portfolio strategy generally govern our review process on where and when to allocate development capital. At December 31, 2019, the Company was developing three wholly-owned communities located in Denver, Colorado, Addison, Texas, and Dublin, California, totaling 878 homes, none of which have been completed, with a budget of $278.5 million, in which we have a carrying value of $69.8 million. The communities are estimated to be completed between the first quarter of 2021 and the second quarter of 2022.

Redevelopment Activities

Our objective in redeveloping a community is twofold: we aim to grow rental rates while also producing a higher yielding and more valuable asset through asset quality improvement. During the year ended December 31, 2019, we incurred $35.6 million in major renovations, which include major structural changes and/or architectural revisions to existing buildings. As of December 31, 2019, the Company was redeveloping 653 apartment homes, 250 of which have been completed, at two wholly-owned communities, located in Boston, Massachusetts and New York, New York, both of which are expected to be completed in the first quarter of 2021. The redevelopments include the renovation of building exteriors, corridors, and common area amenities as well as individual apartment homes.

Joint Venture and Partnership Activities

We have entered into, and may continue in the future to enter into, joint ventures (including limited liability companies or partnerships) through which we would own an indirect economic interest of less than 100% of the community or communities owned directly by such joint ventures. Our decision to either hold an apartment community in fee simple or have an indirect interest in the community through a joint venture is based on a variety of factors and considerations, including: (i) the economic and tax terms required by the seller of land or a community; (ii) our desire to diversify our portfolio of communities by market, submarket and product type; (iii) our desire at times to preserve our capital resources to maintain liquidity or balance sheet strength; and (iv) our projections, in some circumstances, that we will achieve higher returns on our invested capital or reduce our risk if a joint venture vehicle is used. Each joint venture agreement is individually negotiated, and our ability to operate and/or dispose of a community in our sole discretion may be limited to varying degrees depending on the terms of the joint venture agreement.

Maintaining a Strong Balance Sheet

We maintain a capital structure that we believe allows us to proactively source potential investment opportunities in the marketplace. We have structured our debt maturity schedule to be able to opportunistically access both secured and unsecured debt markets when appropriate.

Financing Activities

As part of our plan to finance our activities, we utilize proceeds from debt and equity offerings and refinancings to extend maturities, pay down existing debt, fund development and redevelopment activities, and acquire apartment communities.

Consistently Driving Operational Excellence

Investment in new technologies continues to drive operating efficiencies in our business and help us to better meet the changing needs of our business and our residents. Our residents can conduct business with us 24 hours a day, 7 days a week and complete online leasing applications and renewals throughout our portfolio using our web-based resident internet portal or, increasingly, a smart-device application.

As a result of transforming our operations through technology, residents' satisfaction has improved, and our operating teams have become more efficient. Web-based technologies have also resulted in declining marketing and advertising costs, improved cash management, and better pricing management of our available apartment homes.

Operating Partnership Strategies and Vision

The Operating Partnership's long-term strategic vision is the same as that of the Company described above.

Competitive Conditions

Competition for new residents is generally intense across our markets. Some competing communities offer amenities that our communities do not have. Competing communities can use rental concessions or lower rents to obtain temporary competitive advantages. Also, some competing communities are larger or newer than our communities. The competitive position of each community is different depending upon many factors, including sub-market supply and demand. In addition, other real estate investors compete with us to acquire existing properties, redevelop existing properties, and to develop new properties. These competitors include insurance companies, pension and investment funds, public and private real estate companies, investment companies and other public and private apartment REITs, some of which may have greater resources, or lower capital costs, than we do.

We believe that, in general, we are well-positioned to compete effectively for residents and investments. We believe our competitive advantages include:

- a fully integrated organization with property management, development, redevelopment, acquisition, marketing, sales and financing expertise;
- scalable operating and support systems, which include automated systems to meet the changing electronic needs of our residents and to effectively focus on our internet marketing efforts;
- access to sources of capital;
- geographic diversification with a presence in 20 markets across the country; and
- significant presence in many of our major markets that allows us to be a local operating expert.

Moving forward, we will continue to optimize lease management, improve expense control, increase resident retention efforts and align employee incentive plans with metrics that impact our bottom-line performance. We believe this plan of operation, coupled with the portfolio's strengths in targeting renters across a geographically diverse platform, should position us for continued operational upside.

Communities

At December 31, 2019, our consolidated real estate portfolio included 148 communities with a total of 47,010 completed apartment homes, which included the Operating Partnership's consolidated real estate portfolio of 52 communities with a total of 16,434 completed apartment homes. The overall quality of our portfolio enables us to raise rents and to attract residents with higher levels of disposable income who are more likely to absorb such rents.

At December 31, 2019, the Company was developing three wholly-owned communities located in Denver, Colorado, Dublin, California, and Addison, Texas, totaling 878 homes, none of which have been completed, with a budget of $278.5 million, in which we have a carrying value of $69.8 million. The communities are estimated to be completed between the first quarter of 2021 and the second quarter of 2022.

At December 31, 2019, the Company was redeveloping 653 apartment homes, 250 of which have been completed, at two wholly-owned communities, located in Boston, Massachusetts and New York, New York, both of which are expected to be completed in the first quarter of 2021. The redevelopments include the renovation of building exteriors, corridors, and common area amenities as well as individual apartment homes.

Same-Store Community Comparison

We believe that one pertinent quantitative measurement of the performance of our portfolio is tracking the results of our *Same-Store Communities'* NOI, which is total rental revenue, less rental and other operating expenses excluding property management. Our *Same-Store Community* population is comprised of operating communities which we own and have stabilized occupancy, revenues and expenses as of the beginning of the prior year.

Net income attributable to common stockholders was $180.9 million as compared to $199.2 million in the prior year period. The decrease was primarily driven by higher gains on the sale of real estate in the prior year and an increase in depreciation expense and interest expense in 2019, partially offset by higher total revenue and gains on the sale of unconsolidated real estate.

For the year ended December 31, 2019, our Same-Store NOI increased by $26.7 million compared to the prior year. Our *Same-Store Community* properties provided 85.4% of our total NOI for the year ended December 31, 2019. The increase in NOI for the 37,959 Same-Store apartment homes, or 80.7% of our portfolio, was primarily driven by an increase in rental rates, an increase in reimbursement, ancillary and fee income and a decrease in personnel expense, partially offset by an increase in repair and maintenance expense and real estate taxes.

For the year ended December 31, 2019, the Operating Partnership's Same-Store NOI increased by $10.3 million compared to the prior year. The Operating Partnership's *Same-Store Community* properties provided 92.9% of its total NOI for the year ended December 31, 2019. The increase in NOI for the 15,723 Same-Store apartment homes, or 95.7% of the Operating Partnership's portfolio, was primarily driven by an increase in rental rates, an increase in reimbursement, ancillary and fee income and a decrease in personnel expense, partially offset by an increase in repair and maintenance expense and real estate taxes.

Revenue growth in 2020 may be impacted by adverse developments affecting the general economy, reduced occupancy rates, increased rental concessions, new supply, increased bad debt and other factors which may adversely impact our ability to increase rents.

Tax Matters

UDR has elected to be taxed as a REIT under the Code. To continue to qualify as a REIT, UDR must continue to meet certain tests that, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than net capital gains) to our stockholders annually. Provided we maintain our qualification as a REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent such net income is distributed to our stockholders annually. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and property.

We may utilize our taxable REIT subsidiary ("TRS") to engage in activities that REITs may be prohibited from performing, including the provision of management and other services to third parties and the conduct of certain nonqualifying real estate transactions. Our TRS generally is taxable as a regular corporation, and therefore, subject to federal, state and local income taxes.

The Operating Partnership intends to qualify as a partnership for federal income tax purposes. As a partnership, the Operating Partnership generally is not a taxable entity and does not incur federal income tax liability. However, any state or local revenue, excise or franchise taxes that result from the operating activities of the Operating Partnership are incurred at the entity level.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results of operations as a result of wage pressures and increases in utilities and material costs, the majority of our apartment leases have initial terms of 12 months or less, which generally enables us to compensate for any inflationary effects by increasing rents on our apartment homes. Although an extreme escalation in costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2019.

Environmental Matters

Various environmental laws govern certain aspects of the ongoing operation of our communities. Such environmental laws include those regulating the existence of asbestos-containing materials in buildings, management of surfaces with lead-based paint (and notices to residents about the lead-based paint), use of active underground petroleum storage tanks, and waste-management activities. The failure to comply with such requirements could subject us to a government enforcement action and/or claims for damages by a private party.

To date, compliance with federal, state and local environmental protection regulations has not had a material effect on our capital expenditures, earnings or competitive position. We have a property management plan for hazardous materials. As part of the plan, Phase I environmental site investigations and reports have been completed for each property we acquire. In addition, all proposed acquisitions are inspected prior to acquisition. The inspections are conducted by qualified environmental consultants, and we review the issued report prior to the purchase or development of any property. Nevertheless, it is possible that the environmental assessments will not reveal all environmental liabilities, or that some material environmental liabilities exist of which we are unaware. In some cases, we have abandoned otherwise economically attractive acquisitions because the costs of removal or control of hazardous materials have been prohibitive or we have been unwilling to accept the potential risks involved. We do not believe we will be required to engage in any large-scale abatement at any of our properties. We believe that through professional environmental inspections and testing for asbestos, lead paint and other hazardous materials, coupled with a relatively conservative posture toward accepting known environmental risk, we can minimize our exposure to potential liability associated with environmental hazards.

Federal legislation requires owners and landlords of residential housing constructed prior to 1978 to disclose to potential residents or purchasers of the communities any known lead paint hazards and imposes treble damages for failure to provide such notification. In addition, lead based paint in any of the communities may result in lead poisoning in children residing in that community if chips or particles of such lead based paint are ingested, and we may be held liable under state laws for any such injuries caused by ingestion of lead based paint by children living at the communities.

We are unaware of any environmental hazards at any of our properties that individually or in the aggregate may have a material adverse impact on our operations or financial position. We have not been notified by any governmental authority, and we are not otherwise aware, of any material non-compliance, liability, or claim relating to environmental liabilities in connection with any of our properties. We do not believe that the cost of continued compliance with applicable environmental laws and regulations will have a material adverse effect on us or our financial condition or results of operations. Future environmental laws, regulations, or ordinances, however, may require additional remediation of existing conditions that are not currently actionable. Also, if more stringent requirements are imposed on us in the future, the costs of compliance could have a material adverse effect on our results of operations and our financial condition.

Insurance

We carry comprehensive general liability coverage on our communities, with limits of liability customary within the multi-family apartment industry to insure against liability claims and related defense costs. We are also insured, with limits of liability customary within the multi-family apartment industry, against the risk of direct physical damage in amounts necessary to reimburse us on a replacement cost basis for costs incurred to repair or rebuild each property, including loss of rental income during the reconstruction period.

Available Information

Both UDR and the Operating Partnership file electronically with the Securities and Exchange Commission their respective annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and amendments to those reports on the day of filing with the SEC on our website at *www.udr.com*, or by sending an e-mail message to *ir@udr.com*.

Item 1A. RISK FACTORS

There are many factors that affect the business and the results of operations of the Company and the Operating Partnership, some of which are beyond the control of the Company and the Operating Partnership. The following is a description of important factors that may cause the actual results of operations of the Company and the Operating Partnership in future periods to differ materially from those currently expected or discussed in forward-looking statements set forth in this Report relating to our financial results, operations and business prospects. Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our 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 by law.

Risks Related to Our Real Estate Investments and Our Operations

Unfavorable Apartment Market and Economic Conditions Could Adversely Affect Occupancy Levels, Rental Revenues and the Value of Our Real Estate Assets. Unfavorable market conditions in the areas in which we operate or unfavorable economic conditions generally may significantly affect our occupancy levels, our rental rates and collections, the value of our properties and our ability to acquire or dispose of apartment communities on economically favorable terms. Our ability to lease our properties at favorable rates is adversely affected by the increase in supply in the multifamily and other rental markets and is dependent upon the overall level in the economy, which is adversely affected by, among other things, job losses and unemployment levels, recession, debt levels, housing markets, stock market volatility and uncertainty about the future. Some of our major expenses generally do not decline when related rents decline. We would expect that declines in our occupancy levels and rental revenues would cause us to have less cash available to pay our indebtedness and to distribute to UDR's stockholders, which could adversely affect our financial condition or the market value of our securities. Factors that may affect our occupancy levels, our rental revenues, and/or the value of our properties include the following, among others:

- downturns in the global, national, regional and local economic conditions, particularly increases in unemployment;
- declines in mortgage interest rates, making alternative housing more affordable;
- government or builder incentives with respect to home ownership, making alternative housing options more attractive;
- local real estate market conditions, including oversupply of, or reduced demand for, apartment homes;
- declines in the financial condition of our tenants, which may make it more difficult for us to collect rents from some tenants;
- changes in market rental rates;
- our ability to renew leases or re-lease space on favorable terms;
- the timing and costs associated with property improvements, repairs or renovations;
- changes in household formation; and
- rent control or stabilization laws, or other laws regulating or impacting rental housing, which could prevent us from raising rents to offset increases in operating costs or otherwise impact us.

The Geographic Concentration of Our Communities in Certain Markets Could Have an Adverse Effect on Our Operations if a Particular Market is Adversely Impacted by Economic or Other Conditions. For the year ended December 31, 2019, approximately 52.7% of our total NOI was generated from communities located in the Washington, D.C. metropolitan area (16.2%), Orange County, CA (14.2%), the San Francisco Bay Area, CA (12.2%) and New York, NY (10.1%). As a result, if any one or more of these markets is adversely impacted by regional or local economic conditions or real estate market conditions, such conditions may have a greater adverse impact on our results of operations than if our portfolio was more geographically diverse. In addition, if one or more of these markets is adversely affected by changes in regional or local regulations, including those related to rent control or stabilization, such regulations may have a greater adverse impact on our results of operation than if our portfolio was more geographically diverse.

We May Be Unable to Renew Leases or Relet Apartment Units as Leases Expire, or the Terms of Renewals or New Leases May Be Less Favorable Than Current Leases. When our residents decide to leave our apartments, whether because they decide not to renew their leases or they leave prior to their lease expiration date, we may not be able to relet their apartment units. Even if the residents do renew or we can relet the apartment units, the terms of renewal or reletting may be less favorable than current lease terms. Furthermore, because the majority of our apartment leases have initial terms of 12 months or less, our rental revenues are impacted by declines in market rents more quickly than if our leases were for longer terms. If we are unable to promptly renew the leases or relet the apartment units, or if the rental rates upon renewal or reletting are lower than expected rates, then our results of operations and financial condition may be adversely affected. If residents do not experience increases in their income, we may be unable to increase rent and/or delinquencies may increase.

We Face Certain Risks Related to Our Retail and Commercial Space. Certain of our properties include retail or commercial space that we lease to third parties. The long term nature of our retail and commercial leases (generally five to ten years with market-based or fixed-price renewal options) and the characteristics of many of our tenants (generally small and/or local businesses) may subject us to certain risks. The longer term leases could result in below market lease rates over time. Tenants may provide guarantees and other credit support which may prove to be inadequate or uncollectable, and the failure rate of small and/or local businesses may be higher than average. We may not be able to lease new space for rents that are consistent with our projections or for market rates. Also, when leases for our retail or commercial space terminate either at the end of the lease or because a tenant leaves early, the space may not be relet or the terms of reletting, including the cost of allowances and concessions to tenants, may be less favorable than the prior lease terms. Our properties compete with other properties with retail or commercial space. The presence of competitive alternatives may adversely affect our ability to lease space and the level of rents we can obtain. If our retail or commercial tenants experience financial distress or bankruptcy, they may fail to comply with their contractual obligations, seek concessions in order to continue operations, or cease their operations, which could adversely impact our results of operations and financial condition.

Risk of Inflation/Deflation. Substantial inflationary or deflationary pressures could have a negative effect on rental rates and property operating expenses. The general risk of inflation is that interest on our debt, general and administrative expenses and other expenses increase at a rate faster than increases in our rental rates, which could adversely affect our financial condition or results of operations.

We Are Subject to Certain Risks Associated with Selling Apartment Communities, Which Could Limit Our Operational and Financial Flexibility. We periodically dispose of apartment communities that no longer meet our strategic objectives, but adverse market conditions may make it difficult to sell apartment communities we own. We cannot predict whether we will be able to sell any property for the price or on the terms we set, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. Furthermore, we may be required to expend funds to correct defects or to make improvements before a property can be sold or the purchase price may be reduced to cover any cost of correcting defects or making improvements. These conditions may limit our ability to dispose of properties and to change our portfolio in order to meet our strategic objectives, which could in turn adversely affect our financial condition, results of operations or our ability to fund other activities in which we may want to engage such as the purchase of properties, development or redevelopment, or funding the Developer Capital Program. We are also subject to the following risks in connection with sales of our apartment communities, among others:

- a significant portion of the proceeds from property sales may be held by intermediaries in order for some sales to qualify as like-kind exchanges under Section 1031 of the Internal Revenue Code of 1986, as amended, or the “Code,” so that any related capital gain can be deferred for federal income tax purposes. As a result, we may not have immediate access to all of the cash proceeds generated from our property sales; and
- federal tax laws limit our ability to profit on the sale of communities that we have owned for less than two years, and this limitation may prevent us from selling communities when market conditions are favorable.

Competition Could Limit Our Ability to Lease Apartment Homes or Increase or Maintain Rents. Our apartment communities compete with numerous housing alternatives in attracting residents, including other apartment communities, condominiums and single-family rental homes, as well as owner occupied single- and multi-family homes. Competitive housing in a particular area could adversely affect our ability to lease apartment homes and increase or maintain rents, which could materially adversely affect our results of operations and financial condition.

We May Not Realize the Anticipated Benefits of Past or Future Acquisitions, and the Failure to Integrate Acquired Communities and New Personnel Successfully Could Create Inefficiencies. We have selectively acquired in the past, and if presented with attractive opportunities we intend to selectively acquire in the future, apartment communities that meet our investment criteria. Our acquisition activities and their success are subject to the following risks, among others:

- we may be unable to obtain financing for acquisitions on favorable terms, including but not limited to interest rates, term and/or loan-to-value ratios, or at all, all of which could cause us to delay or even abandon potential acquisitions;
- even if we are able to finance the acquisition, cash flow from the acquisition may be insufficient to meet our required principal and interest payments on the debt used to finance the acquisition;
- even if we enter into an acquisition agreement for an apartment community, we may not complete the acquisition for a variety of reasons after incurring certain acquisition-related costs;
- we may incur significant costs and divert management attention in connection with the evaluation and negotiation of potential acquisitions, including potential acquisitions that we subsequently do not complete;
- when we acquire an apartment community, we may invest additional amounts in it with the intention of increasing profitability, and these additional investments may not produce the anticipated improvements in profitability;
- the expected occupancy rates and rental rates may differ from actual results; and
- we may be unable to quickly and efficiently integrate acquired apartment communities and new personnel into our existing operations, and the failure to successfully integrate such apartment communities or personnel will result in inefficiencies that could materially and adversely affect our expected return on our investments and our overall profitability.

Competition Could Adversely Affect Our Ability to Acquire Properties. In the past, other real estate investors, including insurance companies, pension and investment funds, developer partnerships, investment companies and other public and private apartment REITs, have competed with us to acquire existing properties and to develop new properties, and such competition in the future may make it more difficult for us to acquire attractive investment opportunities on favorable terms, which could adversely affect our ability to grow or acquire properties profitably or with attractive returns.

Development and Construction Risks Could Impact Our Profitability. In the past we have selectively pursued the development and construction of apartment communities, and we intend to do so in the future as appropriate opportunities arise. Development activities have been, and in the future may be, conducted through wholly-owned affiliated companies or through joint ventures with unaffiliated parties. Our development and construction activities are subject to the following risks, among others:

- we may be unable to obtain construction financing for development activities on favorable terms, including but not limited to interest rates, term and/or loan-to-value ratios, or at all, which could cause us to delay or even abandon potential developments;
- we may be unable to obtain, or face delays in obtaining, necessary zoning, land-use, building, occupancy and other required governmental or quasi-governmental permits and authorizations, which could result in increased development costs, could delay initial occupancy dates for all or a portion of a development community, and could require us to abandon our activities entirely with respect to a project for which we are unable to obtain permits or authorizations;
- cost may be higher or yields may be less than anticipated as a result of delays in completing projects, costs that exceed budget and/or higher than expected concessions for lease up and lower rents than expected;
- we may abandon development opportunities that we have already begun to explore, and we may fail to recover expenses already incurred in connection with exploring such development opportunities;
- we may be unable to complete construction and lease-up of a community on schedule, or incur development or construction costs that exceed our original estimates, and we may be unable to charge rents that would compensate for any increase in such costs;

- occupancy rates, rents and concessions at a newly developed community may fluctuate depending on a number of factors, including market and economic conditions, preventing us from meeting our expected return on our investment and our overall profitability goals; and
- when we sell communities or properties that we developed or renovated to third parties, we may be subject to warranty or construction defect claims that are uninsured or exceed the limits of our insurance.

Bankruptcy or Defaults of Our Counterparties Could Adversely Affect Our Performance. We have relationships with and, from time to time, we execute transactions with or receive services from many counterparties, such as general contractors engaged in connection with our development activities or joint venture partners, among others. As a result, bankruptcies or defaults by these counterparties or their subcontractors could result in services not being provided, projects not being completed on time, or on budget, or at all, or volatility in the financial markets and economic weakness could affect the counterparties' ability to complete transactions with us as intended, both of which could result in disruptions to our operations that may adversely affect our financial condition and results of operations.

Property Ownership Through Partnerships and Joint Ventures May Limit Our Ability to Act Exclusively in Our Interest. We have in the past and may in the future develop and/or acquire properties in partnerships and joint ventures, including those in which we own a preferred interest, with other persons or entities when we believe circumstances warrant the use of such structures. As of December 31, 2019, we had active joint ventures and partnerships, including our preferred equity investments, with a total equity investment of $588.3 million. We could become engaged in a dispute with one or more of our partners which could adversely impact us. Moreover, our partners may have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our partners may have competing interests in our markets that could create conflicts of interest. Also, our partners might fail to make capital contributions when due, which may require us to contribute additional capital or may negatively impact the project. In addition, we may be responsible to our partners for indemnifiable losses. In general, we and our partners may each have the right to trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner's interest, at a time when we otherwise would not have initiated such a transaction and may result in the valuation of our interest in the partnership or joint venture (if we are the seller) or of the other partner's interest in the partnership or joint venture (if we are the buyer) at levels which may not be representative of the valuation that would result from an arm's length marketing process and could cause us to recognize unanticipated capital gains or losses or the loss of fee income.

We are also subject to other risks in connection with partnerships or joint ventures, including (i) a deadlock if we and our partner are unable to agree upon certain major and other decisions (which could result in litigation or disposing of an asset at a time at which we otherwise would not sell the asset), (ii) limitations on our ability to liquidate our position in the partnership or joint venture without the consent of the other partner, and (iii) requirements to provide guarantees in favor of lenders with respect to the indebtedness of the joint venture.

We May Not be Permitted to Dispose of Certain Properties or Pay Down the Indebtedness Associated with Those Properties When We Might Otherwise Desire to do so Without Incurring Additional Costs. In connection with certain property acquisitions, we have agreed with the sellers that we will not dispose of the acquired properties or reduce the mortgage indebtedness on such properties for significant periods of time unless we pay certain of the resulting tax costs of the sellers or dispose of the property in a transaction in which a gain is not recognized for federal income tax purposes by such sellers, and we may enter into similar agreements in connection with future property acquisitions. These agreements could result in us retaining properties that we would otherwise sell or not paying down or refinancing indebtedness that we would otherwise pay down or refinance. However, subject to certain conditions, we retain the right to substitute other property or debt to meet these obligations to the sellers.

We Could Incur Significant Insurance Costs and Some Potential Losses May Not Be Adequately Covered by Insurance. We have a comprehensive insurance program covering our properties and operating activities with limits of liability, deductibles and self-insured retentions customary within the multifamily industry. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, certain types of extraordinary losses which may not be adequately covered under our insurance program. In addition, we will sustain losses due to insurance deductibles, self-insured retention, uninsured claims or casualties, or losses in excess of applicable coverage.

If an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Material losses in excess of insurance proceeds may occur in the future. If one or more of our significant properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could materially and adversely affect our financial condition and results of operations.

The cost of insuring our apartment communities is a component of expense. Insurance premiums and the terms and conditions of insurance policies are subject to significant fluctuations and changes, which are generally outside of our control. We insure our properties with insurance companies that we believe have a good rating at the time our policies are put into effect. The financial condition of one or more insurance companies that we hold policies with may be negatively impacted, which could result in their inability to pay on future insurance claims. Their inability to pay future claims may have a negative impact on our financial results. In addition, the failure, or exit or partial exit from an insurance market, of one or more insurance companies may affect our ability to obtain insurance coverage in the amounts that we seek, or at all, or increase the costs to renew or replace our insurance policies, or cause us to self-insure a portion of the risk, or increase the cost of insuring properties.

Failure to Succeed in New Markets May Limit Our Growth. We have acquired in the past, and we may acquire in the future if appropriate opportunities arise, apartment communities that are outside of our existing markets. Entering into new markets may expose us to a variety of risks, and we may not be able to operate successfully in new markets. These risks include, among others:

- inability to accurately evaluate local apartment market conditions and local economies;
- inability to hire and retain key personnel;
- lack of familiarity with local governmental and permitting procedures; and
- inability to achieve budgeted financial results.

Failure to Succeed with New Initiatives May Limit Our Ability to Grow Same-Store NOI. We have in the past developed and may in the future develop initiatives that are intended to drive operating efficiencies and grow same-store NOI, including smart home technologies and self-service options that are accessible to residents through smart devices. We may incur significant costs and divert resources in connection with such initiatives, and these initiatives may not perform as projected, which could adversely affect our results of operations and the market price of UDR’s common stock.

Potential Liability for Environmental Contamination Could Result in Substantial Costs. Under various federal, state and local environmental laws, as a current or former owner or operator of real estate, we could be required to investigate and remediate the effects of contamination of currently or formerly owned real estate by hazardous or toxic substances, often regardless of our knowledge of or responsibility for the contamination and solely by virtue of our current or former ownership or operation of the real estate. In addition, we could be held liable to a governmental authority or to third parties for property damage and for investigation and clean-up costs incurred in connection with the contamination or we could be required to incur additional costs to change how the property is constructed or operated due to presence of such substances. These costs could be substantial, and in many cases environmental laws create liens in favor of governmental authorities to secure their payment. The presence of such substances or a failure to properly remediate any resulting contamination could materially and adversely affect our ability to borrow against, sell or rent an affected property.

In addition, our properties are subject to various federal, state and local environmental, health and safety laws, including laws governing the management of wastes and underground and aboveground storage tanks. Noncompliance with these environmental, health and safety laws could subject us to liability. Changes in laws could increase the potential costs of compliance with environmental laws, health and safety laws or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise adversely affect our financial condition and results of operations.

As the owner or operator of real property, we may also incur liability based on various building conditions. For example, buildings and other structures on properties that we currently own or operate or those we acquire or operate in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental, health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements.

These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, we may be subject to liability for personal injury or property damage sustained as a result of exposure to ACM or releases of ACM into the environment.

We cannot assure you that costs or liabilities incurred as a result of environmental or building condition issues will not adversely affect our financial condition and results of operations.

Our Properties May Contain or Develop Harmful Mold or Suffer from Other Indoor Air Quality Issues, Which Could Lead to Liability for Adverse Health Effects or Property Damage or Cost for Remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our properties could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or to increase ventilation, which could adversely affect our results of operations and cash flow. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants or others for property damage or personal injury.

Compliance or Failure to Comply with the Americans with Disabilities Act of 1990 or Other Safety Regulations and Requirements Could Result in Substantial Costs. The Americans with Disabilities Act generally requires that public buildings, including our properties, be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants. Claims have been asserted, and in the future claims may be asserted, against us with respect to some of our properties under the Americans with Disabilities Act. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations. In addition, if claims arise, we may expend resources and incur costs in investigating and resolving such claims even if our property was in compliance with the law.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements and federal, state and local accessibility requirements in addition to those imposed by the Americans with Disabilities Act. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that could adversely affect our financial condition or results of operations.

The Adoption of, or Changes to, Rent Control, Rent Stabilization, Eviction, Tenants' Rights and Similar Laws and Regulations in Our Markets Could Have an Adverse Effect on Our Results of Operations and Property Values. Various state and local governments have enacted and may continue to enact rent control, rent stabilization, or limitations, and similar laws and regulations that could limit our ability to raise rents or charge certain fees, including laws or court orders, either of which could have a retroactive effect. For example, in June 2019, the State of New York enacted new rent control regulations known as the Housing Stability and Tenant Protection Act of 2019 and, in October of 2019, the State of California enacted the Tenant Protection Act of 2019. We have seen a recent increase in governments enacting or considering, or being urged to consider, such laws and regulations. State and local governments or courts also may make changes to laws related to allowable fees, eviction and other tenants' rights laws and regulations (including changes that apply retroactively) that could adversely impact our results of operations and the value of our properties. Laws and regulations regarding rent control, rent stabilization, eviction, tenants' rights, and similar matters, as well as any lawsuits against us arising from such laws and regulations, may limit our ability to charge market rents, limit our ability to increase rents, evict delinquent tenants or change fees, or recover increases in our operating expenses, which could have an adverse effect on our results of operations and the value of our properties.

Compliance with or Changes in Real Estate Tax and Other Laws and Regulations Could Adversely Affect Our Funds from Operations and Our Ability to Make Distributions to Stockholders. We are subject to federal, state and local laws, regulations, rules and ordinances at locations where we operate regarding a wide variety of matters that could affect, directly or indirectly, our operations. Generally, we do not directly pass through costs resulting from compliance with or changes in real estate tax laws to residential property tenants. We also do not generally pass through increases in income, service or other taxes to tenants under leases. These costs may adversely affect net operating income and the ability to make distributions to stockholders. Similarly, compliance with or changes in (i) laws increasing the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions, (ii) laws and regulations regulating housing, such as the Americans with Disabilities Act and the Fair Housing Amendments Act of 1988, or (iii) employment related laws, may result in significant unanticipated expenditures, which could adversely affect our financial condition and results of operations. In addition, changes in federal and state legislation and regulation on climate change may result in increased capital expenditures to improve the energy efficiency of our existing communities and also may require us to spend more on our new development communities without a corresponding increase in revenue.

Risk of Damage from Catastrophic Weather and Natural Events. Our communities are located in areas that may experience catastrophic weather and other natural events from time to time, including mudslides, fires, hurricanes, tornadoes, floods, snow or ice storms, or other severe inclement weather. These adverse weather and natural events could cause damage or losses that may be greater than insured levels. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected community, as well as anticipated future revenue from that community. We would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. Any such loss could adversely affect our financial condition and results of operations.

Risk of Potential Climate Change. To the extent significant changes in the climate in areas where our communities are located occur, we may experience extreme weather conditions and changes in precipitation and temperature, all of which could result in physical damage to, and/or a decrease in demand for, our communities located in these areas or communities that are otherwise affected by these changes. Should the impact of such climate changes be material in nature, or occur for lengthy periods of time, our financial condition and results of operations could be adversely affected.

Risk of Earthquake Damage. Some of our communities are located in areas subject to earthquakes, including in the general vicinity of earthquake faults. We cannot assure you that an earthquake would not cause damage or losses greater than insured levels. In the event of a loss in excess of insured limits, we could lose our capital invested in the affected community, as well as anticipated future revenue from that community. We may also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. Any such loss could adversely affect our financial condition and results of operations. Insurance coverage for earthquakes can be costly due to limited industry capacity. As a result, we may experience shortages in desired coverage levels if market conditions are such that insurance is not available or the cost of insurance makes it, in management's view, economically impractical.

Risk of Accidental Death or Injury Due to Fire, Natural Disasters or Other Hazards. The accidental death or injury of persons living in our communities due to fire, natural disasters or other hazards could have an adverse effect on our business and results of operations. Our insurance coverage may not cover all losses associated with such events, and we may experience difficulty marketing communities where any such events have occurred, which could have an adverse effect on our financial condition and results of operations.

Actual or Threatened Terrorist Attacks May Have an Adverse Effect on Our Business and Operating Results and Could Decrease the Value of Our Assets. Actual or threatened terrorist attacks and other acts of violence or war could have an adverse effect on our business and operating results. Attacks that directly impact one or more of our apartment communities could significantly affect our ability to operate those communities and thereby impair our ability to achieve our expected results. Further, our insurance coverage may not cover all losses caused by a terrorist attack. In addition, the adverse effects that such violent acts and threats of future attacks could have on the U.S. economy could similarly have an adverse effect on our financial condition and results of operations.

Risk of Pandemics or Other Health Crisis. A pandemic, epidemic, or other health crisis where our communities are located or areas in which vendors on which we rely are located, could have an adverse effect on our business and results of operations.

Mezzanine Loan Assets Involve Greater Risks of Loss than Senior Loans Secured by Income-Producing Properties. We have in the past and may in the future originate mezzanine loans, which take the form of subordinated loans secured by second mortgages on the underlying property or subordinated loans secured by a pledge of the ownership interests of either the entity owning the property or a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. Mezzanine loans may involve a higher degree of risk than a senior mortgage secured by real property, because the security for the loan may lose all or substantially all of its value as a result of foreclosure by the senior lender and because it is in second position and there may not be adequate equity in the property. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some of or all our investment. In addition, mezzanine loans typically have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the property and increasing the risk of loss of principal.

Risk Related to Preferred Equity Investments. We have in the past and may in the future make preferred equity investments in corporations, limited partnerships, limited liability companies or other entities that have been formed for the purpose of acquiring, developing or managing real property. Generally, we will not have the ability to control the daily operations of the entity, and we will not have the ability to select or remove a majority of the members of the board of directors, managers, general partner or partners or similar governing body of the entity or otherwise control its operations. Although we would seek to maintain sufficient influence over the entity to achieve our objectives, our partners may have interests that differ from ours and may be in a position to take actions without our consent or that are inconsistent with our interests. Further, if our partners were to fail to invest additional capital in the entity when required, we may have to invest additional capital to protect our investment. Our partners may fail to develop or operate the real property or refinance property indebtedness or sell the real property in the manner intended and as a result the entity may not be able to redeem our investment or pay the return expected to us in a timely manner if at all. In addition, we may not be able to dispose of our investment in the entity in a timely manner or at the price at which we would want to divest. In the event that such an entity fails to meet expectations or becomes insolvent, we may lose our entire investment in the entity.

Risks Related to Ground Leases. We have in the past and may in the future enter into, as either landlord or tenant, a long-term ground lease with respect to a property or a portion thereof. Such ground leases may contain a rent reset provision that requires both parties to agree to a new rent or is based upon factors, for example fair market rent, that are not objective and are not within our control. We may not be able to agree with the counterparty to a revised rental rate, or the revised rental rate may be set by external factors, which could result in a different rental rate than we forecasted. In the past we have had disagreements with respect to revised rental rates and certain of such disagreements have gone to arbitration (for resolution as provided in the applicable lease agreement) and have been resolved in a manner adverse to us. In addition, the other party may not perform as expected under the ground lease or there may be a dispute with the other party to the ground lease. Any of these circumstances could have an adverse effect on our business, financial condition or operating results.

We May Experience a Decline in the Fair Value of Our Assets and Be Forced to Recognize Impairment Charges, Which Could Adversely Impact Our Financial Condition, Liquidity and Results of Operations and the Market Price of UDR's Common Stock. A decline in the fair value of our assets may require us to recognize an impairment against such assets under generally accepted accounting principles as in effect in the United States ("GAAP"), if we were to determine that, with respect to any assets in unrealized loss positions, we do not have the ability and intent to hold such assets for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, we would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect our future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale. If we are required to recognize asset impairment charges in the future, these charges could adversely affect our financial condition, liquidity, results of operations and the per share trading price of UDR's common stock.

Any Material Weaknesses Identified in Our Internal Control Over Financial Reporting Could Have an Adverse Effect on UDR's Stock Price. Section 404 of the Sarbanes-Oxley Act of 2002 requires us to evaluate and report on our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls over financial reporting, including any failure to implement required new or improved controls as a result of changes to our business or otherwise, or if we experience difficulties in their implementation, our business, results of operations and financial condition could be materially adversely harmed and we could fail to meet our reporting obligations. In addition, if we have one or more material weaknesses in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which in turn could have an adverse effect on the per share trading price of UDR's common stock.

A Breach of Information Technology Systems On Which We Rely Could Materially and Adversely Impact Our Business, Financial Condition, Results of Operations and Reputation. We rely on information technology systems, including the internet and networks and systems maintained and controlled by third party vendors and other third parties, to process, transmit and store information and to manage or support our business processes. Third party vendors collect and hold personally identifiable information and other confidential information of our tenants, prospective tenants and employees. We also maintain confidential financial and business information regarding us and persons and entities with which we do business on our information technology systems. While we take steps, and generally require third party vendors to take steps, to protect the security of the information maintained in our and third party vendors' information technology systems, including associate training and testing and the use of commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing of the information, it is possible that our or our third party vendors' security measures will not be able to prevent human error or the systems' improper functioning, or the loss, misappropriation, disclosure or corruption of personally identifiable information or other confidential or sensitive information, including information about our tenants and employees. Cybersecurity breaches, including physical or electronic break-ins, computer viruses, phishing scams, attacks by hackers, breaches due to employee error or misconduct, and similar breaches, can create system disruptions, shutdowns or unauthorized access to information maintained on our information technology systems or the information technology systems of our third party vendors or other third parties or otherwise cause disruption or negative impacts to occur to our business and adversely affect our financial condition and results of operations. While we maintain cyber risk insurance to provide some coverage for certain risks arising out of cybersecurity breaches, there is no assurance that such insurance would cover all or a significant portion of the costs or consequences associated with a cybersecurity breach. We have in the past experienced cybersecurity breaches on our information technology systems, and, while none to date have been material, we expect such breaches may occur in the future. As the techniques used to obtain unauthorized access to information technology systems become more varied and sophisticated and the occurrence of such breaches becomes more frequent, we and our third party vendors and other third parties may be unable to adequately anticipate these techniques or breaches and implement appropriate preventative measures. Any failure to prevent cybersecurity breaches and maintain the proper function, security and availability of our or our third party vendors' and other third parties' information technology systems could interrupt our operations, damage our reputation and brand, damage our competitive position, make it difficult for us to attract and retain tenants, and subject us to liability claims or regulatory penalties that could adversely affect our business, financial condition and results of operations.

Our Business and Operations Would Suffer in the Event of Information Technology System Failures. Despite system redundancy and the existence of a disaster recovery plan for our information technology systems, our information technology systems and the information technology systems maintained by our third party vendors are vulnerable to damage arising from any number of sources beyond our or our third party vendors' control, including energy blackouts, natural disasters, terrorism, war, and telecommunication failures. Any failure to maintain proper function and availability of our or third party vendors' information technology systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could adversely affect our business, financial condition and results of operations.

Social Media Presents Risks. The use of social media could cause us to suffer brand damage or unintended information disclosure. Negative posts or communications about us on a social networking website could damage our reputation. Further, employees or others may disclose non-public information regarding us or our business or otherwise make negative comments regarding us on social networking or other websites, which could adversely affect our business and results of operations. As social media evolves we will be presented with new risks and challenges.

Our Success Depends on Our Senior Management. Our success depends upon the retention of our senior management, whose continued service is not guaranteed. We may not be able to find qualified replacements for the individuals who make up our senior management if their services should no longer be available to us. The loss of services of one or more members of our senior management team could have a material adverse effect on our business, financial condition and results of operations.

Changes in U.S. Accounting Standards May Materially and Adversely Affect Our Reported Results of Operations. Accounting for public companies in the United States is in accordance with GAAP, which is established by the Financial Accounting Standards Board (the "FASB"), an independent body whose standards are recognized by the SEC as authoritative for publicly held companies. Uncertainties posed by various initiatives of accounting standard-setting by the FASB and the SEC, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. These changes could have a material impact on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements.

Third-Party Expectations Relating to Environmental, Social and Governance Factors May Impose Additional Costs and Expose Us to New Risks. There is an increasing focus from certain investors, tenants, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social and governance factors. Some investors may use these factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies relating to corporate responsibility are inadequate. Third-party providers of corporate responsibility ratings and reports on companies have increased in number, resulting in varied and in some cases inconsistent standards. In addition, the criteria by which companies' corporate responsibility practices are assessed are evolving, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. Alternatively, if we elect not to or are unable to satisfy such new criteria or do not meet the criteria of a specific third-party provider, some investors may conclude that our policies with respect to corporate responsibility are inadequate. We may face reputational damage in the event that our corporate responsibility procedures or standards do not meet the standards set by various constituencies. Furthermore, if our competitors' corporate responsibility performance is perceived to be greater than ours, potential or current investors may elect to invest with our competitors instead. In addition, in the event that we communicate certain initiatives and goals regarding environmental, social and governance matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, tenants and other stakeholders or our initiatives are not executed as planned, our reputation and financial results could be adversely affected.

Risks Related to Our Indebtedness and Financings

Insufficient Cash Flow Could Affect Our Debt Financing and Create Refinancing Risk. We are subject to the risks normally associated with debt financing, including the risk that our operating income and cash flow will be insufficient to make required payments of principal and interest, or could restrict our borrowing capacity under our line of credit due to debt covenant restraints. Sufficient cash flow may not be available to make all required debt payments and satisfy UDR's distribution requirements to maintain its status as a REIT for federal income tax purposes. In addition, the amounts under our line of credit may not be available to us and we may not be able to access the commercial paper market if our operating performance falls outside the constraints of our debt covenants. We are also likely to need to refinance substantially all of our outstanding debt as it matures. We may not be able to refinance existing debt, or the terms of any refinancing may not be as favorable as the terms of the existing debt, which could create pressures to sell assets or to issue additional equity when we would otherwise not choose to do so. In addition, our failure to comply with our debt covenants could result in a requirement to repay our indebtedness prior to its maturity, which could have a material adverse effect on our financial condition and cash flow, and increase our financing costs and impact our ability to make distributions to UDR's stockholders.

Failure to Generate Sufficient Income Could Impair Debt Service Payments and Distributions to Stockholders. If our apartment communities do not generate sufficient revenue to meet rental expenses, our ability to make required payments of interest and principal on our debt securities and to pay distributions to UDR's stockholders or the Operating Partnership's or the DownREIT Partnership's unitholders will be adversely affected. The following factors, among others, may affect the income generated by our apartment communities:

- the national and local economies;
- local real estate market conditions, such as an oversupply of apartment homes;
- tenants' perceptions of the safety, convenience, and attractiveness of our communities and the neighborhoods where they are located;
- our ability to provide adequate management, maintenance and insurance;
- rental expenses, including real estate taxes and utilities;
- competition from other apartment communities;
- changes in interest rates and the availability of financing;
- changes in governmental regulations and the related costs of compliance; and
- changes in tax and housing laws, including the enactment of rent control laws or other laws regulating multifamily housing.

Expenses associated with our investment in an apartment community, such as debt service, real estate taxes, insurance and maintenance costs, are generally not reduced when circumstances cause a reduction in revenue from that community. If a community is mortgaged to secure payment of debt and we are unable to make the mortgage payments, we could sustain a loss as a result of foreclosure on the community or the exercise of other remedies by the mortgage holder.

Changing Interest Rates Could Increase Interest Costs and Adversely Affect Our Cash Flow and the Market Price of Our Securities. We currently have, and expect to incur in the future, interest-bearing debt, including unsecured commercial paper, at rates that vary with market interest rates. As of December 31, 2019, UDR had approximately $378.6 million of variable rate indebtedness outstanding, which constitutes approximately 8.0% of total outstanding indebtedness as of such date. As of December 31, 2019, the Operating Partnership had approximately $27.0 million of variable rate indebtedness outstanding, which constitutes approximately 27.1% of total outstanding indebtedness as of such date. An increase in interest rates would increase our interest expenses and increase the costs of refinancing existing indebtedness and of issuing new debt, including unsecured commercial paper. Accordingly, higher interest rates could adversely affect cash flow and our ability to service our debt and to make distributions to security holders. The effect of prolonged interest rate increases could negatively impact our ability to make acquisitions and develop properties.

The Phase-Out of LIBOR and Transition to SOFR as a Benchmark Interest Rate Could Have Adverse Effects. In 2018, the Alternative Reference Rate Committee identified the Secured Overnight Financing Rate (“SOFR”) as the alternative to LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities, published by the Federal Reserve Bank of New York. By the end of 2021, it is expected that new contracts will not reference LIBOR and will instead use SOFR. Due to the broad use of LIBOR as a reference rate, all financial market participants, including us, are impacted by the risks associated with this transition and therefore it could adversely affect our operations and cash flows.

Our Debt Level May Be Increased. Our ability to incur debt is limited by covenants in our bank and other credit agreements. We manage our debt to be in compliance with these debt covenants, but subject to compliance with these covenants, we may increase the amount of our debt at any time without a concurrent improvement in our ability to service the additional debt.

Financing May Not Be Available and Could Be Dilutive. Our ability to execute our business strategy depends on our access to an appropriate blend of debt financing, including unsecured lines of credit, construction loans and other forms of secured debt, commercial paper and other forms of unsecured debt, and equity financing, including common and preferred equity. We and other companies in the real estate industry have experienced limited availability of financing from time to time, including due to regulatory changes directly or indirectly affecting financing markets, for example the changes in terms on construction loans brought about by the Basel III capital requirements and the associated “High Volatility Commercial Real Estate” designation, which has adversely impacted the availability of loans, including construction loans, and the proceeds of and the interest rate thereon. Restricted lending practices could impact our ability to obtain financing or refinancing for our properties. If we issue additional equity securities to finance developments and acquisitions instead of incurring debt, the interests of UDR’s existing stockholders could be diluted.

Failure To Maintain Our Current Credit Ratings Could Adversely Affect Our Cost of Funds, Related Margins, Liquidity, and Access to Capital Markets. Moody’s and Standard & Poor’s routinely evaluate our debt and have given us ratings on our senior unsecured debt, commercial paper program and preferred stock. These ratings are based on a number of factors, which included their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flow and earnings. Due to changes in these factors and market conditions, we may not be able to maintain our current credit ratings, which could adversely affect our cost of funds and related margins, liquidity, and access to capital markets, including our ability to access the commercial paper market.

Disruptions in Financial Markets May Adversely Impact Availability and Cost of Credit and Have Other Adverse Effects on Us and the Market Price of UDR's Stock. Our ability to make scheduled payments on, or to refinance, our debt obligations will depend on our operating and financial performance, which in turn is subject to prevailing economic conditions and to financial, business and other factors beyond our control. During the global financial crisis and the economic recession that followed it, the United States stock and credit markets experienced significant price volatility, dislocations and liquidity disruptions, which caused market prices of many stocks to fluctuate substantially and the spreads on debt financings to widen considerably. Those circumstances materially impacted liquidity in the financial markets at times, making terms for certain financings less attractive, and in some cases resulted in the unavailability of financing, such as the commercial paper market. Any future disruptions or uncertainty in the stock and credit markets may negatively impact our ability to refinance existing indebtedness and access additional financing for acquisitions, development of our properties and other purposes at reasonable terms or at all, which may negatively affect our business and the market price of UDR's common stock. If we are not successful in refinancing our existing indebtedness when it becomes due, we may be forced to dispose of properties on disadvantageous terms, which might adversely affect our ability to service other debt and to meet our other obligations. A prolonged downturn in the financial markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. These events also may make it more difficult or costly for us to raise capital through the issuance of UDR's common or preferred stock.

A Change in U.S. Government Policy or Support Regarding Fannie Mae or Freddie Mac Could Have a Material Adverse Impact on Our Business. While in recent years we have decreased our borrowing from Fannie Mae and Freddie Mac, Fannie Mae and Freddie Mac are a major source of financing to participants in the multifamily housing market including potential purchasers of our properties. Potential options for the future of agency mortgage financing in the U.S. have been, and may in the future be, suggested that could involve a reduction in the amount of financing Fannie Mae and Freddie Mac are able to provide, limitations on the loans that the agencies may make, which may not include loans secured by properties like our properties, or the phase out of Fannie Mae and Freddie Mac. While we believe Fannie Mae and Freddie Mac will continue to provide liquidity to our sector, should they discontinue doing so, have their mandates changed or reduced or be disbanded or reorganized by the government, or if there is reduced government support for multifamily housing generally, it may adversely affect interest rates, capital availability, development of multifamily communities and the value of multifamily residential real estate and, as a result, may adversely affect our business and results of operations.

The Soundness of Financial Institutions Could Adversely Affect Us. We have relationships with many financial institutions, including lenders under our credit facilities, and, from time to time, we execute transactions with counterparties in the financial services industry. As a result, defaults by, or even rumors or questions about, financial institutions or the financial services industry generally, could result in losses or defaults by these institutions. In the event that the volatility of the financial markets adversely affects these financial institutions or counterparties, we or other parties to the transactions with us may be unable to complete transactions as intended, which could adversely affect our results of operations.

Interest Rate Hedging Contracts May Be Ineffective and May Result in Material Charges. From time to time when we anticipate issuing debt securities, we may seek to limit our exposure to fluctuations in interest rates during the period prior to the pricing of the securities by entering into interest rate hedging contracts. We may do this to increase the predictability of our financing costs. Also, from time to time we may rely on interest rate hedging contracts to limit our exposure under variable rate debt to unfavorable changes in market interest rates. If the terms of new debt securities are not within the parameters of, or market interest rates fall below that which we incur under a particular interest rate hedging contract, the contract is ineffective. Furthermore, the settlement of interest rate hedging contracts has involved and may in the future involve material charges. In addition, our use of interest rate hedging arrangements may expose us to additional risks, including a risk that a counterparty to a hedging arrangement may fail to honor its obligations. Developing an effective interest rate risk strategy is complex and no strategy can completely insulate us from risks associated with interest rate fluctuations. There can be no assurance that our hedging activities will have the desired beneficial impact on our results of operations or financial condition. Termination of these hedging agreements typically involves costs, such as transaction fees or breakage costs.

Risks Related to Tax Laws

We Would Incur Adverse Tax Consequences if UDR Failed to Qualify as a REIT. UDR has elected to be taxed as a REIT under the Code. Our qualification as a REIT requires us to satisfy numerous requirements, some on an annual and quarterly basis, established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. We intend that our current organization and method of operation enable us to continue to qualify as a REIT, but we may not so qualify or we may not be able to remain so qualified in the future. In addition, U.S. federal income tax laws governing REITs and other corporations and the administrative interpretations of those laws may be amended at any time, potentially with retroactive effect. Future legislation, new regulations, administrative interpretations or court decisions could adversely affect our ability to qualify as a REIT or adversely affect UDR's stockholders.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax (including, for periods prior to 2018, any applicable alternative minimum tax) on our taxable income at regular corporate rates, and would not be allowed to deduct dividends paid to UDR's stockholders in computing our taxable income. Also, unless the

Internal Revenue Service granted us relief under certain statutory provisions, we could not re-elect REIT status until the fifth calendar year after the year in which we first failed to qualify as a REIT. The additional tax liability from the failure to qualify as a REIT would reduce or eliminate the amount of cash available for investment or distribution to UDR's stockholders. This would likely have a significant adverse effect on the value of our securities and our ability to raise additional capital. In addition, we would no longer be required to make distributions to UDR's stockholders. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and property.

Certain of our subsidiaries have also elected to be taxed as REITs under the Code, and are therefore subject to the same risks in the event that any such subsidiary fails to qualify as a REIT in any taxable year.

Dividends Paid by REITs Generally Do Not Qualify for Reduced Tax Rates. In general, the maximum U.S. federal income tax rate for dividends paid to individual U.S. stockholders is 20%. Unlike dividends received from a corporation that is not a REIT, our regular dividends (i.e., dividends other than capital gain dividends) paid to individual stockholders generally are not eligible for the reduced rates. However, individual U.S. stockholders generally may deduct 20% of such regular dividends under Section 199A of the Code, reducing the effective tax rate applicable to such dividends (although such provision will expire after 2025 absent future legislation).

UDR May Conduct a Portion of Our Business Through Taxable REIT Subsidiaries, Which Are Subject to Certain Tax Risks. We have established taxable REIT subsidiaries. Despite UDR's qualification as a REIT, its taxable REIT subsidiaries must pay income tax on their taxable income. In addition, we must comply with various tests to continue to qualify as a REIT for federal income tax purposes, and our income from and investments in our taxable REIT subsidiaries generally do not constitute permissible income and investments for certain of these tests. While we will attempt to ensure that our dealings with our taxable REIT subsidiaries will not adversely affect our REIT qualification, we cannot provide assurance that we will successfully achieve that result. Furthermore, we may be subject to a 100% penalty tax, we may jeopardize our ability to retain future gains on real property sales, or our taxable REIT subsidiaries may be denied deductions, to the extent our dealings with our taxable REIT subsidiaries are not deemed to be arm's length in nature or are otherwise not respected.

REIT Distribution Requirements Limit Our Available Cash. As a REIT, UDR is subject to annual distribution requirements, which limit the amount of cash we retain for other business purposes, including amounts to fund our growth. We generally must distribute annually at least 90% of our net REIT taxable income, excluding any net capital gain, in order for our distributed earnings not to be subject to corporate income tax. We intend to make distributions to UDR's stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code.

Certain Property Transfers May Generate Prohibited Transaction Income, Resulting in a Penalty Tax on Gain Attributable to the Transaction. From time to time, we may transfer or otherwise dispose of some of our properties. Under the Code, any gain resulting from transfers of properties that we hold as inventory or primarily for sale to customers in the ordinary course of business would be treated as income from a prohibited transaction and subject to a 100% penalty tax. Since we acquire properties for investment purposes, we do not believe that our occasional transfers or disposals of property are prohibited transactions. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by us are prohibited transactions. If the Internal Revenue Service were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then we would be required to pay a 100% penalty tax on any gain allocable to us from the prohibited transaction and we may jeopardize our ability to retain future gains on real property sales. In addition, income from a prohibited transaction might adversely affect UDR's ability to satisfy the income tests for qualification as a REIT for federal income tax purposes.

Changes to the U.S. Federal Income Tax Laws, including the Enactment of Certain Tax Reform Measures, Could Have an Adverse Impact on Our Business and Financial Results. In recent years, numerous legislative, judicial and administrative changes have been made to the U.S. federal income tax laws applicable to investments in real estate and REITs, including the passage of the Tax Cuts and Jobs Act of 2017, the full impact of which may not become evident for some period of time. There can be no assurance that future changes to the U.S. federal income tax laws or regulatory changes will not be proposed or enacted that could impact our business and financial results. The REIT rules are regularly under review by persons involved in the legislative process and by the Internal Revenue Service and the

U.S. Treasury Department, which may result in revisions to regulations and interpretations in addition to statutory changes. If enacted, certain of such changes could have an adverse impact on our business and financial results.

We cannot predict whether, when or to what extent any new U.S. federal tax laws, regulations, interpretations or rulings will impact the real estate investment industry or REITs. Prospective investors are urged to consult their tax advisors regarding the effect of potential future changes to the federal tax laws on an investment in our shares.

We May Be Adversely Affected by Changes in State and Local Tax Laws and May Become Subject to Tax Audits from Time to Time. Because UDR is organized and qualifies as a REIT, it is generally not subject to federal income taxes, but it is subject to certain state and local taxes. From time to time, changes in state and local tax laws or regulations are enacted, which may result in an increase in our tax liability. A shortfall in tax revenues for states and local jurisdictions in which we own apartment communities may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional state and local taxes. These increased tax costs could adversely affect our financial condition and the amount of cash available for the payment of distributions to UDR's stockholders. In the normal course of business, we or our affiliates (including entities through which we own real estate) may also become subject to federal, state or local tax audits. If we (or such entities) become subject to federal, state or local tax audits, the ultimate result of such audits could have an adverse effect on our financial condition and results of operations.

The Operating Partnership and the DownREIT Partnership Intend to Qualify as Partnerships, but Cannot Guarantee That They Will Qualify. The Operating Partnership and the DownREIT Partnership intend to qualify as partnerships for federal income tax purposes, and intend to take that position for all income tax reporting purposes. If classified as partnerships, the Operating Partnership and the DownREIT Partnership generally will not be taxable entities and will not incur federal income tax liability. However, the Operating Partnership and the DownREIT Partnership would be treated as corporations for federal income tax purposes if they were "publicly traded partnerships," unless at least 90% of their income was qualifying income as defined in the Code. A "publicly traded partnership" is a partnership whose partnership interests are traded on an established securities market or are readily tradable on a secondary market (or the substantial equivalent thereof). Although neither the Operating Partnership's nor the DownREIT Partnership's partnership units are traded on an established securities market, because of the redemption rights of their limited partners, the Operating Partnership's and DownREIT Partnership's units held by limited partners could be viewed as readily tradable on a secondary market (or the substantial equivalent thereof), and the Operating Partnership and the DownREIT Partnership may not qualify for one of the "safe harbors" under the applicable tax regulations. Qualifying income for the 90% test generally includes passive income, such as real property rents, dividends and interest. The income requirements applicable to REITs and the definition of qualifying income for purposes of this 90% test are similar in most respects. The Operating Partnership and the DownREIT Partnership may not meet this qualifying income test. If either the Operating Partnership or the DownREIT Partnership were to be taxed as a corporation, it would incur substantial tax liabilities, and UDR would then fail to qualify as a REIT for tax purposes, unless it qualified for relief under certain statutory savings provisions, and our ability to raise additional capital would be impaired. In addition, even if the 90% test were met if the Operating Partnership or the DownREIT Partnership were a publicly traded partnership, there could be adverse tax impacts for certain limited partners.

Qualifying as a REIT Involves Highly Technical and Complex Provisions of the Code. Our qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for us to qualify as a REIT. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis. Our ability to satisfy the REIT income and asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination and for which we will not obtain independent appraisals, and upon our ability to successfully manage the composition of our income and assets on an ongoing basis. In addition, our ability to satisfy the requirements to qualify as a REIT depends in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

Risks Related to Our Organization and Ownership of UDR's Stock

Changes in Market Conditions and Volatility of Stock Prices Could Adversely Affect the Market Price of UDR's Common Stock. The stock markets, including the New York Stock Exchange ("NYSE"), on which we list UDR's common stock, have experienced significant price and volume fluctuations. As a result, the market price of UDR's common stock could be similarly volatile, and investors in UDR's common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. In addition to the risks listed in this "Risk Factors" section, a number of factors could negatively affect the price per share of UDR's common stock, including:

- general market and economic conditions;
- actual or anticipated variations in UDR's quarterly operating results or dividends or UDR's payment of dividends in shares of UDR's stock;
- changes in our funds from operations or earnings estimates;
- difficulties or inability to access capital or extend or refinance existing debt;
- decreasing (or uncertainty in) real estate valuations;
- changes in market valuations of similar companies;
- publication of research reports about us or the real estate industry;
- the general reputation of real estate investment trusts and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate companies);
- general stock and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of UDR's stock to demand a higher annual yield from future dividends;
- a change in analyst ratings;
- additions or departures of key management personnel;
- adverse market reaction to any additional debt we incur in the future;
- speculation in the press or investment community;
- terrorist activity which may adversely affect the markets in which UDR's securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending;
- failure to qualify as a REIT;
- strategic decisions by us or by our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- failure to satisfy listing requirements of the NYSE;
- governmental regulatory action and changes in tax laws; and
- the issuance of additional shares of UDR's common stock, or the perception that such sales might occur, including under UDR's at-the-market equity distribution program.

Many of the factors listed above are beyond our control. These factors may cause the market price of shares of UDR's common stock to decline, regardless of our financial condition, results of operations, business or our prospects.

We May Change the Dividend Policy for UDR's Common Stock in the Future. The decision to declare and pay dividends on UDR's common stock, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our board of directors and will depend on our earnings, funds from operations, liquidity, financial condition, capital requirements, contractual prohibitions or other limitations under our indebtedness, the annual distribution requirements under the REIT provisions of the Code, state law and such other factors as our board of directors considers relevant. Any change in our dividend policy could have an adverse effect on the market price of UDR's common stock.

Maryland Law May Limit the Ability of a Third Party to Acquire Control of Us, Which May Not be in UDR's Stockholders' Best Interests. Maryland business statutes may limit the ability of a third party to acquire control of us. As a Maryland corporation, we are subject to various Maryland laws which may have the effect of discouraging offers to acquire our Company and of increasing the difficulty of consummating any such offers, even if our acquisition would be in UDR's stockholders' best interests. The Maryland General Corporation Law restricts mergers and other business combination transactions between us and any person who acquires beneficial ownership of shares of UDR's stock representing 10% or more of the voting power without our board of directors' prior approval. Any such business combination transaction could not be completed until five years after the person acquired such voting power, and generally only with the approval of stockholders representing 80% of all votes entitled to be cast and 66 2/3 % of the votes entitled to be cast, excluding the interested stockholder, or upon payment of a fair price. Maryland law also provides generally that a person who acquires shares of our equity stock that represents 10% (and certain higher levels) of the voting power in electing directors will have no voting rights unless approved by a vote of two-thirds of the shares eligible to vote.

Limitations on Share Ownership and Limitations on the Ability of UDR's Stockholders to Effect a Change in Control of Our Company Restricts the Transferability of UDR's Stock and May Prevent Takeovers That are Beneficial to UDR's Stockholders. One of the requirements for maintenance of our qualification as a REIT for U.S. federal income tax purposes is that no more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals, including entities specified in the Code, during the last half of any taxable year. Our charter contains ownership and transfer restrictions relating to UDR's stock primarily to assist us in complying with this and other REIT ownership requirements; however, the restrictions may have the effect of preventing a change of control, which does not threaten REIT status. These restrictions include a provision that generally limits ownership by any person of more than 9.9% of the value of our outstanding equity stock, unless our board of directors exempts the person from such ownership limitation, provided that any such exemption shall not allow the person to exceed 13% of the value of our outstanding equity stock. Absent such an exemption from our board of directors, the transfer of UDR's stock to any person in excess of the applicable ownership limit, or any transfer of shares of such stock in violation of the ownership requirements of the Code for REITs, will be considered null and void, and the intended transferee of such stock will acquire no rights in such shares. These provisions of our charter may have the effect of delaying, deferring or preventing someone from taking control of us, even though a change of control might involve a premium price for UDR's stockholders or might otherwise be in UDR's stockholders' best interests.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

At December 31, 2019, our consolidated apartment portfolio included 148 communities located in 20 markets, with a total of 47,010 completed apartment homes.

The tables below set forth a summary of real estate portfolio by geographic market of the Company and of the Operating Partnership at December 31, 2019.

SUMMARY OF REAL ESTATE PORTFOLIO BY GEOGRAPHIC MARKET AT DECEMBER 31, 2019

UDR, INC.

	Number of Apartment Communities	Number of Apartment Homes	Percentage of Total Carrying Value	Total Carrying Value (in thousands)	Encumbrances (in thousands)	Cost per Home	Average Physical Occupancy	Average Home Size (in square feet)
WEST REGION								
Orange County, CA	12	5,336	12.8 %	$ 1,607,866	$ —	$ 301,324	95.9 %	868
San Francisco, CA	11	2,751	7.0 %	881,394	27,000	320,390	96.8 %	841
Seattle, WA	16	2,992	8.4 %	1,063,695	70,931	355,513	96.6 %	890
Los Angeles, CA	4	1,225	3.6 %	458,189	—	374,032	96.6 %	967
Monterey Peninsula, CA	7	1,565	1.5 %	182,630	—	116,696	96.6 %	729
Other Southern California	3	817	1.6 %	207,986	42,698	254,573	95.8 %	1,014
Portland, OR	2	476	0.4 %	50,395	—	105,872	96.6 %	903
MID-ATLANTIC REGION								
Metropolitan D.C.	23	8,305	18.3 %	2,322,872	252,067	279,696	97.4 %	909
Richmond, VA	4	1,358	1.2 %	151,726	—	111,728	97.4 %	1,018
Baltimore, MD	5	1,597	2.6 %	331,777	58,600	207,750	95.3 %	938
SOUTHEAST REGION								
Orlando, FL	9	2,500	1.9 %	233,098	—	93,239	96.4 %	946
Nashville, TN	8	2,260	1.8 %	220,566	—	97,596	97.5 %	933
Tampa, FL	9	2,908	3.3 %	411,847	—	141,626	96.6 %	979
Other Florida	1	636	0.7 %	87,518	—	137,607	96.1 %	1,130
NORTHEAST REGION								
New York, NY	6	2,318	12.3 %	1,543,545	—	665,895	97.0 %	754
Boston, MA	11	4,299	13.0 %	1,640,478	389,639	381,595	95.1 %	987
Philadelphia, PA	1	313	0.9 %	107,350	—	342,971	82.7 %	1,054
SOUTHWEST REGION								
Dallas, TX	11	3,864	4.5 %	565,356	275,524	146,314	96.3 %	868
Austin, TX	4	1,272	1.3 %	167,217	—	131,460	97.3 %	913
Denver, CO	1	218	1.1 %	144,252	—	661,706	94.6 %	955
Total Operating Communities	148	47,010	98.2 %	12,379,757	1,116,459	$ 263,343	96.4 %	908
Real Estate Under Development (a)	—	—	0.6 %	69,777	—			
Land	—	—	0.7 %	87,615	—			
Other	—	—	0.5 %	64,952	32,982			
Total Real Estate Owned	148	47,010	100.0 %	$ 12,602,101	$ 1,149,441			

(a) As of December 31, 2019, the Company was developing three wholly owned communities with a total of 878 apartment homes, none of which have been completed.

SUMMARY OF REAL ESTATE PORTFOLIO BY GEOGRAPHIC MARKET AT DECEMBER 31, 2019

UNITED DOMINION REALTY, L.P.

	Number of Apartment Communities	Number of Apartment Homes	Percentage of Total Carrying Value	Total Carrying Value (in thousands)	Encumbrances (in thousands)	Cost per Home	Average Physical Occupancy	Average Home Size (in square feet)
WEST REGION								
Orange County, CA	5	3,119	19.3 %	$ 746,564	$ —	$ 239,360	96.6 %	805
San Francisco, CA	9	2,185	15.8 %	611,361	27,000	279,799	96.7 %	829
Seattle, WA	5	932	5.9 %	229,423	—	246,162	96.4 %	869
Los Angeles, CA	2	344	3.0 %	116,446	—	338,506	96.5 %	976
Monterey Peninsula, CA	7	1,565	4.7 %	182,630	—	116,696	96.6 %	729
Other Southern California	1	414	1.9 %	75,187	—	181,611	96.7 %	989
Portland, OR	2	476	1.3 %	50,395	—	105,872	96.6 %	903
MID-ATLANTIC REGION								
Metropolitan D.C.	6	2,068	14.7 %	564,334	—	272,889	96.9 %	894
Baltimore, MD	2	540	2.8 %	106,373	—	196,987	96.7 %	967
SOUTHEAST REGION								
Nashville, TN	6	1,612	3.9 %	155,207	—	96,282	97.5 %	925
Tampa, FL	2	942	2.8 %	110,065	—	116,842	97.4 %	1,043
Other Florida	1	636	2.3 %	87,518	—	137,607	96.1 %	1,130
NORTHEAST REGION								
New York, NY	2	996	16.0 %	619,246	—	621,733	96.3 %	687
Boston, MA	1	387	1.9 %	74,757	72,500	193,171	95.3 %	1,069
SOUTHWEST REGION								
Denver, CO	1	218	3.7 %	144,252	—	661,706	94.6 %	955
Total Operating Communities	52	16,434	100.0 %	3,873,758	99,500	$ 235,716	96.7 %	871
Other	—	—	— %	1,402	(429)			
Total Real Estate Owned	52	16,434	100.0 %	$ 3,875,160	$ 99,071			

Item 3. LEGAL PROCEEDINGS

We are subject to various legal proceedings and claims arising in the ordinary course of business. We cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. We believe that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial condition, results of operations or cash flow.

Item 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

UDR, Inc.:

Common Stock

UDR, Inc.'s common stock has been listed on the New York Stock Exchange ("NYSE") under the symbol "UDR" since May 7, 1990.

On February 17, 2020, there were 3,255 holders of record of the 294,631,463 outstanding shares of our common stock.

We have determined that, for federal income tax purposes, approximately 73% of the distributions for 2019 represented ordinary income, less than 1% represented qualified ordinary income, 1% represented long-term capital gain, 5% represented unrecaptured section 1250 gain, and 21% represented nondividend distributions.

UDR pays regular quarterly distributions to holders of its common stock. Future distributions will be at the discretion of our Board of Directors and will depend on our actual funds from operations, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Code, and other factors.

Series E Preferred Stock

The Series E Cumulative Convertible Preferred Stock ("Series E") has no stated par value and a liquidation preference of $16.61 per share. Subject to certain adjustments and conditions, each share of the Series E is convertible at any time at the holder's option into 1.083 shares of our common stock. The holders of the Series E are entitled to vote on an as-converted basis as a single class in combination with the holders of common stock at any meeting of our stockholders for the election of directors or for any other purpose on which the holders of common stock are entitled to vote. The Series E has no stated maturity and is not subject to any sinking fund or any mandatory redemption. In connection with a special dividend (declared on November 5, 2008), the Company reserved for issuance upon conversion of the Series E additional shares of common stock to which a holder of the Series E would have received if the holder had converted the Series E immediately prior to the record date for this special dividend.

Distributions declared on the Series E for the years ended December 31, 2019 and 2018 were $1.4832 per share, or $0.3708 per quarter, and $1.3968 per share, or $0.3492 per quarter, respectively. The Series E is not listed on any exchange. At December 31, 2019, a total of 2.8 million shares of the Series E were outstanding.

Series F Preferred Stock

We are authorized to issue up to 20.0 million shares of our Series F Preferred Stock ("Series F"). The Series F may be purchased by holders of our Operating Partnership Units, or OP Units, described below under "Operating Partnership Units," and holders of limited partnership interests in the DownREIT Partnership at a purchase price of $0.0001 per share. OP/DownREIT unitholders are entitled to subscribe for and purchase one share of the Series F for each OP/DownREIT Unit held.

As of December 31, 2019, a total of 14.7 million shares of the Series F were outstanding. Holders of the Series F are entitled to one vote for each share of the Series F they hold, voting together with the holders of our common stock, on each matter submitted to a vote of security holders at a meeting of our stockholders. The Series F does not entitle its holders to any other rights, privileges or preferences.

Distribution Reinvestment and Stock Purchase Plan

We have a Distribution Reinvestment and Stock Purchase Plan under which holders of our common stock may elect to automatically reinvest their distributions and make additional cash payments to acquire additional shares of our common stock. Stockholders who do not participate in the plan continue to receive distributions as and when declared. As of February 17, 2020, there were approximately 1,935 participants in the plan.

United Dominion Realty, L.P.:

Operating Partnership Units

There is no established public trading market for United Dominion Realty, L.P.'s Operating Partnership Units. From time to time we issue shares of our common stock in exchange for OP Units tendered to the Operating Partnership for redemption in accordance with the provisions of the Operating Partnership's limited partnership agreement. At December 31, 2019, there were 184.1 million OP Units outstanding in the Operating Partnership, of which 176.2 million OP Units or 95.7% were owned by UDR and affiliated entities and 7.9 million OP Units or 4.3% were owned by non-affiliated limited partners. Under the terms of the Operating Partnership's limited partnership agreement, the holders of OP Units have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption. However, the Operating Partnership's obligation to pay the cash amount is subject to the prior right of the Company to acquire such OP Units in exchange for either the cash amount or the number of shares of our common stock equal to the number of OP Units being redeemed.

During the three months ended December 31, 2019, we issued less than 0.1 million shares of our common stock upon redemption of OP Units in reliance upon an exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933.

Purchases of Equity Securities

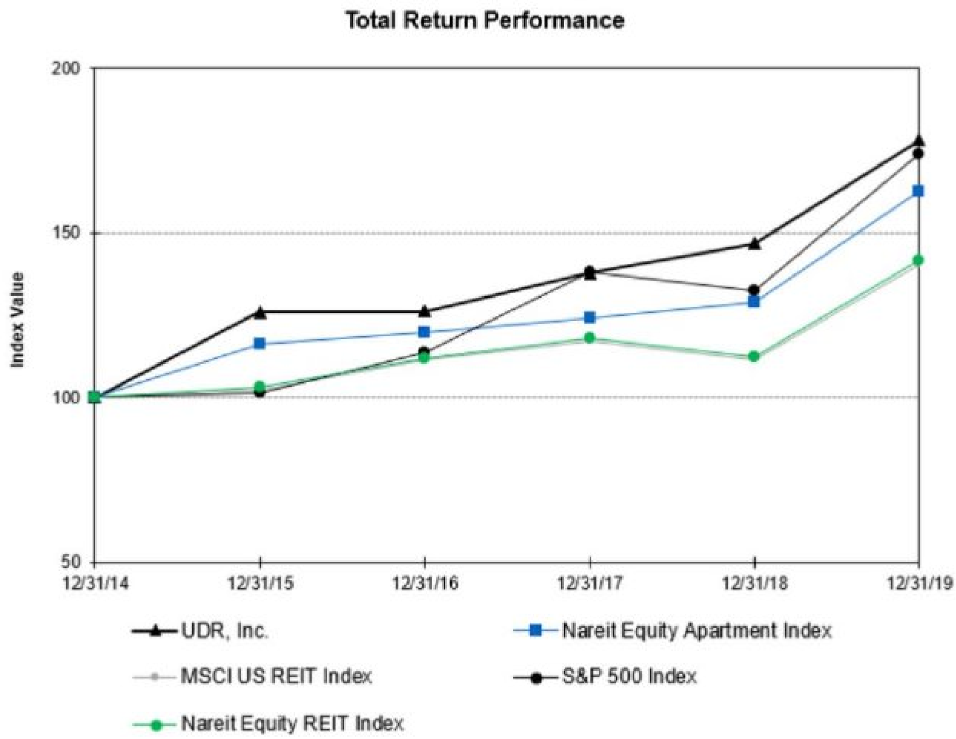
In February 2006, UDR's Board of Directors authorized a 10 million share repurchase program. In January 2008, UDR's Board of Directors authorized a new 15 million share repurchase program. Under the two share repurchase programs, UDR may repurchase shares of our common stock in open market purchases, block purchases, privately negotiated transactions or otherwise. The following table summarizes all of UDR's repurchases of shares of common stock under these programs during the quarter ended December 31, 2019 (*shares in thousands*):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a)
Beginning Balance	10,561	$ 22.66	10,561	14,439
October 1, 2019 through October 31, 2019	—	—	—	14,439
November 1, 2019 through November 30, 2019	—	—	—	14,439
December 1, 2019 through December 31, 2019	—	—	—	14,439
Balance as of December 31, 2019	**10,561**	**$ 22.66**	**10,561**	**14,439**

(a) This number reflects the amount of shares that were available for purchase under our 10 million share repurchase program authorized in February 2006 and our 15 million share repurchase program authorized in January 2008.

Comparison of Five-year Cumulative Total Returns

The following graph compares the five-year cumulative total returns for UDR common stock with the comparable cumulative return of the Nareit Equity REIT Index, Standard & Poor's 500 Stock Index, the Nareit Equity Apartment Index and the MSCI U.S. REIT Index. The graph assumes that $100 was invested on December 31, 2014, in each of our common stock and the indices presented. Historical stock price performance is not necessarily indicative of future stock price performance. The comparison assumes that all dividends are reinvested.



	Period Ending					
Index	**12/31/2014**	**12/31/2015**	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**
UDR, Inc.	100.00	125.96	126.30	137.81	146.64	178.14
Nareit Equity Apartment Index	100.00	116.45	119.78	124.24	128.83	162.74
MSCI U.S. REIT Index	100.00	102.52	111.34	116.98	111.64	140.48
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86
Nareit Equity REIT Index	100.00	103.20	111.99	117.84	112.39	141.61

The performance graph and the related chart and text, are being furnished solely to accompany this Annual Report on Form 10-K pursuant to Item 201(e) of Regulation S-K, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and are not to be incorporated by reference into any filing of ours, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 6. SELECTED FINANCIAL DATA

The following tables set forth selected consolidated financial and other information of UDR, Inc. and of the Operating Partnership as of and for each of the years in the five-year period ended December 31, 2019. The tables should be read in conjunction with each of UDR, Inc.'s and the Operating Partnership's respective consolidated financial statements and the notes thereto, and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this Report.

	UDR, Inc. Year Ended December 31, (In thousands, except per share data and apartment homes owned)				
	2019	**2018**	**2017**	**2016**	**2015**
OPERATING DATA:					
Rental income	**$ 1,138,138**	$ 1,035,105	$ 984,309	$ 948,461	$ 871,928
Net income/(loss)	**199,579**	221,542	132,655	320,380	357,159
Distributions to preferred stockholders	**4,104**	3,868	3,708	3,717	3,722
Net income/(loss) attributable to common stockholders	**180,861**	199,238	117,850	289,001	336,661
Common stock distributions declared	**395,113**	348,079	331,974	315,102	289,500
Income/(loss) per weighted average common share — basic	**$ 0.63**	$ 0.74	$ 0.44	$ 1.09	$ 1.30
Income/(loss) per weighted average common share — diluted	**$ 0.63**	$ 0.74	$ 0.44	$ 1.08	$ 1.29
Weighted average number of Common Shares outstanding — basic	**285,247**	268,179	267,024	265,386	258,669
Weighted average number of Common Shares outstanding — diluted	**286,015**	269,483	268,830	267,311	263,752
Weighted average number of Common Shares outstanding, OP Units/DownREIT Units and Common Stock equivalents outstanding — diluted	**311,799**	297,042	296,672	295,469	276,699
Common stock distributions declared - per share	**$ 1.37**	$ 1.29	$ 1.24	$ 1.18	$ 1.11
Balance Sheet Data:					
Real estate owned, at cost (a)	**$ 12,602,101**	$ 10,196,159	$ 10,177,206	$ 9,615,753	$ 9,190,276
Accumulated depreciation (a)	**4,131,353**	3,654,160	3,330,166	2,923,625	2,646,874
Total real estate owned, net of accumulated depreciation (a)	**8,470,748**	6,541,999	6,847,040	6,692,128	6,543,402
Total assets	**9,636,472**	7,711,728	7,733,273	7,679,584	7,663,844
Secured debt, net (a)	**1,149,441**	601,227	803,269	1,130,858	1,376,945
Unsecured debt, net	**3,558,083**	2,946,560	2,868,394	2,270,620	2,193,850
Total liabilities	**5,228,493**	3,816,211	3,949,771	3,673,132	3,816,797
Total stockholders' equity	**3,358,542**	2,905,625	2,825,800	3,093,110	2,899,755
Number of Common Shares outstanding	**294,588**	275,546	267,822	267,259	261,845
Other Data (a)					
Total consolidated apartment homes owned (at end of year)	**47,010**	39,931	39,998	39,454	40,728
Weighted average number of consolidated apartment homes owned during the year	**42,579**	39,406	39,692	40,543	39,501
Cash Flow Data:					
Cash provided by/(used in) operating activities	**$ 630,704**	$ 560,676	$ 518,915	$ 536,568	$ 457,162
Cash provided by/(used in) investing activities	**(1,686,687)**	(113,548)	(407,406)	(112,720)	(265,538)
Cash provided by/(used in) financing activities	**880,383**	(260,067)	(111,785)	(429,282)	(201,648)
Funds from Operations (b):					
Funds from operations attributable to common stockholders and unitholders — basic	**$ 629,279**	$ 570,254	$ 538,916	$ 527,096	$ 455,565
Funds from operations attributable to common stockholders and unitholders — diluted	**633,383**	574,122	542,624	530,813	459,287

(a) Includes amounts classified as Held for Disposition, where applicable.

(b) Funds from operations ("FFO") attributable to common stockholders and unitholders is defined as *Net income/(loss) attributable to common stockholders* (computed in accordance with GAAP), excluding impairment write-downs of depreciable real estate related to the main business of the Company or of investments in non-consolidated investees that are directly attributable to decreases in the fair value of depreciable real estate held by the investee, gains and losses from sales of depreciable real estate related to the main business of the Company and income taxes directly associated with those gains and losses, plus real estate depreciation and amortization, and after adjustments for noncontrolling interests, and the Company's share of unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's ("Nareit") definition issued in April 2002 and restated in November 2018. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, Nareit created FFO as a supplemental measure of a REIT's operating performance. In the computation of diluted FFO, if OP Units, DownREIT Units, unvested restricted stock, unvested LTIP Units, stock options, and the shares of Series E Cumulative Convertible Preferred Stock are dilutive, they are included in the diluted share count.

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

See "Funds from Operations" in Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of *Net income/(loss) attributable to common stockholders* to FFO.

United Dominion Realty, L.P.
Year Ended December 31,
(In thousands, except per OP unit data
and apartment homes owned)

	2019	2018	2017	2016	2015
OPERATING DATA:					
Rental income	**$ 441,773**	$ 431,920	$ 419,377	$ 404,415	$ 440,408
Net income/(loss)	**103,995**	231,485	107,855	79,262	215,063
Net income/(loss) attributable to OP unitholders	**102,163**	229,763	106,307	77,818	213,301
Income/(loss) per weighted average OP Unit — basic and diluted	**$ 0.56**	$ 1.25	$ 0.58	$ 0.42	$ 1.16
Weighted average number of OP Units outstanding — basic and diluted	**184,034**	183,609	183,344	183,279	183,279
Balance Sheet Data:					
Real estate owned, at cost (a)	**$ 3,875,160**	$ 3,811,985	$ 3,816,956	$ 3,674,704	$ 3,630,950
Accumulated depreciation (a)	**1,796,568**	1,658,161	1,543,652	1,408,815	1,281,258
Total real estate owned, net of accumulated depreciation (a)	**2,078,592**	2,153,824	2,273,304	2,265,889	2,349,647
Total assets	**2,398,745**	2,304,590	2,395,573	2,415,535	2,554,808
Secured debt, net (a)	**99,071**	26,929	159,845	433,974	475,964
Total liabilities	**1,032,859**	818,701	520,443	797,036	833,478
Total partners' capital	**1,348,481**	1,472,070	1,464,295	1,578,202	1,713,412
Advances (to)/from the General Partner	**—**	—	397,899	19,659	(11,270)
Number of OP units outstanding	**184,064**	183,637	183,351	183,279	183,279
Other Data:					
Total consolidated apartment homes owned (at end of year) (a)	**16,434**	16,434	16,698	16,698	16,974
Cash Flow Data:					
Cash provided by/(used in) operating activities	**$ 255,093**	$ 255,668	$ 235,257	$ 228,941	$ 224,396
Cash provided by/(used in) investing activities	**(43,906)**	71,683	(105,989)	(9,455)	23,485
Cash provided by/(used in) financing activities	**(210,853)**	(326,535)	(128,846)	(221,483)	(247,747)

(a) Includes amounts classified as Held for Disposition, where applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, development activity and capital expenditures, capital raising activities, rent growth, occupancy, and rental expense growth. Words such as "expects," "anticipates," "intends," "plans," "likely," "will," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unfavorable changes in the apartment market, changing economic conditions, the impact of inflation/deflation on rental rates and property operating expenses, expectations concerning the availability of capital and the stability of the capital markets, the impact of competition and competitive pricing, acquisitions, developments and redevelopments not achieving anticipated results, delays in completing developments and redevelopments, delays in completing lease-ups on schedule or at expected rent and occupancy levels, expectations on job growth, home affordability and demand/supply ratio for multifamily housing, expectations concerning development and redevelopment activities, expectations on occupancy levels and rental rates, expectations concerning joint ventures and partnerships with third parties, expectations that automation will help grow net operating income, and expectations on annualized net operating income.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

- general economic conditions;
- unfavorable changes in apartment market and economic conditions that could adversely affect occupancy levels and rental rates;
- the failure of acquisitions to achieve anticipated results;
- possible difficulty in selling apartment communities;
- competitive factors that may limit our ability to lease apartment homes or increase or maintain rents;
- insufficient cash flow that could affect our debt financing and create refinancing risk;
- failure to generate sufficient revenue, which could impair our debt service payments and distributions to stockholders;
- development and construction risks that may impact our profitability;
- potential damage from natural disasters, including hurricanes and other weather-related events, which could result in substantial costs to us;
- risks from climate change that impacts our properties or operations;
- risks from extraordinary losses for which we may not have insurance or adequate reserves;
- risks from cybersecurity breaches of our information technology systems and the information technology systems of our third party vendors and other third parties;
- uninsured losses due to insurance deductibles, self-insurance retention, uninsured claims or casualties, or losses in excess of applicable coverage;
- delays in completing developments and lease-ups on schedule;

- our failure to succeed in new markets;
- risks that third parties who have an interest in or are otherwise involved in projects in which we have an interest, including mezzanine borrowers, joint venture partners or other investors, do not perform as expected;
- changing interest rates, which could increase interest costs and affect the market price of our securities;
- potential liability for environmental contamination, which could result in substantial costs to us;
- the imposition of federal taxes if we fail to qualify as a REIT under the Code in any taxable year;
- our internal control over financial reporting may not be considered effective which could result in a loss of investor confidence in our financial reports, and in turn have an adverse effect on our stock price; and
- changes in real estate laws, tax laws, rent control or stabilization laws or other laws affecting our business.

A discussion of these and other factors affecting our business and prospects is set forth in Part I, Item 1A. *Risk Factors*. We encourage investors to review these risk factors.

Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such statements included in this Report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our 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 by law.

The following discussion should be read in conjunction with the consolidated financial statements appearing elsewhere herein and is based primarily on the consolidated financial statements for the years ended December 31, 2019, and 2018 of each UDR, Inc. and United Domination Realty, L.P.

This section of this Form 10-K generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018 of UDR, Inc. and United Domination Realty, L.P. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

UDR, Inc.:

Business Overview

We are a self-administered real estate investment trust, or REIT, that owns, operates, acquires, renovates, develops, redevelops, disposes of, and manages multifamily apartment communities. We were formed in 1972 as a Virginia corporation. In June 2003, we changed our state of incorporation from Virginia to Maryland. Our subsidiaries include the Operating Partnership and the DownREIT Partnership. Unless the context otherwise requires, all references in this Report to "we," "us," "our," "the Company," or "UDR" refer collectively to UDR, Inc., its subsidiaries and its consolidated joint ventures.

At December 31, 2019, our consolidated real estate portfolio consisted of 148 communities located in 13 states plus the District of Columbia consisting of 47,010 apartment homes. In addition, we have an ownership interest in 5,268 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 2,138 apartment homes owned by entities in which we hold preferred equity investments.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("GAAP") requires management to use judgment in the application of accounting policies, including making estimates and assumptions. A critical accounting policy is one that is both important to our financial condition and results of operations as well as involves some degree of uncertainty. Estimates are prepared based on management's assessment after considering all evidence available. Changes in estimates could affect our financial position or results of operations. Below is a discussion of the accounting policies that we consider critical to understanding our financial condition or results of operations where there is uncertainty or where significant judgment is required. A discussion of our significant accounting policies, including further discussion of the accounting policies described below, can be found in Note 2, *Significant Accounting Policies*, to the Notes to the UDR, Inc. Consolidated Financial Statements included in this Report.

Cost Capitalization

In conformity with GAAP, we capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred.

In addition to construction costs, we capitalize costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. As each home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion. The costs capitalized are reported on the Consolidated Balance Sheets as *Total Real Estate Owned, Net of Accumulated Depreciation.* Amounts capitalized during the years ended December 31, 2019, 2018, and 2017 were $13.5 million, $18.1 million, and $27.4 million, respectively.

Investment in Unconsolidated Entities

We may enter into various joint venture agreements and/or partnerships with unrelated third parties to hold or develop real estate assets. We must determine for each of these ventures whether to consolidate the entity or account for our investment under the equity method of accounting. We determine whether to consolidate a joint venture or partnership based on our rights and obligations under the venture agreement, applying the applicable accounting guidance. The application of the rules in evaluating the accounting treatment for each joint venture or partnership is complex and requires substantial management judgment. We evaluate our accounting for investments on a regular basis including when a significant change in the design of an entity occurs. Throughout our financial statements, and in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we use the term "joint venture" or "partnership" when referring to investments in entities in which we do not have a 100% ownership interest.

We continually evaluate our investments in unconsolidated joint ventures when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, and the relationships with the other joint venture partners and its lenders. The amount of loss recognized is the excess of the investment's carrying amount over its estimated fair value. If we believe that the decline in fair value is temporary, no impairment is recorded. The aforementioned factors are taken as a whole by management in determining the valuation of our investment property. Should the actual results differ from management's judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Impairment of Long-Lived Assets

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair market value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs (defined as Level 3 inputs in the fair value hierarchy) related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

Real Estate Investment Properties

We purchase real estate investment properties from time to time and record the fair value to various components, such as land, buildings, and intangibles related to in-place leases, based on the fair value of each component. In making estimates of fair values for purposes of allocating purchase price, we utilize various sources, including independent appraisals, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The fair value of buildings is determined as if the buildings were vacant upon acquisition and subsequently leased at market rental rates. As such, the determination of fair value considers the present value of all cash flows expected to be generated from the property including an initial lease-up period. We determine the fair value of in-place leases by assessing the net effective rent and remaining term of the lease relative to market terms for similar leases at acquisition. In addition, we consider the cost of acquiring similar leases, the foregone rents associated with the lease-up period, and the carrying costs associated with the lease-up period. The fair value of in-place leases is recorded and amortized as amortization expense over the remaining average contractual lease period.

REIT Status

We are a Maryland corporation that has elected to be treated for federal income tax purposes as a REIT. A REIT is a legal entity that holds interests in real estate and is required by the Code to meet a number of organizational and operational requirements, including a requirement that a REIT must distribute at least 90% of our REIT taxable income (other than our net capital gain) to our stockholders. If we were to fail to qualify as a REIT in any taxable year, we will be subject to federal and state income taxes at the regular corporate rates and may not be able to qualify as a REIT for four years. Based on the net earnings reported for the year ended December 31, 2019 in our Consolidated Statements of Operations, we would have incurred federal and state GAAP income taxes if we had failed to qualify as a REIT.

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Summary of Real Estate Portfolio by Geographic Market

The following table summarizes our market information by major geographic markets as of and for the year ended December 31, 2019:

		December 31, 2019			Year Ended December 31, 2019		
Same-Store Communities	**Number of Apartment Communities**	**Number of Apartment Homes**	**Percentage of Total Carrying Value**	**Total Carrying Value (in thousands)**	**Average Physical Occupancy**	**Monthly Income per Occupied Home (a)**	**Net Operating Income (in thousands)**
West Region							
Orange County, CA	10	4,434	9.1 %	$ 1,136,843	96.3 %	$ 2,354	$ 93,659
San Francisco, CA	11	2,751	7.0 %	877,780	96.8 %	3,749	91,310
Seattle, WA	15	2,837	7.9 %	995,474	96.7 %	2,536	61,596
Los Angeles, CA	4	1,225	3.6 %	458,190	96.6 %	2,903	30,433
Monterey Peninsula, CA	7	1,565	1.4 %	182,630	96.6 %	1,893	26,938
Other Southern California	2	654	0.9 %	109,360	96.7 %	1,998	11,408
Portland, OR	2	476	0.4 %	50,395	96.6 %	1,605	6,546
Mid-Atlantic Region							
Metropolitan D.C.	21	7,799	16.2 %	2,044,663	97.4 %	2,094	133,309
Richmond, VA	4	1,358	1.2 %	151,727	97.4 %	1,392	16,571
Baltimore, MD	3	720	1.2 %	153,951	97.0 %	1,727	9,785
Southeast Region							
Orlando, FL	9	2,500	1.8 %	233,098	96.4 %	1,409	28,766
Nashville, TN	8	2,260	1.8 %	220,568	97.5 %	1,333	25,707
Tampa, FL	7	2,287	2.1 %	265,646	96.9 %	1,453	26,017
Other Florida	1	636	0.7 %	87,518	96.1 %	1,652	7,977
Northeast Region							
New York, NY	3	1,452	8.2 %	1,034,350	97.9 %	4,550	48,435
Boston, MA	4	1,388	3.7 %	466,247	96.1 %	2,945	35,397
Southwest Region							
Dallas, TX	7	2,345	2.3 %	288,923	96.8 %	1,365	23,261
Austin, TX	4	1,272	1.3 %	167,217	97.3 %	1,524	13,328
Total/Average Same-Store Communities	122	37,959	70.8 %	8,924,580	96.9 %	$ 2,180	690,443
Non-Mature, Commercial Properties & Other	26	9,051	28.6 %	3,607,744			117,866
Total Real Estate Held for Investment	148	47,010	99.4 %	12,532,324			808,309
Real Estate Under Development (b)	—	—	0.6 %	69,777			(6)
Total Real Estate Owned	148	47,010	100.0 %	12,602,101			$ 808,303
Total Accumulated Depreciation				(4,131,353)			
Total Real Estate Owned, Net of Accumulated Depreciation				$ 8,470,748			

(a) Monthly Income per Occupied Home represents total monthly revenues divided by the average physical number of occupied apartment homes in our Same-Store portfolio.

(b) As of December 31, 2019, the Company was developing three wholly owned communities with a total of 878 apartment homes, none of which have been completed.

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other*.

Our *Same-Store Communities* segment represents those communities acquired, developed, and stabilized prior to January 1, 2018 and held as of December 31, 2019. 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 communities are not classified as held for disposition at year end. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment represents those communities that do not meet the criteria to be included in *Same-Store Communities,* including, but not limited to, recently acquired, developed and redeveloped communities, and the non-apartment components of mixed use properties.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations either through operating cash flows, sales of properties, borrowings under our credit agreements, and/or the issuance of debt and/or equity securities. Our primary source of liquidity is our cash flow from operations, as determined by rental rates, occupancy levels, and operating expenses related to our portfolio of apartment homes, and borrowings under our credit agreements. We routinely use our working capital credit facility and commercial paper program, and may use our unsecured revolving credit facility, to temporarily fund certain investing and financing activities prior to arranging for longer-term financing or the issuance of equity or debt securities. During the past several years, proceeds from the sale of real estate have been used for both investing and financing activities as we continue to execute on maintaining a diversified portfolio.

We expect to meet our short-term liquidity requirements generally through net cash provided by property operations and borrowings under our credit agreements and our unsecured commercial paper program. We expect to meet certain long-term liquidity requirements such as scheduled debt maturities, the repayment of financing on development activities, and potential property acquisitions, through net cash provided by property operations, secured and unsecured borrowings, the issuance of debt or equity securities, and/or the disposition of properties. We believe that our net cash provided by property operations and borrowings under our credit agreements and our unsecured commercial paper program will continue to be adequate to meet both operating requirements and the payment of dividends by the Company in accordance with REIT requirements. Likewise, the budgeted expenditures for improvements and renovations of certain properties are expected to be funded from property operations, borrowings under credit agreements, the issuance of debt or equity securities, and/or dispositions of properties.

We have a shelf registration statement filed with the Securities and Exchange Commission, or "SEC," which provides for the issuance of common stock, preferred stock, depositary shares, debt securities, guarantees of debt securities, warrants, subscription rights, purchase contracts and units to facilitate future financing activities in the public capital markets. Access to capital markets is dependent on market conditions at the time of issuance.

In July 2017, the Company entered into an ATM sales agreement under which the Company may offer and sell up to 20.0 million shares of its common stock, from time to time, to or through its sales agents and may enter into separate forward sales agreements to or through its forward purchasers. Upon entering into the ATM sales agreement, the Company simultaneously terminated the sales agreement for its prior at-the-market equity offering program, which was entered into in April 2017, which replaced the prior at-the-market equity offering program entered into in April 2012. During the year ended December 31, 2019, the Company sold 7.0 million shares of common stock through its ATM program for aggregate gross proceeds of approximately $316.5 million at a weighted average price per share of $45.29. Aggregate net proceeds from such sales, after deducting related expenses, including commissions paid to the sales agents of approximately $4.0 million, were approximately $312.3 million, which were primarily used to fund the Company's recent acquisitions. As of December 31, 2019, we had 11.7 million shares of common stock available for future issuance under the ATM program.

In July 2019, the Company issued $300.0 million of 3.20% senior unsecured medium-term notes due January 15, 2030. Interest is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2020. The notes were priced at 99.66% of the principal amount at issuance. The Company previously entered into forward starting interest rate swaps to hedge against the interest rate risk of this debt. The all-in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 3.42%. The Company used the net proceeds for the repayment of debt, including amounts outstanding under the Company's commercial paper program and Working Capital Credit Facility, and for other general corporate purposes. The Operating Partnership is the guarantor of this debt.

In August 2019, the Company issued $400.0 million of 3.00% senior unsecured medium-term notes due August 15, 2031. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2020. The notes were priced at 99.71% of the principal amount at issuance. In combination with the issuance, the Company entered into a treasury lock agreement to hedge against interest rate risk of this debt. The all-in weighted average interest rate, inclusive of the impact of the treasury lock, was 3.01%. The Company used the net proceeds for the repayment of debt, including the repayment of all $300.0 million aggregate principal amount (plus the make whole amount of approximately $5.4 million) of its 3.70% senior unsecured medium-term notes due October 1, 2020, and to fund potential acquisitions or for other general corporate purposes. The Operating Partnership is the guarantor of this debt.

In August 2019, the Company sold 7.5 million shares of its common stock for aggregate gross proceeds of approximately $349.9 million at a price per share of $46.65. Aggregate net proceeds from the sale, after offering-related expenses, were approximately $349.8 million, which were used for planned acquisitions of assets, working capital and general corporate purposes.

In September 2019, the Company entered into a forward sales agreement under its ATM program for 1.3 million shares of common stock at an initial forward price per share of $47.68. The initial forward price per share received by the Company upon settlement was determined on the applicable settlement date based on adjustments made to the initial forward price to reflect the then-current federal funds rate and the amount of dividends paid to holders of UDR common stock over the term of the forward sales agreement.

In December 2019, the Company settled all 1.3 million shares sold under the forward sales agreement at a forward price per share of $47.41, which is inclusive of adjustments made to reflect the then-current federal funds rate, the amount of dividends paid to holders of UDR common stock and commissions paid to sales agents of approximately $0.6 million, for net proceeds of $63.5 million. Aggregate net proceeds from such sales, after deducting related expenses, were $63.2 million. As of December 31, 2019, we had 11.7 million shares of common stock available for future issuance under the ATM program.

In October 2019, the Company issued $100.0 million of 3.20% senior unsecured medium-term notes due 2030 and $300.0 million of 3.10% senior unsecured medium-term notes due 2034. Interest is payable semi-annually in arrears on January 15 and July 15 for the 2030 notes, and May 1 and November 1 for the 2034 notes. The 2030 notes were priced at 103.32% of the principal amount at issuance, and the 2034 notes were priced at 99.56% of the principal amount at issuance. In combination with the issuance, the Company entered into treasury lock agreements to hedge against interest rate risk on all of this debt. The all-in weighted average interest rate, inclusive of the impact of the treasury locks, was 3.24% for the 2030 notes and 3.13% for the 2034 notes. The Company used the net proceeds for the repayment of all $400.0 million aggregate principal amount (plus the make-whole amount of approximately $22.0 million and accrued and unpaid interest) of its 4.63% senior unsecured medium-term notes due January 2022. The 2034 notes were issued as “green” bonds and, as a result, the Company allocated the net proceeds from the sale of the 2034 notes to fund eligible green projects, including previously incurred development costs related to properties that have received at least a LEED Silver certification. The Operating Partnership is the guarantor of each of the 2030 notes and the 2034 notes.

The 2030 notes were a further issuance of, and form a single series with, the $300.0 million aggregate principal amount of the Company’s 3.20% notes due 2030 that were issued on July 2, 2019. As of the completion of the offering, the aggregate principal amount of outstanding 2030 notes was $400.0 million.

Future Capital Needs

Future development and redevelopment expenditures may be funded through unsecured or secured credit facilities, unsecured commercial paper, proceeds from the issuance of equity or debt securities, sales of properties, joint ventures, and, to a lesser extent, from cash flows provided by property operations. Acquisition activity in strategic markets may be funded through joint ventures, by the reinvestment of proceeds from the sale of properties, through the issuance of equity or debt securities, the issuance of operating partnership units and the assumption or placement of secured and/or unsecured debt.

During 2020, we have approximately $110.6 million of secured debt maturing, inclusive of principal amortization, and $300.0 million of unsecured debt maturing, comprised solely of unsecured commercial paper. During 2019, we prepaid $300.0 million of unsecured debt previously due in October 2020 with proceeds from the senior unsecured medium-term notes issued in August 2019, prepaid $400.0 million of unsecured debt previously due in January 2022 with proceeds from the senior unsecured medium-term notes issued in October 2019, and anticipate repaying the remaining debt due in 2020 with cash flow from our operations, proceeds from debt or equity offerings, proceeds from dispositions of properties, or from borrowings under our credit agreements and our unsecured commercial paper program.

Statements of Cash Flows

The following discussion explains the changes in *Net cash provided by/(used in) operating activities*, *Net cash provided by/(used in) investing activities*, and *Net cash provided by/(used in) financing activities* that are presented in our Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018.

Operating Activities

For the year ended December 31, 2019, our *Net cash provided by/(used in) operating activities* was $630.7 million compared to $560.7 million for 2018. The increase in cash flow from operating activities was primarily due to improved net operating income, primarily driven by revenue growth at communities, net operating income from communities acquired in 2019, and changes in operating assets and liabilities.

Investing Activities

For the year ended December 31, 2019, *Net cash provided by/(used in) investing activities* was $(1.7) billion compared to $(113.5) million for 2018. The increase in cash used in investing activities was primarily due to the acquisitions made during the year, a decrease in proceeds from the sales of real estate investments and an increase in the issuance of notes receivable and capital expenditures and other major improvements, partially offset by a decrease in spend for development of real estate assets and investment in unconsolidated joint ventures and an increase in distributions received from unconsolidated joint ventures.

Acquisitions

In January 2019, the Company increased its ownership interest from 49% to 100% in a 386 apartment home operating community located in Anaheim, California, for a cash purchase price of approximately $33.5 million. In connection with the acquisition, the Company repaid approximately $59.8 million of joint venture construction financing. As a result, the Company consolidated the operating community. The Company had previously accounted for its 49% ownership interest as a preferred equity investment in an unconsolidated joint venture. The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $115.7 million and recorded approximately $2.4 million of in-place lease intangibles.

In January 2019, the Company increased its ownership interest from 49% to 100% in a 155 apartment home operating community located in Seattle, Washington, for a cash purchase price of approximately $20.0 million. In connection with the acquisition, the Company repaid approximately $26.0 million of joint venture construction financing. As a result, the Company consolidated the operating community. The Company had previously accounted for its 49% ownership interest as a preferred equity investment in an unconsolidated joint venture. The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $58.1 million and recorded approximately $2.4 million of real estate intangibles and approximately $0.6 million of in-place lease intangibles.

In January 2019, the Company acquired a to-be-developed parcel of land located in Washington, D.C. for approximately $27.1 million.

In February 2019, the Company acquired a to-be-developed parcel of land located in Denver, Colorado for approximately $13.7 million.

In February 2019, the Company acquired a 188 apartment home operating community located in Brooklyn, New York for approximately $132.1 million. The Company increased its real estate assets owned by approximately $97.5 million and recorded approximately $33.6 million of real estate intangibles and approximately $1.0 million of in-place lease intangibles.

In February 2019, the Company acquired a 381 apartment home operating community located in St. Petersburg, Florida for approximately $98.3 million**.** The Company increased its real estate assets owned by approximately $96.0 million and recorded approximately $2.3 million of in-place lease intangibles.

In April 2019, the Company acquired a 498 apartment home operating community located in Towson, Maryland for approximately $86.4 million. The Company increased its real estate assets owned by approximately $82.5 million and recorded approximately $3.9 million of in-place lease intangibles.

In May 2019, the Company acquired a 313 apartment home operating community located in King of Prussia, Pennsylvania for approximately $107.3 million. The Company increased its real estate assets owned by approximately $106.4 million and recorded approximately $0.9 million of in-place lease intangibles.

In May 2019, the Company acquired a 240 apartment home operating community located in St. Petersburg, Florida for approximately $49.4 million. The Company increased its real estate assets owned by approximately $48.2 million and recorded approximately $1.2 million of in-place lease intangibles.

In June 2019, the Company acquired a 200 apartment home operating community located in Waltham, Massachusetts for approximately $84.6 million. The Company increased its real estate assets owned by approximately $82.6 million and recorded approximately $2.0 million of in-place lease intangibles.

In August 2019, the Company acquired a 914 apartment home operating community located in Norwood, Massachusetts for approximately $270.2 million. The Company increased its real estate assets owned by approximately $260.1 million and recorded approximately $10.1 million of in-place lease intangibles.

In August 2019, the Company acquired a 185 apartment home operating community located in Englewood, New Jersey for approximately $83.6 million. The Company increased its real estate assets owned by approximately $77.5 million and recorded approximately $4.6 million of real estate intangibles and approximately $1.5 million of in-place lease intangibles.

In August 2019, the Company purchased a 292 apartment home operating community in Washington, D.C., directly from the UDR/KFH joint venture, thereby increasing its ownership interest from 30% to 100%, for a purchase price at 100% of approximately $184.0 million, before $2.8 million of closing costs incurred by UDR at acquisition. The Company accounted for the consolidation as an asset acquisition, resulting in no gain upon consolidation, and increased its real estate assets owned by approximately $156.0 million and recorded approximately $5.9 million of in-place lease intangibles.

In November 2019, the Company acquired the approximately 50% ownership interest not previously owned in 10 UDR/MetLife operating communities, one development community and four land parcels valued at $1.1 billion, or $564.2 million at UDR's share, and sold its approximately 50% ownership interest in five UDR/MetLife operating communities valued at $645.8 million, or $322.9 million at UDR's share, to MetLife. The Company paid $109.2 million directly to MetLife to complete the transaction. As a result, the Company consolidated the 10 operating communities, one development community and four land parcels, and they are no longer accounted for as equity method investments in an unconsolidated joint venture (see Note 5, *Joint Ventures and Partnerships*). The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $977.8 million and recorded approximately $30.0 million of in-place lease intangibles. In connection with the acquisition, the Company assumed six secured fixed rate mortgage notes payable and one credit facility secured by four communities with a combined outstanding balance of $518.4 million and estimated fair value of $551.8 million. The Company recorded the debt at its fair value in *Secured debt*, *net* on the Consolidated Balance Sheets.

The following table is a summary of the 10 communities, one development community and four land parcels acquired from the UDR/MetLife joint venture:

Property	Type	Number of Homes	Location
Strata	Operating Community	163	San Diego, CA
Crescent Falls Church	Operating Community	214	Washington, D.C.
Charles River Landing	Operating Community	350	Boston, MA
Lodge at Ames Pond	Operating Community	364	Boston, MA
Lenox Farms	Operating Community	338	Boston, MA
Towson Promenade	Operating Community	379	Baltimore, MD
Savoye	Operating Community	394	Addison, TX
Savoye2	Operating Community	351	Addison, TX
Fiori on Vitruvian Park ®	Operating Community	391	Addison, TX
Vitruvian West	Operating Community	383	Addison, TX
Vitruvian West Phase 2 (a)	Development Community	366	Addison, TX
Vitruvian Park ®	4 Land Parcels	N/A	Addison, TX

(a) The number of apartment homes for the community under development presented in the table above is based on the projected number of total homes upon completion of development. As of December 31, 2019, no apartment homes had been completed.

During the year ended December 31, 2018, the Company did not have any acquisitions of real estate.

Dispositions

In June 2019, the Company sold a parcel of land located in Los Angeles, California for $38.0 million, resulting in a gain of approximately $5.3 million. Prior to the sale, the parcel of land was subject to a ground lease, under which UDR was the lessor, scheduled to expire in 2065. The ground lease included a purchase option for the lessee to acquire the land during specific periods of the ground lease term. During the second quarter, the lessee exercised the purchase option resulting in the sale by the Company and the ground lease being terminated.

In February 2018, the Company sold an operating community in Orange County, California with a total of 264 apartment homes for gross proceeds of $90.5 million, resulting in a gain of $70.3 million. The proceeds were designated for a tax-deferred Section 1031 exchange that were used to pay a portion of the purchase price for an acquisition in October 2017.

In December 2018, the Company sold an operating community in Fairfax, Virginia with a total of 604 apartment homes for gross proceeds of $160.0 million, resulting in a gain of $65.9 million.

We plan to continue to pursue our strategy of exiting markets where long-term growth prospects are limited and redeploying capital to primary locations in markets we believe will provide the best investment returns.

Capital Expenditures

We capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred.

For the year ended December 31, 2019, total capital expenditures of $158.0 million or $3,710 per stabilized home, which in aggregate include recurring capital expenditures and major renovations, were spent across our portfolio, excluding development, as compared to $112.6 million or $2,857 per stabilized home for the prior year.

The increase in total capital expenditures was primarily due to:

- an increase of $27.4 million in spend for our operations platform, which includes smart home installations in certain of our properties;
- an increase of 56.2%, or $12.8 million, in major renovations, which include major structural changes and/or architectural revisions to existing buildings; and
- an increase of 11.6%, or $4.1 million, in asset preservation expenditures, such as building interiors, building exteriors, and landscaping and grounds.

The following table outlines capital expenditures and repair and maintenance costs for all of our communities, excluding real estate under development, for the years ended December 31, 2019 and 2018 (*dollars in thousands*):

	Year Ended December 31,			Per Home Year Ended December 31,		
	2019	**2018**	**% Change**	**2019**	**2018**	**% Change**
Turnover capital expenditures	**$ 11,192**	$ 11,009	1.7 %	**$ 263**	$ 279	(5.7)%
Asset preservation expenditures	**40,054**	35,906	11.6 %	**941**	911	3.3 %
Total recurring capital expenditures	**51,246**	46,915	9.2 %	**1,204**	1,190	1.2 %
NOI enhancing improvements (a)	**43,689**	42,905	1.8 %	**1,026**	1,089	(5.8)%
Major renovations (b)	**35,569**	22,774	56.2 %	**835**	578	44.5 %
Operations platform	**27,445**	—	—	**645**	—	—
Total capital expenditures	**$ 157,949**	$ 112,594	40.3 %	**$ 3,710**	$ 2,857	29.8 %
Repair and maintenance expense	**$ 43,525**	$ 35,273	23.4 %	**$ 1,022**	$ 895	14.2 %
Average home count (c)	**42,579**	39,406	8.1 %			

(a) NOI enhancing improvements are expenditures that result in increased income generation or decreased expense growth.

(b) Major renovations include major structural changes and/or architectural revisions to existing buildings.
(c) Average number of homes is calculated based on the number of homes outstanding at the end of each month.

The above table includes amounts capitalized during the year. Actual capital spending is impacted by the net change in capital expenditure accruals.

We intend to continue to selectively add NOI enhancing improvements, which we believe will provide a return on investment in excess of our cost of capital. Our objective in redeveloping a community is twofold: we aim to meaningfully grow rental rates while also achieving cap rate compression through asset quality improvement.

Consolidated Real Estate Under Development and Redevelopment

At December 31, 2019, our development pipeline consisted of three wholly-owned communities located in Denver, Colorado, Dublin, California, and Addison, Texas, totaling 878 homes, none of which have been completed, with a budget of $278.5 million, in which we have a carrying value of $69.8 million. The communities are estimated to be completed between the first quarter of 2021 and the second quarter of 2022. During 2019, we incurred $26.4 million for development costs, a decrease of $123.8 million as compared to costs incurred in 2018 of $150.2 million.

At December 31, 2019, the Company was redeveloping 653 apartment homes, 250 of which have been completed, at two wholly-owned communities, located in Boston, Massachusetts and New York, New York, both of which are expected to be completed in the first quarter of 2021. The redevelopments include the renovation of building exteriors, corridors, and common area amenities as well as individual apartment homes.

During the year ended December 31, 2019, we incurred $35.6 million in major renovations, which include major structural changes and/or architectural revisions to existing buildings, an increase of $12.8 million as compared to $22.8 million incurred in 2018.

Unconsolidated Joint Ventures and Partnerships

The Company recognizes income or losses from our investments in unconsolidated joint ventures and partnerships consisting of our proportionate share of the net income or losses of the joint ventures and partnerships. In addition, we may earn fees for providing management services to the communities held by the unconsolidated joint ventures and partnerships.

The Company's *Investment in and advances to unconsolidated joint ventures and partnerships, net*, are accounted for under the equity method of accounting. For the year ended December 31, 2019:

- we made investments totaling $93.1 million in our unconsolidated joint ventures, including contributions of $67.0 million to four unconsolidated investments under our Developer Capital Program, which earn preferred returns ranging from 9.0% to 12.5%;

- our proportionate share of the net income/(loss) of the joint ventures and partnerships was $137.9 million, including a $114.9 million gain from the disposition of five operating communities from our UDR/MetLife II joint venture, a $10.6 million gain from the sale of two operating communities from our UDR/KFH joint venture, and a $4.6 million unrealized gain recorded on an unconsolidated technology investment; and

- we received distributions of $77.6 million, of which $5.2 million were operating cash flows and $72.4 million were investing cash flows.

We evaluate our investments in unconsolidated joint ventures and partnerships when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. The Company did not recognize any other-than-temporary impairments in the value of its investments in unconsolidated joint ventures or partnerships during the years ended December 31, 2019 and 2018.

Notes Receivable, net

Notes receivable relate to financing arrangements that are typically secured by real estate or real estate related projects.

The following significant activities occurred during the year ended December 31, 2019:

- in January 2019, a $5.6 million secured note was repaid in full along with the contractually accrued interest of $0.2 million and an additional $8.5 million of promoted interest in conjunction with the unaffiliated third party being acquired; and
- in November 2019, the Company entered into a secured note with an unaffiliated third party with an aggregate commitment of $115.0 million, all of which was funded during the year ended December 31, 2019. Interest payments are due when the loan matures. The note is secured by a first priority deed of trust on a 259 home operating community in Bellevue, Washington, which is expected to be completed in 2020. When the note was funded, the Company also entered into a purchase option agreement and paid a deposit of $10.0 million, which will provide the Company the option to acquire the community at a fixed price of $170.0 million.

Financing Activities

For the years ended December 31, 2019 and 2018, *Net cash provided by/(used in) financing activities* was $880.4 million and $(260.1) million, respectively.

The following significant financing activities occurred during the year ended December 31, 2019:

- issuance of $300 million of 3.20% senior unsecured medium-term notes due 2030 (3.42% effective rate after the effect of a cash flow hedge), for net proceeds of approximately $296.6 million;
- issuance of $400 million of 3.00% senior unsecured medium-term notes due 2031 (3.01% effective rate after the effect of a cash flow hedge), for net proceeds of approximately $395.7 million, $300.0 million of which was used to repay 3.70% medium-term notes due in October 2020;
- issuance of $100 million of 3.20% senior unsecured medium-term notes due 2030 (3.24% effective rate after the effect of a cash flow hedge), and issuance of $300 million of 3.10% senior unsecured medium-term notes due 2034 (3.13% effective rate after the effect of a cash flow hedge), for net proceeds of approximately $398.6 million, which was used to repay $400.0 million of 4.63% medium-term notes due in January 2022;
- net proceeds of $198.9 million from the Company's unsecured commercial paper program;
- net proceeds of $16.6 million from the Company's unsecured revolving credit facilities;
- repayments of $162.3 million of secured debt, which was offset by net proceeds of $162.5 million from the issuance of secured debt;
- sale of 7.5 million shares of common stock in an underwritten public offering for net proceeds of approximately $349.8 million at a price per share of $46.65;
- sale of 7.0 million shares of common stock under our ATM program for proceeds of $312.3 million at an weighted average price per share of $45.29;
- sale of 1.3 million shares of common stock under our forward sales agreement for net proceeds of $63.5 million at a price per share of $47.41; and
- distributions of $383.1 million to our common stockholders.

The following significant financing activities occurred during the year ended December 31, 2018:

- issuance of $300.0 million of 4.40% senior unsecured medium-term notes due 2029 (4.27% effective rate after the effect of a cash flow hedge), for net proceeds of approximately $300.0 million;
- net repayment of $198.9 million on our unsecured commercial paper program;

- net repayment of $21.8 million on the Company's unsecured revolving credit facilities;
- repayment of $279.2 million of secured debt;
- issuance of $80.0 million of secured debt;
- sale of 7.2 million shares of common stock for aggregate net proceeds of $299.8 million at a price per share of $41.98;
- repurchase of common shares for approximately $20.0 million; and
- distributions of $342.2 million to our common stockholders.

Credit Facilities and Commercial Paper Program

During the year ended December 31, 2019, the Company prepaid the $90.0 million outstanding balance under its secured credit facility with Fannie Mae from proceeds received from the refinancing of the debt. This transaction was accounted for as a debt modification.

In November 2019, the Company assumed a secured credit facility with New York Life with an outstanding balance of $205.0 million and a fair value of $219.3 million in connection with the acquisition of the approximately 50% ownership not previously owned in four operating communities from the UDR/MetLife joint venture. The credit facility is a pooled facility and secured by those four properties. The credit facility is due in January 2023 and has an interest rate of 4.90% (see Note 3, *Real Estate Owned*).

The Company has a $1.1 billion unsecured revolving credit facility and a $350.0 million unsecured term loan. The Credit Agreement for these facilities allows the total commitments under the Revolving Credit Facility and the total borrowings under the Term Loan to be increased to an aggregate maximum amount of up to $2.0 billion, subject to certain conditions, including obtaining commitments from one or more lenders. The Revolving Credit Facility has a scheduled maturity date of January 31, 2023, with two six-month extension options, subject to certain conditions. The Term Loan has a scheduled maturity date of September 30, 2023.

Based on the Company's current credit rating, the Revolving Credit Facility has an interest rate equal to LIBOR plus a margin of 82.5 basis points and a facility fee of 15 basis points, and the Term Loan has an interest rate equal to LIBOR plus a margin of 90 basis points. Depending on the Company's credit rating, the margin under the Revolving Credit Facility ranges from 75 to 145 basis points, the facility fee ranges from 10 to 30 basis points, and the margin under the Term Loan ranges from 80 to 165 basis points.

As of December 31, 2019, we had no outstanding borrowings under the Revolving Credit Facility, leaving $1.1 billion of unused capacity (excluding $2.9 million of letters of credit at December 31, 2019), and $350.0 million of outstanding borrowings under the Term Loan.

We have a working capital credit facility, which provides for a $75 million unsecured revolving credit facility (the "Working Capital Credit Facility") with a scheduled maturity date of January 15, 2021. Based on the Company's current credit rating, the Working Capital Credit Facility has an interest rate equal to LIBOR plus a margin of 82.5 basis points. Depending on the Company's credit rating, the margin ranges from 75 to 145 basis points.

As of December 31, 2019, we had $16.6 million of outstanding borrowings under the Working Capital Credit Facility, leaving $58.4 million of unused capacity.

The bank revolving credit facilities and the term loan are subject to customary financial covenants and limitations, all of which we were in compliance with at December 31, 2019.

We have an unsecured commercial paper program. Under the terms of the program, we may issue unsecured commercial paper up to a maximum aggregate amount outstanding of $500 million. The notes are sold under customary terms in the United States commercial paper market and rank pari passu with all of our other unsecured indebtedness. The notes are fully and unconditionally guaranteed by the Operating Partnership. As of December 31, 2019, we had issued $300.0 million of commercial paper, for one month terms, at a weighted average annualized rate of 1.99%, leaving $200.0 million of unused capacity.

Interest Rate Risk

We are exposed to interest rate risk associated with variable rate notes payable and maturing debt that has to be refinanced. We do not hold financial instruments for trading or other speculative purposes, but rather issue these financial instruments to finance our portfolio of real estate assets. Interest rate sensitivity is the relationship between changes in market interest rates and the fair value of market rate sensitive assets and liabilities. Our earnings are affected as changes in short-term interest rates impact our cost of variable rate debt and maturing fixed rate debt. We had $378.6 million in variable rate debt that is not subject to interest rate swap contracts as of December 31, 2019. If market interest rates for variable rate debt increased by 100 basis points, our interest expense would increase by $3.5 million based on the average balance outstanding during the year.

These amounts are determined by considering the impact of hypothetical interest rates on our borrowing cost. This analysis does not consider the effects of the adjusted level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no change in our financial structure.

The Company also utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. See Note 14, *Derivatives and Hedging Activities*, in the Notes to the UDR Consolidated Financial Statements included in this Report for additional discussion of derivate instruments.

A presentation of cash flow metrics based on GAAP is as follows (*dollars in thousands*):

	Year Ended December 31,		
	2019	**2018**	**2017**
Net cash provided by/(used in) operating activities	**$ 630,704**	$ 560,676	$ 518,915
Net cash provided by/(used in) investing activities	**(1,686,687)**	(113,548)	(407,406)
Net cash provided by/(used in) financing activities	**880,383**	(260,067)	(111,785)

Results of Operations

The following discussion explains the changes in results of operations that are presented in our Consolidated Statements of Operations for the years ended December 31, 2019 and 2018.

Net Income/(Loss) Attributable to Common Stockholders

Net income/(loss) attributable to common stockholders was $180.9 million ($0.63 per diluted share) for the year ended December 31, 2019, as compared to $199.2 million ($0.74 per diluted share) for the comparable period in the prior year. The decrease resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- a gain of $5.3 million on the sale of a parcel of land in Los Angeles, California during the year ended December 31, 2019, as compared to gains of $136.2 million on the sale of two operating communities with a total of 868 apartment homes in Huntington Beach, California and Fairfax, Virginia, during the year ended December 31, 2018;
- an increase in depreciation expense of $72.3 million primarily due to communities acquired in 2019 and homes delivered from our development communities in 2018, partially offset by a decrease from sold communities and fully depreciated assets; and
- an increase in interest expense of $36.7 million primarily due to the early pay off of debt during 2019, resulting in prepayment costs, higher average debt balances, and lower capitalized interest.

This was partially offset by:

- an increase in total property NOI of $76.2 million primarily due to higher revenue per occupied home and NOI from operating communities, including those acquired in 2019 and recently developed communities, partially offset by a decrease from sold communities in 2018;

- an increase in interest income and other income/(expense), net of $8.7 million, primarily attributable to an $8.5 million promoted interest on the prepayment of a note to a multifamily technology company; and

- an increase in income/(loss) from unconsolidated entities of $143.0 million, primarily attributable to a $114.9 million gain from the disposition of five operating communities from our UDR/MetLife II joint venture, a $10.6 million gain recognized on the sale of two operating properties from our UDR/KFH joint venture, a $4.6 million unrealized gain recorded on an unconsolidated technology investment, and an increase in Developer Capital Program investment.

Apartment Community Operations

Our net income results are primarily from NOI generated from the operation of our apartment communities. The Company defines NOI, which is a non-GAAP financial measure, 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 2.875% 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.

Although the Company considers NOI a useful measure of operating performance, NOI should not be considered an alternative to net income or net cash flow from operating activities as determined in accordance with GAAP. NOI excludes several income and expense categories as detailed in the reconciliation of NOI to *Net income/(loss) attributable to UDR, Inc.* below.

The following table summarizes the operating performance of our total property NOI for each of the periods presented *(dollars in thousands):*

	Year Ended December 31, (a)			Year Ended December 31, (b)		
	2019	**2018**	**% Change**	**2018**	**2017**	**% Change**
Same-Store Communities:						
Same-Store rental income	**$ 962,269**	$ 928,849	3.6 %	$ 939,726	$ 908,361	3.5 %
Same-Store operating expense (c)	**(271,826)**	(265,087)	2.5 %	(267,332)	(257,919)	3.6 %
Same-Store NOI	**690,443**	663,762	4.0 %	672,394	650,442	3.4 %
Non-Mature Communities/Other NOI:						
Stabilized, non-mature communities NOI (d)	**79,007**	11,968	560.2 %	18,427	13,767	33.8 %
Acquired communities NOI	**5,830**	—	— %	—	—	— %
Redevelopment communities NOI	**18,571**	21,875	(15.1)%	—	—	— %
Development communities NOI	**(8)**	4,374	(100.2)%	11,221	(295)	NM *
Non-residential/other NOI	**13,174**	18,609	(29.2)%	20,530	16,640	23.4 %
Sold and held for disposition communities NOI	**1,286**	11,527	(88.8)%	9,543	17,949	(46.8)%
Total Non-Mature Communities/Other NOI	**117,860**	68,353	72.4 %	59,721	48,061	24.3 %
Total property NOI	**$ 808,303**	$ 732,115	10.4 %	$ 732,115	$ 698,503	4.8 %

* Not meaningful
(a) Same-Store consists of 37,959 apartment homes.
(b) Same-Store consists of 37,673 apartment homes.
(c) Excludes depreciation, amortization, and property management expenses.
(d) Represents non-mature communities that have achieved 90% occupancy for three consecutive months but do not meet the criteria to be included in Same-Store Communities.

The following table is our reconciliation of *Net income/(loss) attributable to UDR, Inc.* to total property NOI for the periods presented (*dollars in thousands):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Net income/(loss) attributable to UDR, Inc.	**$ 184,965**	$ 203,106	$ 121,558
Joint venture management and other fees	**(14,055)**	(11,754)	(11,482)
Property management	**32,721**	28,465	27,068
Other operating expenses	**13,932**	12,100	9,060
Real estate depreciation and amortization	**501,257**	429,006	430,054
General and administrative	**51,533**	46,983	48,566
Casualty-related charges/(recoveries), net	**474**	2,121	4,335
Other depreciation and amortization	**6,666**	6,673	6,408
(Gain)/loss on sale of real estate owned	**(5,282)**	(136,197)	(43,404)
(Income)/loss from unconsolidated entities	**(137,873)**	5,055	(31,257)
Interest expense	**170,917**	134,168	128,711
Interest income and other (income)/expense, net	**(15,404)**	(6,735)	(1,971)
Tax provision/(benefit), net	**3,838**	688	(240)
Net income/(loss) attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**14,426**	18,215	10,933
Net income/(loss) attributable to noncontrolling interests	**188**	221	164
Total property NOI	**$ 808,303**	$ 732,115	$ 698,503

Same-Store Communities

Our *Same-Store Community* properties (those acquired, developed, and stabilized prior to January 1, 2018 and held on December 31, 2019) consisted of 37,959 apartment homes and provided 85.4% of our total NOI for the year ended December 31, 2019.

NOI for our *Same-Store Community* properties increased 4.0%, or $26.7 million, for the year ended December 31, 2019 compared to the same period in 2018. The increase in property NOI was attributable to a 3.6%, or $33.4 million, increase in property rental income, which was partially offset by a 2.5%, or $6.7 million, increase in operating expenses. The increase in property income was primarily driven by a 2.8%, or $24.3 million, increase in rental rates and a 10.8%, or $10.1 million, increase in reimbursement, ancillary and fee income. Physical occupancy stayed the same at 96.9% and total monthly income per occupied home increased 3.5% to $2,180.

The increase in operating expenses was primarily driven by a 15.4%, or $5.1 million, increase in repair and maintenance expense due to the increased use of third party vendors, partially offset by a 8.3%, or $4.9 million, decrease in personnel expense as a result of fewer employees, and a 4.5%, or $4.8 million, increase in real estate taxes, which was primarily due to higher assessed valuations.

The operating margin (property net operating income divided by property rental income) was 71.8% and 71.5% for the years ended December 31, 2019 and 2018, respectively.

Non-Mature Communities/Other

UDR's *Non-Mature Communities/Other* represent those communities that do not meet the criteria to be included in *Same-Store Communities*, which include communities recently developed or acquired, redevelopment properties, sold or held for disposition properties, and non-apartment components of mixed use properties.

The remaining 14.6%, or $117.9 million, of our total NOI during the year ended December 31, 2019 was generated from our *Non-Mature Communities/Other*. NOI from *Non-Mature Communities/Other* increased by 72.4%, or $49.5 million, for the year ended December 31, 2019 as compared to the same period in 2018. The increase was primarily attributable to a $67.0 million increase in NOI from stabilized, non-mature communities, primarily due to communities acquired in 2019 and recently developed communities, partially offset by a $10.2 million decrease in NOI from sold and held for disposition communities in 2018 and a $5.4 million decrease in non-residential/other NOI.

Real estate depreciation and amortization

For the years ended December 31, 2019 and 2018, the Company recognized real estate depreciation and amortization of $501.3 million and $429.0 million, respectively. The increase in 2019 as compared to 2018 was primarily attributable to communities acquired in 2019 and homes delivered from our development communities in 2018, partially offset by a decrease from sold communities and fully depreciated assets.

Gain/(Loss) on Sale of Real Estate Owned

During the year ended December 31, 2019, the Company recognized a gain of $5.3 million on the sale of a parcel of land in Los Angeles, California.

During the year ended December 31, 2018, the Company recognized gains of $136.2 million on the sale of two operating communities in Huntington Beach, California, and Fairfax, Virginia.

Income/(Loss) from Unconsolidated Entities

For the years ended December 31, 2019 and 2018, we recognized income/(loss) from unconsolidated entities of $137.9 million and $(5.1) million, respectively. The increase of $143.0 million was primarily due to:

- gains of $114.9 million from the disposition of five operating communities from our UDR/MetLife II joint venture, a $10.6 million gain from the sale of two operating communities in our UDR/KFH joint venture, and a $4.6 million unrealized gain recorded on an unconsolidated technology investment during the year ended December 31, 2019.

As compared to:

- no acquisitions or dispositions from the Company's unconsolidated entities during the year ended December 31, 2018.

Interest expense

For the years ended December 31, 2019 and 2018, the Company recognized interest expense of $170.9 million and $134.2 million, respectively. The increase in 2019 as compared to 2018 was primarily attributable to higher average debt balances, lower capitalized interest, and the early pay off of debt during 2019, resulting in prepayment costs of $27.4 million.

Interest income and other income/(expense), net

For the years ended December 31, 2019 and 2018, the Company recognized interest income and other income/(expense), net of $15.4 million and $6.7 million, respectively. The increase in 2019 as compared to 2018 was primarily attributable to an $8.5 million promoted interest on the prepayment of a note to a multifamily technology company.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results of operations as a result of wage pressures and increases in utilities and material costs, the majority of our apartment leases have initial terms of 12 months or less, which generally enables us to compensate for any inflationary effects by increasing rental rates on our apartment homes. Although an extreme escalation in costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2019.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019 *(dollars in thousands):*

	Payments Due by Period				
Contractual Obligations	**2020**	**2021-2022**	**2023-2024**	**Thereafter**	**Total**
Long-term debt obligations	$ 410,645	$ 24,325	$ 1,071,797	$ 3,191,919	$ 4,698,686
Interest on debt obligations (a)	152,654	296,955	254,358	436,894	1,140,861
Letters of credit	2,894	—	—	—	2,894
Operating lease obligations:					
Ground leases (b)	12,584	25,168	25,168	466,436	529,356
	$ 578,777	$ 346,448	$ 1,351,323	$ 4,095,249	$ 6,371,797

(a) Interest payments on variable rate debt instruments are based on each debt instrument's respective year-end interest rate at December 31, 2019.

(b) For purposes of our ground lease contracts, the Company uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a rent reset provision based on fair market value or changes in the consumer price index but does not include a specified minimum lease payment, the Company uses the current rent over the remainder of the lease term.

During 2019, we incurred gross interest costs of $176.0 million, of which $5.1 million was capitalized.

Funds from Operations, Funds from Operations as Adjusted, and Adjusted Funds from Operations

Funds from Operations

Funds from operations ("FFO") attributable to common stockholders and unitholders is defined as *Net income/(loss) attributable to common stockholders* (computed in accordance with GAAP), excluding impairment write-downs of depreciable real estate related to the main business of the Company or of investments in non-consolidated investees that are directly attributable to decreases in the fair value of depreciable real estate held by the investee, gains and losses from sales of depreciable real estate related to the main business of the Company and income taxes directly associated with those gains and losses, plus real estate depreciation and amortization, and after adjustments for noncontrolling interests, and the Company's share of unconsolidated partnerships and joint ventures. This definition conforms with the National Association of Real Estate Investment Trust's ("Nareit") definition issued in April 2002 and restated in November 2018. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, many industry investors and analysts have considered the presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. Thus, Nareit created FFO as a supplemental measure of a REIT's operating performance. In the computation of diluted FFO, if OP Units, DownREIT Units, unvested restricted stock, unvested LTIP Units, stock options, and the shares of Series E Cumulative Convertible Preferred Stock are dilutive, they are included in the diluted share count.

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

Funds from Operations as Adjusted

FFO as Adjusted ("FFOA") attributable to common stockholders and unitholders is defined as FFO excluding the impact of non-comparable items including, but not limited to, acquisition related costs, prepayment costs/benefits associated with early debt retirement, impairment write downs or gains and losses on sales of real estate or other assets incidental to the main business of the Company and income taxes directly associated with those gains and losses, casualty-related expenses and recoveries, severance costs and legal and other costs.

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

Adjusted Funds from Operations

Adjusted FFO (“AFFO”) attributable to common stockholders and unitholders is defined as FFOA less recurring capital expenditures on consolidated communities that are necessary to help preserve the value of and maintain functionality at our communities. Therefore, management considers AFFO a useful supplemental performance metric for investors as it is more indicative of the Company’s operational performance than FFO or FFOA.

AFFO is not intended to represent cash flow or liquidity for the period, and is only intended to provide an additional measure of our operating performance. We believe that *Net income/(loss) attributable to common stockholders* is the most directly comparable GAAP financial measure to AFFO. Management believes that AFFO is a widely recognized measure of the operations of REITs, and presenting AFFO will enable investors to assess our performance in comparison to other REITs. However, other REITs may use different methodologies for calculating AFFO and, accordingly, our AFFO may not always be comparable to AFFO calculated by other REITs. AFFO should not be considered as an alternative to net income/(loss) (determined in accordance with GAAP) as an indication of financial performance, or as an alternative to cash flows from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make distributions.

The following table outlines our reconciliation of *Net income/(loss) attributable to common stockholders* to FFO, FFOA, and AFFO for the years ended December 31, 2019, 2018, and 2017 (*dollars in thousands):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Net income/(loss) attributable to common stockholders	**$ 180,861**	$ 199,238	$ 117,850
Real estate depreciation and amortization	**501,257**	429,006	430,054
Noncontrolling interests	**14,614**	18,436	11,097
Real estate depreciation and amortization on unconsolidated joint ventures	**57,954**	61,871	57,102
Cumulative effect of change in accounting principle	**—**	(2,100)	—
Net gain on the sale of unconsolidated depreciable property	**(125,407)**	—	(35,363)
Net gain on the sale of depreciable real estate owned	**—**	(136,197)	(41,824)
FFO attributable to common stockholders and unitholders, basic	**$ 629,279**	$ 570,254	$ 538,916
Distribution to preferred stockholders — Series E (Convertible)	**4,104**	3,868	3,708
FFO attributable to common stockholders and unitholders, diluted	**$ 633,383**	$ 574,122	$ 542,624
Income/(loss) per weighted average common share, diluted	**$ 0.63**	$ 0.74	$ 0.44
FFO per weighted average common share and unit, basic	**$ 2.04**	$ 1.95	$ 1.85
FFO per weighted average common share and unit, diluted	**$ 2.03**	$ 1.93	$ 1.83
Weighted average number of common shares and OP/DownREIT Units outstanding — basic	**308,020**	292,727	291,845
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding — diluted	**311,799**	297,042	296,672
Impact of adjustments to FFO:			
Costs/(benefit) associated with debt extinguishment and other	**$ 29,594**	$ 3,476	$ 9,212
Promoted interest on settlement of note receivable, net of tax	**(6,482)**	—	—
Acquisition-related costs/(fees)	**—**	—	371
Legal and other costs	**3,660**	1,622	—
Net gain on the sale of non-depreciable real estate owned	**(5,282)**	—	(1,580)
Unrealized gain on unconsolidated investments, net of tax	**(3,300)**	—	—
Joint venture development success fee	**(3,750)**	—	—
Severance costs and other restructuring expense	**390**	114	624
Casualty-related charges/(recoveries), net	**636**	2,364	4,504
Casualty-related charges/(recoveries) on unconsolidated joint ventures, net	**(374)**	—	(881)
	$ 15,092	$ 7,576	$ 12,250
FFOA attributable to common stockholders and unitholders, diluted	**$ 648,475**	$ 581,698	$ 554,874
FFOA per weighted average common share and unit, diluted	**$ 2.08**	$ 1.96	$ 1.87
Recurring capital expenditures	**(51,246)**	(46,915)	(46,034)
AFFO attributable to common stockholders and unitholders, diluted	**$ 597,229**	$ 534,783	$ 508,840
AFFO per weighted average common share and unit, diluted	**$ 1.92**	$ 1.80	$ 1.72

The following table is our reconciliation of FFO share information to weighted average common shares outstanding, basic and diluted, reflected on the UDR Consolidated Statements of Operations for the years ended December 31, 2019, 2018, and 2017 *(shares in thousands):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Weighted average number of common shares and OP/DownREIT Units outstanding — basic	**308,020**	292,727	291,845
Weighted average number of OP/DownREIT Units outstanding	**(22,773)**	(24,548)	(24,821)
Weighted average number of common shares outstanding — basic per the Consolidated Statements of Operations	**285,247**	268,179	267,024
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding — diluted	**311,799**	297,042	296,672
Weighted average number of OP/DownREIT Units outstanding	**(22,773)**	(24,548)	(24,821)
Weighted average number of Series E Cumulative Convertible Preferred shares outstanding	**(3,011)**	(3,011)	(3,021)
Weighted average number of common shares outstanding — diluted per the Consolidated Statements of Operations	**286,015**	269,483	268,830

United Dominion Realty, L.P.:

Business Overview

United Dominion Realty, L.P. (the “Operating Partnership” or “UDR, L.P.”) is a Delaware limited partnership formed in February 2004 and organized pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act. The Operating Partnership is the successor-in-interest to United Dominion Realty, L.P., a limited partnership formed under the laws of Virginia, which commenced operations on November 4, 1995. Our sole general partner is UDR, Inc., a Maryland corporation (“UDR” or the “General Partner”), which conducts a substantial amount of its business and holds a substantial amount of its assets through the Operating Partnership. At December 31, 2019, the Operating Partnership’s real estate portfolio included 52 communities located in nine states and the District of Columbia with a total of 16,434 apartment homes.

As of December 31, 2019, UDR owned 0.1 million units of our general partnership interests and 176.1 million units of our limited partnership interests (the “OP Units”), or approximately 95.7% of our outstanding OP Units. By virtue of its ownership of our OP Units and being our sole general partner, UDR has the ability to control all of the day-to-day operations of the Operating Partnership. Unless otherwise indicated or unless the context requires otherwise, all references in this section of this Report to the Operating Partnership or “we,” “us” or “our” refer to UDR, L.P. together with its consolidated subsidiaries, and all references in this section to “UDR” or the “General Partner” refer solely to UDR, Inc.

UDR is a self-administered real estate investment trust, or REIT, that owns, acquires, renovates, develops, and manages apartment communities. The General Partner was formed in 1972 as a Virginia corporation and changed its state of incorporation from Virginia to Maryland in June 2003. At December 31, 2019, the General Partner’s consolidated real estate portfolio included 148 communities located in 13 states and the District of Columbia with a total of 47,010 apartment homes. In addition, the General Partner had an ownership interest in 5,268 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 2,138 apartment homes owned by entities in which we hold preferred equity investments.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles (“GAAP”) requires management to use judgment in the application of accounting policies, including making estimates and assumptions. A critical accounting policy is one that is both important to our financial condition and results of operations as well as involves some degree of uncertainty. Estimates are prepared based on management’s assessment after considering all evidence available. Changes in estimates could affect our financial position or results of operations. Below is a discussion of the accounting policies that we consider critical to understanding our financial condition or results of operations where there is uncertainty or where significant judgment is required. A discussion of our significant accounting policies, including further discussion of the accounting policies described below, can be found in Note 2, *Significant Accounting Policies*, to the Notes to the Operating Partnership's Consolidated Financial Statements included in this Report.

Cost Capitalization

In conformity with GAAP, we capitalize those expenditures that materially enhance the value of an existing asset or substantially extend the useful life of an existing asset. Expenditures necessary to maintain an existing property in ordinary operating condition are expensed as incurred.

In addition to construction costs, we capitalize costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. As each home in a capital project is completed and becomes available for lease-up, the Operating Partnership ceases capitalization on the related portion. The costs capitalized are reported on the Consolidated Balance Sheets as *Total real estate owned, net of accumulated depreciation.* Amounts capitalized during the years ended December 31, 2019, 2018, and 2017 were $1.0 million, less than $0.1 million, and $0.5 million, respectively.

Investment in Unconsolidated Entities

We may enter into various joint venture agreements and/or partnerships with unrelated third parties to hold or develop real estate assets. We must determine for each of these ventures whether to consolidate the entity or account for our investment under the equity method of accounting. We determine whether to consolidate a joint venture or partnership based on our rights and obligations under the venture agreement, applying the applicable accounting guidance. The application of the rules in evaluating the accounting treatment for each joint venture or partnership is complex and requires substantial management judgment. We evaluate our accounting for investments on a regular basis including when a significant change in the design of an entity occurs. Throughout our financial statements, and in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we use the term "joint venture" or "partnership" when referring to investments in entities in which we do not have a 100% ownership interest.

We continually evaluate our investments in unconsolidated joint ventures when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, and the relationships with the other joint venture partners and its lenders. The amount of loss recognized is the excess of the investment's carrying amount over its estimated fair value. If we believe that the decline in fair value is temporary, no impairment is recorded. The aforementioned factors are taken as a whole by management in determining the valuation of our investment property. Should the actual results differ from management's judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Impairment of Long-Lived Assets

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair market value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

Real Estate Investment Properties

We purchase real estate investment properties from time to time and record the fair value to various components, such as land, buildings, and intangibles related to in-place leases, based on the fair value of each component. In making estimates of fair values for purposes of allocating purchase price, we utilize various sources, including independent appraisals, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The fair value of buildings is determined as if the buildings were vacant upon acquisition and subsequently leased at market rental rates. As such, the determination of fair value considers the present value of all cash flows expected to be generated from the property including an initial lease-up period. We determine the fair value of in-place leases by assessing the net effective rent and remaining term of the lease relative to market terms for similar leases at acquisition. In addition, we consider the cost of acquiring similar leases, the foregone rents associated with the lease-up period, and the carrying costs associated with the lease-up period. The fair value of in-place leases is recorded and amortized as amortization expense over the remaining average contractual lease period.

Summary of Real Estate Portfolio by Geographic Market

The following table summarizes our market information by major geographic markets as of and for the year ended December 31, 2019:

		December 31, 2019			Year Ended December 31, 2019		
Same-Store Communities	**Number of Apartment Communities**	**Number of Apartment Homes**	**Percentage of Total Carrying Value**	**Total Carrying Value (in thousands)**	**Average Physical Occupancy**	**Monthly Income per Occupied Home (a)**	**Net Operating Income (in thousands)**
West Region							
Orange County, CA	5	3,119	19.3 %	$ 746,563	96.6 %	$ 2,294	$ 64,202
San Francisco, CA	9	2,185	15.8 %	611,297	96.7 %	3,380	66,392
Seattle, WA	5	932	5.9 %	228,999	96.4 %	2,145	16,450
Los Angeles, CA	2	344	3.0 %	116,446	96.5 %	2,830	8,165
Monterey Peninsula, CA	7	1,565	4.7 %	182,630	96.6 %	1,894	26,938
Other Southern California	1	414	2.0 %	75,165	96.7 %	2,112	7,609
Portland, OR	2	476	1.3 %	50,395	96.6 %	1,605	6,546
Mid-Atlantic Region							
Metropolitan D.C.	6	2,068	14.5 %	563,044	96.9 %	2,153	35,765
Baltimore, MD	2	540	2.7 %	106,373	96.7 %	1,551	6,648
Southeast Region							
Nashville, TN	6	1,612	4.0 %	155,209	97.5 %	1,312	18,009
Tampa, FL	2	942	2.8 %	110,064	97.4 %	1,531	11,354
Other Florida	1	636	2.3 %	87,518	96.1 %	1,652	7,977
Northeast Region							
New York, NY	1	503	8.6 %	333,946	97.8 %	3,976	17,419
Boston, MA	1	387	1.9 %	74,757	95.3 %	2,123	6,684
Total/Average Same-Store Communities	50	15,723	88.8 %	3,442,406	96.8 %	$ 2,215	$ 300,158
Non-Mature, Commercial Properties & Other	2	711	11.2 %	432,754			22,848
Total Real Estate Owned	52	16,434	100.0 %	3,875,160			$ 323,006
Total Accumulated Depreciation				(1,796,568)			
Total Real Estate Owned, Net of Accumulated Depreciation				$ 2,078,592			

(a) Monthly Income per Occupied Home represents total monthly revenues divided by the average physical number of occupied apartment homes in our Same-Store portfolio.

We report in two segments: *Same-Store Communities* and *Non-Mature Communities/Other*.

Our *Same-Store Communities* segment represents those communities acquired, developed, and stabilized prior to January 1, 2018 and held as of December 31, 2019. 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 communities are not held for disposition at year end. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

Our *Non-Mature Communities/Other* segment represents those communities that do not meet the criteria to be included in *Same-Store Communities,* including, but not limited to, recently acquired, developed and redeveloped communities, and the non-apartment components of mixed use properties.

Liquidity and Capital Resources

Liquidity is the ability to meet present and future financial obligations either through operating cash flows, the sale of properties, and the issuance of debt. Both the coordination of asset and liability maturities and effective capital management are important to the maintenance of liquidity. The Operating Partnership's primary source of liquidity is cash flow from operations, as determined by rental rates, occupancy levels, and operating expenses related to our portfolio of apartment homes, and borrowings owed by us under the General Partner's credit agreements. The General Partner will routinely use its working capital credit facility and commercial paper program, and may use its unsecured revolving credit facility, to temporarily fund certain investing and financing activities prior to arranging for longer-term financing or the issuance of equity or debt securities. During the past several years, proceeds from the sale of real estate have been used for both investing and financing activities as we continue to execute on maintaining a diversified portfolio.

We expect to meet our short-term liquidity requirements generally through net cash provided by property operations and borrowings owed by us under the General Partner's credit agreements. We expect to meet certain long-term liquidity requirements such as scheduled debt maturities and potential property acquisitions through net cash provided by property operations, borrowings and the disposition of properties. We believe that our net cash provided by property operations and borrowings will continue to be adequate to meet both operating requirements and the payment of distributions. Likewise, the budgeted expenditures for improvements and renovations of certain properties are expected to be funded from property operations, borrowings owed by us under the General Partner's credit agreements, and the disposition of properties.

Future Capital Needs

Future capital expenditures are expected to be funded with proceeds from the issuance of secured debt or unsecured debt, sales of properties, borrowings owed by us under our General Partner's credit agreements, and to a lesser extent, from cash flows provided by operating activities.

As of December 31, 2019, the Operating Partnership did not have any debt maturing in 2020.

Statements of Cash Flows

The following discussion explains the changes in *Net cash provided by/(used in) operating activities*, *Net cash provided by/(used in) investing activities*, and *Net cash provided by/(used in) financing activities* that are presented in our Consolidated Statements of Cash Flows for the years ended December 31, 2019 and 2018.

Operating Activities

For the year ended December 31, 2019, *Net cash provided by/(used in) operating activities* was $255.1 million compared to $255.7 million for 2018. The decrease in cash flow from operating activities was primarily due to an increase in interest expense and changes in operating assets and liabilities, partially offset by an increase in net operating income, primarily driven by revenue growth at communities.

Investing Activities

For the year ended December 31, 2019, *Net cash provided by/(used in) investing activities* was $(43.9) million compared to $71.7 million for 2018. The decrease in cash provided by investing activities was primarily due to proceeds received from the sale of an operating community and a commercial office building in 2018 and an increase in capital expenditures and other major improvements during the year ended December 31, 2019, compared to the same period in 2018.

Acquisitions

During the years ended December 31, 2019 and 2018, the Operating Partnership did not have any acquisitions of real estate.

Dispositions

During the year ended December 31, 2019, the Operating Partnership did not have any dispositions of real estate.

In December 2018, the Operating Partnership sold a commercial office building in Fairfax, Virginia for gross proceeds of $9.3 million, resulting in a gain of $5.2 million.

In February 2018, the Operating Partnership sold an operating community in Orange County, California with a total of 264 apartment homes for gross proceeds of $90.5 million, resulting in a gain of $70.3 million. The proceeds were designated for a tax-deferred Section 1031 exchange that were used to pay a portion of the purchase price for an acquisition in October 2017.

Financing Activities

For the year ended December 31, 2019, *Net cash provided by/(used in) financing activities* was $(210.9) million compared to $(326.5) million for 2018. The decrease in cash used in financing activities was primarily due to an increase in proceeds from the issuance of secured debt, a decrease in payments on secured debt and a decrease in advances to the General Partner, partially offset by the repayment of notes payable to the General Partner.

Guarantor on Unsecured Debt

The Operating Partnership is the guarantor on the General Partner's unsecured revolving credit facility with an aggregate borrowing capacity of $1.1 billion, an unsecured commercial paper program with an aggregate borrowing capacity of $500 million, a $350 million term loan due September 2023, $300 million of medium-term notes due July 2024, $300 million of medium-term notes due October 2025, $300 million of medium-term notes due September 2026, $300 million of medium-term notes due July 2027, $300 million of medium-term notes due January 2028, $300 million of medium-term notes due January 2029, $400 million of medium-term notes due January 2030, $400 million of medium-term notes due August 2031, and $300 million of medium-term notes due November 2034. As of December 31, 2019 and 2018, the General Partner did not have an outstanding balance under the unsecured revolving credit facility and had $300.0 million and $101.1 million, respectively, outstanding under its unsecured commercial paper program.

The credit facilities are subject to customary financial covenants and limitations.

Interest Rate Risk

We are exposed to interest rate risk associated with variable rate notes payable and maturing debt that has to be refinanced. We do not hold financial instruments for trading or other speculative purposes, but rather issue these financial instruments to finance our portfolio of real estate assets. Interest rate sensitivity is the relationship between changes in market interest rates and the fair value of market rate sensitive assets and liabilities. Our earnings are affected as changes in short-term interest rates impact our cost of variable rate debt and maturing fixed rate debt. We had $27.0 million in variable rate debt that is not subject to interest rate swap contracts as of December 31, 2019. If market interest rates for variable rate debt increased by 100 basis points, our interest expense would increase by $0.3 million based on the average balance at December 31, 2019.

These amounts are determined by considering the impact of hypothetical interest rates on our borrowing cost. These analyses do not consider the effects of the adjusted level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, management would likely take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no change in our financial structure.

The General Partner also utilizes derivative financial instruments owed by the Operating Partnership to manage interest rate risk and generally designates these financial instruments as cash flow hedges. See Note 9, *Derivatives and Hedging Activities*, in the Notes to the Operating Partnership's Consolidated Financial Statements for additional discussion of derivative instruments.

A presentation of cash flow metrics based on GAAP is as follows (*dollars in thousands*):

	Year Ended December 31,		
	2019	**2018**	**2017**
Net cash provided by/(used in) operating activities	**$ 255,093**	$ 255,668	$ 235,257
Net cash provided by/(used in) investing activities	**(43,906)**	71,683	(105,989)
Net cash provided by/(used in) financing activities	**(210,853)**	(326,535)	(128,846)

Results of Operations

The following discussion explains the changes in results of operations that are presented in our Consolidated Statements of Operations for the years ended December 31, 2019 and 2018.

Net Income/(Loss) Attributable to OP Unitholders

Net income/(loss) attributable to OP unitholders was $102.2 million ($0.56 per diluted OP Unit) for the year ended December 31, 2019 as compared to net income of $229.8 million ($1.25 per diluted OP Unit) for the comparable period in the prior year. The decrease in net income attributable to OP unitholders resulted primarily from the following items, which are discussed in further detail elsewhere within this Report:

- no gains on the sale of real estate during the year ended December 31, 2019, as compared to gains of $75.5 million on the sale of an operating community in Orange County, California with a total of 264 apartment homes and a commercial office building in Fairfax, Virginia in 2018;
- losses from unconsolidated entities of $8.3 million for the year ended December 31, 2019 as compared to income of $43.5 million for the year ended December 31, 2018, primarily due to the sale of an operating community held in the DownREIT Partnership in 2018; and
- an increase in interest expense on notes payable to the General Partner of $13.9 million primarily due to the conversion in 2018 of the *Advances (to)/from the General Partner* capital balance into an unsecured revolving note payable with the General Partner.

This was partially offset by:

- an increase in total property NOI of $5.6 million primarily due to higher revenue per occupied home and NOI from operating communities, partially offset by a decrease from communities sold in 2018.

Apartment Community Operations

Our net income results primarily from NOI generated from the operation of our apartment communities. The Operating Partnership defines NOI, which is a non-GAAP financial measure, 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 are property management costs, which are the Operating Partnership’s allocable share of costs incurred by the General Partner for shared services of corporate level property management employees and related support functions and costs.

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.

Although we consider NOI a useful measure of operating performance, NOI should not be considered an alternative to net income or net cash flow from operating activities as determined in accordance with GAAP. NOI excludes several income and expense categories as detailed in the reconciliation of NOI to *Net income/(loss) attributable to OP unitholders* below.

The following table summarizes the operating performance of our total property NOI for each of the periods presented *(dollars in thousands)*:

	Year Ended December 31, (a)		%	Year Ended December 31, (b)		%
	2019	2018	Change	2018	2017	Change
Same-Store Communities:						
Same-Store rental income	**$ 404,442**	$ 390,647	3.5 %	**$ 413,081**	$ 398,144	3.8 %
Same-Store operating expense (c)	**(104,284)**	(100,815)	3.4 %	**(108,371)**	(105,917)	2.3 %
Same-Store NOI	**300,158**	289,832	3.6 %	**304,710**	292,227	4.3 %
Non-Mature Communities/Other NOI:						
Stabilized, non-mature communities NOI (d)	**5,621**	5,125	9.7 %	**5,125**	1,180	334.3 %
Redevelopment communities NOI	**12,773**	14,878	(14.1)%	**—**	—	— %
Non-residential/other NOI	**4,454**	6,634	(32.9)%	**6,634**	4,665	42.2 %
Sold and held for disposition communities NOI	**—**	911	(100.0)%	**911**	8,769	(89.6)%
Total Non-Mature Communities/Other NOI	**22,848**	27,548	(17.1)%	**12,670**	14,614	(13.3)%
Total property NOI	**$ 323,006**	$ 317,380	1.8 %	**$ 317,380**	$ 306,841	3.4 %

(a) Same-Store consists of 15,723 apartment homes.
(b) Same-Store consists of 15,941 apartment homes.
(c) Excludes depreciation, amortization, and property management expenses.
(d) Represents non-mature communities that have achieved 90% occupancy for three consecutive months but do not meet the criteria to be included in Same-Store Communities.

The following table is our reconciliation of *Net income/(loss) attributable to OP unitholders* to total property NOI for the years ended December 31, 2019, 2018 and 2017 *(dollars in thousands)*:

	Year Ended December 31,		
	2019	2018	2017
Net income/(loss) attributable to OP unitholders	**$ 102,163**	$ 229,763	$ 106,307
Property management	**12,701**	11,878	11,533
Other operating expenses	**9,488**	8,864	6,833
Real estate depreciation and amortization	**139,975**	143,481	152,473
General and administrative	**18,014**	16,889	17,875
Casualty-related charges/(recoveries), net	**853**	951	1,922
(Gain)/loss on sale of real estate owned	**—**	(75,507)	(41,272)
(Income)/loss from unconsolidated entities	**8,313**	(43,496)	19,256
Interest expense	**29,667**	22,835	30,366
Net income/(loss) attributable to noncontrolling interests	**1,832**	1,722	1,548
Total property NOI	**$ 323,006**	$ 317,380	$ 306,841

Same-Store Communities

Our *Same-Store Community* properties (those acquired, developed, and stabilized prior to January 1, 2018 and held as of December 31, 2019) consisted of 15,723 apartment homes and provided 92.9% of our total NOI for the year ended December 31, 2019.

NOI for our *Same-Store Community* properties increased 3.6%, or $10.3 million, for the year ended December 31, 2019 compared to 2018. The increase in property NOI was primarily attributable to a 3.5%, or $13.8 million, increase in property rental income, which was partially offset by a 3.4%, or $3.5 million, increase in operating expenses. The increase in property income was primarily driven by a 2.8%, or $10.2 million, increase in rental rates and a 10.9%, or $4.5 million, increase in reimbursement, ancillary and fee income. Physical occupancy increased 0.1% to 96.8% and total monthly income per occupied home increased 3.5% to $2,215.

The increase in operating expenses was primarily driven by an 18.2%, or $2.5 million, increase in repair and maintenance expense due to the increased use of third party vendors, partially offset by an 8.1%, or $1.9 million, decrease in personnel expense as a result of fewer employees, and a 6.5%, or $2.4 million, increase in real estate taxes, which was primarily due to higher assessed valuations.

The operating margin (property net operating income divided by property rental income) was 74.2% for both of the years ended December 31, 2019 and 2018.

Non-Mature Communities/Other

The Operating Partnership's *Non-Mature Communities/Other* represent those communities that do not meet the criteria to be included in *Same-Store Communities*, which include communities recently developed or acquired, redevelopment properties, sold or held for disposition properties and the non-apartment components of mixed use properties.

The remaining 7.1%, or $22.8 million, of our total NOI during the year ended December 31, 2019 was generated from our *Non-Mature Communities/Other*. NOI from *Non-Mature Communities/Other* decreased 17.1%, or $4.7 million, for the year ended December 31, 2019 as compared to the same period in 2018. The decrease was primarily driven by a decrease in NOI of $2.2 million from non-residential/other communities, a decrease of $2.1 million from redevelopment communities, and a decrease of $0.9 million from sold and held for disposition communities, which was partially offset by an increase in NOI of $0.5 million from stabilized, non-mature communities.

Real Estate Depreciation and Amortization

For the year ended December 31, 2019, real estate depreciation and amortization decreased by 2.5%, or $3.5 million, as compared to the same period in 2018. The decrease was primarily due to the sale of an operating community and a commercial office building in 2018 and fully depreciated assets.

Real Estate Taxes and Insurance

For the year ended December 31, 2019, real estate taxes and insurance increased by 8.3%, or $3.9 million, as compare to 2018, which was primarily due to higher assessed valuations in 2019.

Income/(Loss) in Unconsolidated Entities

For the years ended December 31, 2019 and 2018, we recognized income/(loss) from unconsolidated entities of $(8.3) million and $43.5 million, respectively. The decrease from unconsolidated entities as compared to the prior year was primarily attributable to the sale of an operating community in 2018 held in the DownREIT Partnership.

Gain/(Loss) on Sale of Real Estate Owned

During the year ended December 31, 2019, the Operating Partnership did not recognize any gains on the sale of real estate. During the year ended December 31, 2018, the Operating Partnership recognized total gains of $75.5 million on the sale of an operating community in Orange County, California with a total of 264 apartment homes and a commercial office building in Fairfax, Virginia.

Interest Expense

For the year ended December 31, 2019, interest expense increased by 29.9%, or $6.8 million, as compared to 2018, which was primarily due to the conversion in 2018 of the *Advances (to)/from the General Partner* capital balance into an unsecured revolving note payable with the General Partner.

Inflation

We believe that the direct effects of inflation on our operations have been immaterial. While the impact of inflation primarily impacts our results of operations as a result of wage pressures and increases in utilities and material costs, the majority of our apartment leases have initial terms of 12 months or less, which generally enables us to compensate for any inflationary effects by increasing rental rates on our apartment homes. Although an extreme escalation in costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this has had a material impact on our results for the year ended December 31, 2019.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2019 (*dollars in thousands*):

	Payments Due by Period				
Contractual Obligations	**2020**	**2021-2022**	**2023-2024**	**Thereafter**	**Total**
Long-term debt obligations	$ —	$ —	$ —	$ 99,500	$ 99,500
Interest on debt obligations (a)	2,732	5,464	5,464	14,922	28,582
Operating lease obligations — ground leases (b)	12,584	25,168	25,168	466,436	529,356
Operating lease obligations — equipment leases	152	315	329	869	1,665
	$ 15,316	$ 30,632	$ 30,632	$ 580,858	$ 657,438

(a) Interest payments on variable rate debt instruments are based on each debt instrument's respective year-end interest rate at December 31, 2019.

(b) For purposes of our ground lease contracts, the Operating Partnership uses the minimum lease payment, if stated in the agreement. For ground lease agreements where there is a rent reset provision based on fair market value or changes in the consumer price index but does not include a specified minimum lease payment, the Operating Partnership uses the current rent over the remainder of the lease term.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is included in and incorporated by reference from Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related financial information required to be filed are attached to this Report. Reference is made to page F-1 of this Report for the Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The disclosure controls and procedures of the Company and the Operating Partnership are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and disclosed within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. As a result, our disclosure controls and procedures are designed to provide reasonable assurance that such disclosure controls and procedures will meet their objectives.

As of December 31, 2019, we carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, which is the sole general partner of the Operating

Partnership, of the effectiveness of the design and operation of the disclosure controls and procedures of the Company and the Operating Partnership. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the disclosure controls and procedures of the Company and the Operating Partnership are effective at the reasonable assurance level described above.

Management's Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 for the Company and the Operating Partnership. Under the supervision and with the participation of the management, the Chief Executive Officer and Chief Financial Officer of the Company, which is the sole general partner of the Operating Partnership, conducted an assessment of the effectiveness of the internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (2013 Framework) (COSO). Based on such evaluation, management concluded that the Company's and the Operating Partnership's internal control over financial reporting was effective as of December 31, 2019.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Report, has audited UDR, Inc.'s internal control over financial reporting as of December 31, 2019. The report of Ernst & Young LLP, which expresses an unqualified opinion on UDR, Inc.'s internal control over financial reporting as of December 31, 2019, is included under the heading "Report of Independent Registered Public Accounting Firm" of UDR, Inc. contained in this Report. Further, an attestation report of the registered public accounting firm of United Dominion Realty, L.P. will not be required as long as United Dominion Realty, L.P. is a non-accelerated filer.

Changes in Internal Control Over Financial Reporting

There have not been any changes in either the Company's or the Operating Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fourth fiscal quarter to which this Report relates that materially affected, or are reasonably likely to materially affect, the internal control over financial reporting of either the Company or the Operating Partnership.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to the information set forth under the headings “Proposal No. 1 Election of Directors,” “Corporate Governance Matters,” “Audit Committee Report,” “Corporate Governance Matters-Board Leadership Structure and Committees-Audit Committee Financial Expert,” “Corporate Governance Matters-Identification and Selection of Nominees for Directors,” “Corporate Governance Matters-Board of Directors and Committee Meetings” and “Executive Officers” in UDR, Inc.’s definitive proxy statement (our “definitive proxy statement”) for its 2020 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

We have a code of ethics for senior financial officers that applies to our principal executive officer, all members of our finance staff, including the principal financial officer, the principal accounting officer, the treasurer and the controller, our director of investor relations, our corporate secretary, and all other Company officers. We also have a code of business conduct and ethics that applies to all of our employees. Information regarding our codes is available on our website, *www.udr.com*, and is incorporated by reference to the information set forth under the heading “Corporate Governance Matters” in our definitive proxy statement for UDR’s 2020 Annual Meeting of Stockholders. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our codes by posting such amendment or waiver on our website.

Item 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the information set forth under the headings “Security Ownership of Certain Beneficial Owners and Management,” “Corporate Governance Matters-Board Leadership Structure and Committees-Compensation Committee Interlocks and Insider Participation,” “Executive Compensation,” “Compensation of Directors” and “Executive Compensation-Compensation Committee Report” in the definitive proxy statement for UDR’s 2020 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to the information set forth under the headings “Security Ownership of Certain Beneficial Owners and Management,” “Executive Compensation” and “Executive Compensation-Equity Compensation Plan Information” in the definitive proxy statement for UDR’s 2020 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to the information set forth under the heading “Security Ownership of Certain Beneficial Owners and Management,” “Corporate Governance Matters-Corporate Governance Overview,” “Corporate Governance Matters-Director Independence,” “Corporate Governance Matters-Board Leadership Structure and Committees-Independence of the Audit, Compensation, Governance and Nominating Committees,” and “Executive Compensation” in the definitive proxy statement for UDR’s 2020 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership. Information regarding related party transactions between UDR and the Operating Partnership is presented in Note 7, *Related Party Transactions*, of the Consolidated Financial Statements of United Dominion Realty, L.P. referenced in Part IV, Item 15(a) of this Report.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the information set forth under the headings “Audit Matters-Audit Fees” and “Audit Matters-Pre-Approval Policies and Procedures” in the definitive proxy statement for UDR’s 2020 Annual Meeting of Stockholders. UDR is the sole general partner of the Operating Partnership.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

1. Financial Statements. See Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P. on page F-1 of this Report.

2. Financial Statement Schedules. See Index to Consolidated Financial Statements and Schedules of UDR, Inc. and United Dominion Realty, L.P. on page S-1 of this Report. All other schedules are omitted because they are not required, are inapplicable, or the required information is included in the financial statements or notes thereto.

3. Exhibits. The exhibits filed with this Report are set forth in the Exhibit Index appearing immediately below.

EXHIBIT INDEX

The exhibits listed below are filed as part of this Report. References under the caption "Location" to exhibits or other filings indicate that the exhibit or other filing has been filed, that the indexed exhibit and the exhibit referred to are the same and that the exhibit referred to is incorporated by reference. Management contracts and compensatory plans or arrangements filed as exhibits to this Report are identified by an asterisk. The Commission file number for UDR, Inc.'s Exchange Act filings referenced below is 1-10524. The Commission file number for United Dominion Realty, L.P.'s Exchange Act filings is 333-156002-01.

Exhibit	Description	Location
2.01	Partnership Interest Purchase and Exchange Agreement dated as of September 10, 1998, by and between UDR, Inc., United Dominion Realty, L.P., American Apartment Communities Operating Partnership, L.P., AAC Management LLC, Schnitzer Investment Corp., Fox Point Ltd. and James D. Klingbeil including as an exhibit thereto the proposed form of the Third Amended and Restated Limited Partnership Agreement of United Dominion Realty, L.P.	Exhibit 2(d) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 333-64281) filed with the Commission on September 25, 1998.
2.02	Agreement of Purchase and Sale dated as of August 13, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.1 to UDR, Inc.'s Current Report on Form 8-K dated September 28, 2004 and filed with the Commission on September 29, 2004.
2.03	First Amendment to Agreement of Purchase and Sale dated as of September 29, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.2 to UDR, Inc.'s Current Report on Form 8-K dated September 29, 2004 and filed with the Commission on October 5, 2004.

Exhibit	Description	Location
2.04	Second Amendment to Agreement of Purchase and Sale dated as of October 26, 2004, by and between United Dominion Realty, L.P., a Delaware limited partnership, as Buyer, and Essex The Crest, L.P., a California limited partnership, Essex El Encanto Apartments, L.P., a California limited partnership, Essex Hunt Club Apartments, L.P., a California limited partnership, and the other signatories named as Sellers therein.	Exhibit 2.3 to UDR, Inc.'s Current Report on Form 8-K/A dated September 29, 2004 and filed with the Commission on November 1, 2004.
2.05	Agreement of Purchase and Sale dated as of January 23, 2008, by and between UDR, Inc., United Dominion Realty, L.P., UDR Texas Properties LLC, UDR Western Residential, Inc., UDR South Carolina Trust, UDR Ohio Properties, LLC, UDR of Tennessee, L.P., UDR of NC, Limited Partnership, Heritage Communities L.P., Governour's Square of Columbus Co., Fountainhead Apartments Limited Partnership, AAC Vancouver I, L.P., AAC Funding Partnership III, AAC Funding Partnership II and DRA Fund VI LLC.	Exhibit 2.1 to UDR, Inc.'s Current Report on Form 8-K dated January 23, 2008 and filed with the Commission on January 29, 2008.
2.06	First Amendment to Agreement of Purchase and Sale dated as of February 14, 2008, by and between UDR, Inc., United Dominion Realty, L.P., UDR Texas Properties LLC, UDR Western Residential, Inc., UDR South Carolina Trust, UDR Ohio Properties, LLC, UDR of Tennessee, L.P., UDR of NC, Limited Partnership, Heritage Communities L.P., Governour's Square of Columbus Co., Fountainhead Apartments Limited Partnership, AAC Vancouver I, L.P., AAC Funding Partnership III, AAC Funding Partnership II and DRA Fund VI LLC.	Exhibit 2.2 to UDR, Inc.'s Current Report on Form 8-K/A dated March 3, 2008 and filed with the Commission on May 2, 2008.
2.07	Contribution Agreement by and among Home Properties, L.P., UDR, Inc., United Dominion Realty, L.P. and LSREF 4 Lighthouse Acquisitions, LLC, dated June 22, 2015 (UDR, Inc. and United Dominion Realty, L.P. have omitted certain schedules and exhibits pursuant to Item 601(b)(2) of Regulation S-K and shall furnish supplementally to the Commission copies of any of the omitted schedules and exhibits upon request by the Commission.)	Exhibit 2.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on June 22, 2015.
2.08	Amendment Agreement, dated as of August 27, 2015, by and among UDR, Inc., United Dominion Realty, L.P., Home Properties, Inc., Home Properties, L.P., LSREF4 Lighthouse Acquisitions, LLC LSREF4 Lighthouse Corporate Acquisitions, LLC and LSREF4 Lighthouse Operating Acquisitions, LLC.	Exhibit 2.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015.
3.01	Articles of Restatement of UDR, Inc.	Exhibit 3.09 to UDR, Inc.'s Current Report on Form 8-K dated July 27, 2005 and filed with the Commission on August 1, 2005.

Exhibit	Description	Location
3.02	Articles of Amendment to the Articles of Restatement of UDR, Inc. dated and filed with the State Department of Assessments and Taxation of the State of Maryland on March 14, 2007.	Exhibit 3.2 to UDR, Inc.'s Current Report on Form 8-K dated March 14, 2007 and filed with the Commission on March 15, 2007.
3.03	Articles of Amendment to the Articles of Restatement of UDR, Inc. dated August 30, 2011 and filed with the State Department of Assessments and Taxation of the State of Maryland on August 31, 2011.	Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated August 29, 2011 and filed with the Commission on September 1, 2011.
3.04	Articles of Amendment to the Articles of Restatement of UDR, Inc. dated and filed with the State Department of Assessments and Taxation of the State of Maryland on May 24, 2018.	Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated May 24, 2018 and filed with the SEC on May 29, 2018.
3.05	Articles Supplementary relating to UDR, Inc.'s 6.75% Series G Cumulative Redeemable Preferred Stock dated and filed with the State Department of Assessments and Taxation of the State of Maryland on May 30, 2007.	Exhibit 3.4 to UDR, Inc.'s Form 8-A Registration Statement dated and filed with the Commission on May 30, 2007.
3.06	Amended and Restated Bylaws of UDR, Inc. (as amended through May 24, 2018).	Exhibit 3.6 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.
3.07	Certificate of Limited Partnership of United Dominion Realty, L.P. dated as of February 19, 2004.	Exhibit 3.4 to United Dominion Realty, L.P.'s Post-Effective Amendment No. 1 to Registration Statement on Form S-3 dated and filed with the Commission on October 15, 2010.
3.08	Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 23, 2004.	Exhibit 10.23 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003.
3.09	First Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of June 24, 2005.	Exhibit 10.06 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
3.10	Second Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 23, 2006.	Exhibit 10.6 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
3.11	Third Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of February 2, 2007.	Exhibit 99.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
3.12	Fourth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of December 27, 2007.	Exhibit 10.25 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007.
3.13	Fifth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of March 7, 2008.	Exhibit 10.53 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008.

Exhibit	Description	Location
3.14	Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. dated as of December 9, 2008.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated December 9, 2008 and filed with the Commission on December 10, 2008.
3.15	Seventh Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of March 13, 2009.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated March 18, 2009 and filed with the Commission on March 19, 2009.
3.16	Eighth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of November 17, 2010.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on November 18, 2010.
3.17	Ninth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of December 4, 2015.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated December 4, 2015 and filed with the Commission on December 10, 2015.
3.18	Tenth Amendment to the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., dated as of October 29, 2018.	Exhibit 3.18 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.
4.01	Form of UDR, Inc. Common Stock Certificate.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K dated March 14, 2007 and filed with the Commission on March 15, 2007.
4.02	Senior Indenture dated as of November 1, 1995, by and between UDR, Inc. and First Union National Bank of Virginia, N.A., as trustee.	Exhibit 4(ii)(h)(1) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.
4.03	Supplemental Indenture dated as of June 11, 2003, by and between UDR, Inc. and Wachovia Bank, National Association, as trustee.	Exhibit 4.03 to UDR, Inc.'s Current Report on Form 8-K dated June 17, 2004 and filed with the Commission on June 18, 2004.
4.04	Subordinated Indenture dated as of August 1, 1994 by and between UDR, Inc. and Crestar Bank, as trustee.	Exhibit 4(i)(m) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-64725) filed with the Commission on November 15, 1995.
4.05	Form of UDR, Inc. Senior Debt Security.	Exhibit 4(i)(n) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-64725) filed with the Commission on November 15, 1995.
4.06	Form of UDR, Inc. Subordinated Debt Security.	Exhibit 4(i)(p) to UDR, Inc.'s Form S-3 Registration Statement (Registration No. 33-55159) filed with the Commission on August 19, 1994.
4.07	Form of UDR, Inc. Fixed Rate Medium-Term Note, Series A.	Exhibit 4.01 to UDR, Inc.'s Current Report on Form 8-K dated March 20, 2007 and filed with the Commission on March 22, 2007.
4.08	Form of UDR, Inc. Floating Rate Medium-Term Note, Series A.	Exhibit 4.02 to UDR, Inc.'s Current Report on Form 8-K dated March 20, 2007 and filed with the Commission on March 22, 2007.

Exhibit	Description	Location
4.09	Indenture dated as of April 1, 1994, by and between UDR, Inc. and Nationsbank of Virginia, N.A., as trustee.	Exhibit 4(ii)(f)(1) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1994.
4.10	Supplemental Indenture dated as of August 20, 2009, by and between UDR, Inc. and U.S. Bank National Association, as trustee, to UDR, Inc.'s Indenture dated as of April 1, 1994.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K dated August 20, 2009 and filed with the Commission on August 21, 2009.
4.11	Guaranty of United Dominion Realty, L.P. with respect to UDR, Inc.'s Indenture dated as of November 1, 1995.	Exhibit 99.1 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 30, 2010.
4.12	Guaranty of United Dominion Realty, L.P. with respect to UDR, Inc.'s Indenture dated as of October 12, 2006.	Exhibit 99.2 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 30, 2010.
4.13	First Supplemental Indenture among UDR, Inc., United Dominion Realty, L.P. and U.S. Bank National Association, as Trustee, dated as of May 3, 2011, relating to UDR, Inc.'s Medium-Term Notes, Series A, due Nine Months or More from Date of Issue.	Exhibit 4.1 to UDR, Inc.'s Current Report on Form 8-K filed with the Commission on May 4, 2011.
4.14	UDR, Inc. 3.75% Medium-Term Note, Series A due October 2024, issued June 26, 2014.	Exhibit 4.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
4.15	UDR, Inc. 4.00% Medium-Term Note, Series A due October 2025, issued September 22, 2015.	Exhibit 4.23 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.
4.16	UDR, Inc. 2.950% Medium-Term Note, Series A due September 2026, issued August 23, 2016.	Exhibit 4.1 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
4.17	UDR, Inc. 3.500% Medium-Term Note, Series A due July 2027, issued June 16, 2017.	Exhibit 10.2 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
4.18	UDR, Inc. 3.500% Medium-Term Note, Series A due January 2028, issued December 13, 2017.	Exhibit 4.21 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2017.
4.19	UDR, Inc. 4.400% Medium-Term Note, Series A due January 2029, issued October 26, 2018.	Exhibit 4.21 to UDR, Inc's Annual Report on Form 10-K for the year ended December 31, 2018.
4.20	UDR, Inc. 3.200% Medium-Term Note, Series A due January 2030, issued July 2, 2019.	Exhibit 4.1 to UDR, Inc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.
4.21	UDR, Inc. 3.000% Medium-Term Note, Series A due August 2031, issued August 15, 2019.	Exhibit 4.2 to UDR, Inc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.
4.22	UDR, Inc. 3.100% Medium-Term Note, Series A due November 2034, issued October 11, 2019.	Filed herewith.

Exhibit	Description	Location
4.23	UDR, Inc. 3.200% Medium-Term Note, Series A due January 2030, issued October 11, 2019.	Filed herewith.
4.24	Description of UDR, Inc's Securities.	Filed herewith.
10.01*	UDR, Inc. 1999 Long-Term Incentive Plan (as amended and restated February 2, 2017).	Exhibit 10.1 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016.
10.02*	Form of UDR, Inc. Restricted Stock Award Agreement under the 1999 Long-Term Incentive Plan.	Filed herewith.
10.03*	Form of UDR, Inc. Restricted Stock Award Agreement for awards outside of the 1999 Long-Term Incentive Plan.	Exhibit 99.3 to UDR, Inc.'s Current Report on Form 8-K dated March 19, 2007 and filed with the Commission on March 19, 2007.
10.04*	Description of UDR, Inc. Shareholder Value Plan.	Exhibit 10(x) to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1999.
10.05*	Description of UDR, Inc. Executive Deferral Plan.	Exhibit 10(xi) to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1999.
10.06*	Indemnification Agreement by and between UDR, Inc. and each of its directors and officers listed on Schedule A thereto.	Exhibit 10.7 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016.
10.07	Subordination Agreement dated as of April 16, 1998, by and between UDR, Inc. and United Dominion Realty, L.P.	Exhibit 10(vi)(a) to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.
10.08	Third Amended and Restated Distribution Agreement among UDR, Inc., United Dominion Realty, L.P., as Guarantor, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Wells Fargo Securities, LLC, as Agents, dated September 1, 2011, with respect to the issue and sale by UDR, Inc. of its Medium-Term Notes, Series A Due Nine Months or More From Date of Issue.	Exhibit 1.2 to UDR, Inc.'s Current Report on Form 8-K dated and filed with the Commission on September 1, 2011.
10.09	First Amended and Restated Credit Agreement, dated as of September 27, 2018, by and among UDR, Inc., as borrower, and the lenders and agents party thereto.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated September 27, 2018 and filed with the Commission on October 1, 2018.
10.10	Guaranty of United Dominion Realty, L.P., dated as of September 27, 2018, with respect to the Credit Agreement, dated as of September 27, 2018.	Exhibit 10.2 to UDR, Inc.'s Current Report on Form 8-K dated September 27, 2018 and filed with the Commission on October 1, 2018.
10.11	Amended and Restated Aircraft Time Sharing Agreement dated as of February 18, 2019, by and between UDR, Inc. and Thomas W. Toomey.	Exhibit 10.15 to UDR, Inc's Annual Report on Form 10-K for the year ended December 31, 2018.

Exhibit	Description	Location
10.12	Amended and Restated Aircraft Time Sharing Agreement dated as of February 18, 2019, by and between UDR, Inc. and Warren L. Troupe.	Exhibit 10.16 to UDR, Inc's Annual Report on Form 10-K for the year ended December 31, 2018.
10.13	Amendment No. 1, dated July 29, 2014, to the Third Amended and Restated Distribution Agreement among UDR, Inc., United Dominion Realty, L.P., as Guarantor, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Wells Fargo Securities, LLC, as Agents, dated September 1, 2011, with respect to the issue and sale by UDR, Inc. of its Medium-Term Notes, Series A Due Nine Months or More From Date of Issue.	Exhibit 1.2 to UDR, Inc.'s Current Report on Form 8-K dated July 29, 2014 and filed with the Commission on July 31, 2014.
10.14	Agreement of Limited Partnership of UDR Lighthouse DownREIT L.P., dated as of October 5, 2015, as amended.	Exhibit 10.21 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.
10.15*	Class 1 LTIP Unit Award Agreement.	Exhibit 10.22 to UDR, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015.
10.16*	Notice of Class 2 LTIP Unit Award.	Filed herewith.
10.17*	Notice of Restricted Stock Unit Award.	Filed herewith.
10.18	Amendment No. 2, dated April 27, 2017, to the Third Amended and Restated Distribution Agreement, dated September 1, 2011 and as amended July 29, 2014, among the Company and Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, and Wells Fargo Securities, LLC, as Agents, with respect to the issue and sale by UDR, Inc. of its Medium Term Notes, Series A Due Nine Months or More From Date of Issue.	Exhibit 1.2 to UDR, Inc.'s Current Report on Form 8-K dated April 27, 2017 and filed with the commission on April 27, 2017.
10.19	Letter Agreement, between UDR, Inc. and Warren L. Troupe (including the related release agreement and consulting agreement as exhibits thereto), dated December 31, 2019.	Exhibit 10.1 to UDR, Inc.'s Current Report on Form 8-K dated December 31, 2019 and filed with the commission on January 3, 2020.
21	Subsidiaries of UDR, Inc. and United Dominion Realty, L.P.	Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm for UDR, Inc.	Filed herewith.
23.2	Consent of Independent Registered Public Accounting Firm for United Dominion Realty, L.P.	Filed herewith.
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer of UDR, Inc.	Filed herewith.

Exhibit	Description	Location
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer of UDR, Inc.	Filed herewith.
31.3	Rule 13a-14(a) Certification of the Chief Executive Officer of United Dominion Realty, L.P.	Filed herewith.
31.4	Rule 13a-14(a) Certification of the Chief Financial Officer of United Dominion Realty, L.P.	Filed herewith.
32.1	Section 1350 Certification of the Chief Executive Officer of UDR, Inc.	Filed herewith.
32.2	Section 1350 Certification of the Chief Financial Officer of UDR, Inc.	Filed herewith.
32.3	Section 1350 Certification of the Chief Executive Officer of United Dominion Realty, L.P.	Filed herewith.
32.4	Section 1350 Certification of the Chief Financial Officer of United Dominion Realty, L.P.	Filed herewith.
101	Inline XBRL (Extensible Business Reporting Language). The following materials from this Annual Report on Form 10-K for the period ended December 31, 2019, formatted in Inline XBRL: (i) consolidated balance sheets of UDR, Inc., (ii) consolidated statements of operations of UDR, Inc., (iii) consolidated statements of comprehensive income/(loss) of UDR, Inc., (iv) consolidated statements of changes in equity of UDR, Inc., (v) consolidated statements of cash flows of UDR, Inc., (vi) notes to consolidated financial statements of UDR, Inc., (vii) consolidated balance sheets of United Dominion Realty, L.P., (viii) consolidated statements of operations of United Dominion Realty, L.P., (ix) consolidated statements of comprehensive income/(loss) of United Dominion Realty, L.P.; (x) consolidated statements of changes in capital of United Dominion Realty, L.P., (xi) consolidated statements of cash flows of United Dominion Realty, L.P. and (xii) notes to consolidated financial statements of United Dominion Realty, L.P. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.	Filed herewith.

* *Management Contract or Compensatory Plan or Arrangement*

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UDR, Inc.

Date: February 18, 2020

By: /s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 18, 2020 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

/s/ Joseph D. Fisher
Joseph D. Fisher
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Tracy L. Hofmeister
Tracy L. Hofmeister
Vice President – Chief Accounting Officer
(Principal Accounting Officer)

/s/ James D. Klingbeil
James D. Klingbeil
Lead Independent Director

/s/ Katherine A. Cattanach
Katherine A. Cattanach
Director

/s/ Mary Ann King
Mary Ann King
Director

/s/ Jon A. Grove
Jon A. Grove
Director

/s/ Clint D. McDonnough
Clint D. McDonnough
Director

/s/ Robert A. McNamara
Robert A. McNamara
Director

/s/ Mark R. Patterson
Mark R. Patterson
Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED DOMINION REALTY, L.P.

By: UDR, Inc., its sole general partner

Date: February 18, 2020

By: /s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 18, 2020 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Thomas W. Toomey Thomas W. Toomey Chairman of the Board and Chief Executive Officer of the General Partner (Principal Executive Officer)	/s/ Katherine A. Cattanach Katherine A. Cattanach Director of the General Partner
/s/ Joseph D. Fisher Joseph D. Fisher Senior Vice President and Chief Financial Officer of the General Partner (Principal Financial Officer)	/s/ Mary Ann King Mary Ann King Director of the General Partner
/s/ Tracy L. Hofmeister Tracy L. Hofmeister Vice President – Chief Accounting Officer of the General Partner (Principal Accounting Officer)	/s/ Jon A. Grove Jon A. Grove Director of the General Partner
/s/ James D. Klingbeil James D. Klingbeil Lead Independent Director of the General Partner	/s/ Clint D. McDonnough Clint D. McDonnough Director of the General Partner
	/s/ Robert A. McNamara Robert A. McNamara Director of the General Partner
	/s/ Mark R. Patterson Mark R. Patterson Director of the General Partner

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of UDR, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of UDR, Inc. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income/(loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the accompanying Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Accounting for acquisitions of real estate investment properties
Description of the Matter	During 2019, the Company acquired multiple real estate investment properties, including certain real estate investment properties for which the Company held a previous unconsolidated equity interest. These transactions were accounted for as asset acquisitions. The aggregate increase in real estate due to these acquisitions was approximately $2.2 billion. As more fully described in Note 3 to the consolidated financial statements, the total consideration was allocated to land, land improvements, buildings and improvements, and real estate intangible assets based on their relative fair value.

	Auditing the Company's acquisition of real estate investment properties is complex and requires a higher degree of auditor judgment due to the significant assumptions that are utilized in the determination of the relative fair values of the assets acquired. The significant assumptions used in management's analysis to estimate the fair value of these components includes capitalization rates, market comparable prices for similar land parcels, market rental rates, leasing commission rates as well as the time it would take to lease any acquired buildings if it were vacant at acquisition.
How We Addressed the Matter in Our Audit	We tested the Company's internal controls over the acquisition of real estate investment properties and the resulting purchase price allocations. This included testing controls over management's identification of the assets acquired and liabilities assumed and evaluating the methods and significant assumptions used by the Company to develop such estimates. Our testing of the fair values of the assets acquired included, among others, evaluating the selection of the Company's valuation model and testing the significant assumptions discussed above as well as the completeness and accuracy of the underlying data. For example, we compared management's assumptions to observable market transactions and replacement costs associated with the fair value of the land and buildings and improvements. For in-place leases, we compared management's assumptions to published market data for comparable leases, related leasing commissions and the amount of time it would take to lease up the space to stabilization assuming the space was vacant at acquisition. We involved our real estate valuation specialists to assist in evaluating the significant assumptions listed above. In addition, we performed sensitivity tests on the significant assumptions to evaluate the change in the fair value resulting from changes in the assumptions.

/s/ Ernst & Young LLP

We have served as the Company's auditor since at least 1984, but we are unable to determine the specific year.

Denver, Colorado

February 18, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of UDR, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited UDR, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, UDR, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income/(loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated February 18, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Denver, Colorado

February 18, 2020

UDR, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS		
Real estate owned:		
Real estate held for investment	**$ 12,532,324**	$ 10,196,159
Less: accumulated depreciation	**(4,131,330)**	(3,654,160)
Real estate held for investment, net	**8,400,994**	6,541,999
Real estate under development (net of accumulated depreciation of $23 and $0, respectively)	**69,754**	—
Total real estate owned, net of accumulated depreciation	**8,470,748**	6,541,999
Cash and cash equivalents	**8,106**	185,216
Restricted cash	**25,185**	23,675
Notes receivable, net	**153,650**	42,259
Investment in and advances to unconsolidated joint ventures, net	**588,262**	780,869
Operating lease right-of-use assets	**204,225**	—
Other assets	**186,296**	137,710
Total assets	**$ 9,636,472**	$ 7,711,728
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt, net	**$ 1,149,441**	$ 601,227
Unsecured debt, net	**3,558,083**	2,946,560
Operating lease liabilities	**198,558**	—
Real estate taxes payable	**29,445**	20,608
Accrued interest payable	**45,199**	38,747
Security deposits and prepaid rent	**48,353**	35,060
Distributions payable	**109,382**	97,666
Accounts payable, accrued expenses, and other liabilities	**90,032**	76,343
Total liabilities	**5,228,493**	3,816,211
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**1,018,665**	972,740
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized:		
8.00% Series E Cumulative Convertible; 2,780,994 shares issued and outstanding at December 31, 2019 and December 31, 2018	**46,200**	46,200
Series F; 14,691,274 and 15,802,393 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	**1**	1
Common stock, $0.01 par value; 350,000,000 shares authorized:		
294,588,305 and 275,545,900 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	**2,946**	2,755
Additional paid-in capital	**5,781,975**	4,920,732
Distributions in excess of net income	**(2,462,132)**	(2,063,996)
Accumulated other comprehensive income/(loss), net	**(10,448)**	(67)
Total stockholders' equity	**3,358,542**	2,905,625
Noncontrolling interests	**30,772**	17,152
Total equity	**3,389,314**	2,922,777
Total liabilities and equity	**$ 9,636,472**	$ 7,711,728

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31, 2019	2018	2017
REVENUES:			
Rental income	**$ 1,138,138**	$ 1,035,105	$ 984,309
Joint venture management and other fees	**14,055**	11,754	11,482
Total revenues	**1,152,193**	1,046,859	995,791
OPERATING EXPENSES:			
Property operating and maintenance	**178,947**	169,078	164,660
Real estate taxes and insurance	**150,888**	133,912	121,146
Property management	**32,721**	28,465	27,068
Other operating expenses	**13,932**	12,100	9,060
Real estate depreciation and amortization	**501,257**	429,006	430,054
General and administrative	**51,533**	46,983	48,566
Casualty-related charges/(recoveries), net	**474**	2,121	4,335
Other depreciation and amortization	**6,666**	6,673	6,408
Total operating expenses	**936,418**	828,338	811,297
Gain/(loss) on sale of real estate owned	**5,282**	136,197	43,404
Operating income	**221,057**	354,718	227,898
Income/(loss) from unconsolidated entities	**137,873**	(5,055)	31,257
Interest expense	**(170,917)**	(134,168)	(128,711)
Interest income and other income/(expense), net	**15,404**	6,735	1,971
Income/(loss) before income taxes	**203,417**	222,230	132,415
Tax (provision)/benefit, net	**(3,838)**	(688)	240
Net income/(loss)	**199,579**	221,542	132,655
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**(14,426)**	(18,215)	(10,933)
Net (income)/loss attributable to noncontrolling interests	**(188)**	(221)	(164)
Net income/(loss) attributable to UDR, Inc.	**184,965**	203,106	121,558
Distributions to preferred stockholders — Series E (Convertible)	**(4,104)**	(3,868)	(3,708)
Net income/(loss) attributable to common stockholders	**$ 180,861**	$ 199,238	$ 117,850
Income/(loss) per weighted average common share:			
Basic	**$ 0.63**	$ 0.74	$ 0.44
Diluted	**$ 0.63**	$ 0.74	$ 0.44
Weighted average number of common shares outstanding:			
Basic	**285,247**	268,179	267,024
Diluted	**286,015**	269,483	268,830

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
Net income/(loss)	**$ 199,579**	$ 221,542	$ 132,655
Other comprehensive income/(loss), including portion attributable to noncontrolling interests:			
Other comprehensive income/(loss) - derivative instruments:			
Unrealized holding gain/(loss)	**(8,437)**	4,806	1,802
(Gain)/loss reclassified into earnings from other comprehensive income/(loss)	**(2,770)**	(1,948)	1,407
Other comprehensive income/(loss), including portion attributable to noncontrolling interests	**(11,207)**	2,858	3,209
Comprehensive income/(loss)	**188,372**	224,400	135,864
Comprehensive (income)/loss attributable to noncontrolling interests	**(13,788)**	(18,680)	(11,378)
Comprehensive income/(loss) attributable to UDR, Inc.	**$ 174,584**	$ 205,720	$ 124,486

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In thousands, except per share data)

	Preferred Stock	Common Stock	Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss), net	Noncontrolling Interests	Total
Balance at December 31, 2016	**$ 46,458**	**$ 2,673**	**$ 4,635,413**	**$ (1,585,825)**	**$ (5,609)**	**$ 3,860**	**$ 3,096,970**
Net income/(loss) attributable to UDR, Inc.	—	—	—	121,558	—	—	121,558
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	147	147
Contribution of noncontrolling interests in consolidated real estate	—	—	—	—	—	125	125
Long Term Incentive Plan Unit grants/(vestings), net	—	—	—	—	—	5,432	5,432
Other comprehensive income/(loss)	—	—	—	—	2,928	—	2,928
Issuance/(forfeiture) of common and restricted shares, net	—	1	437	—	—	—	438
Cumulative effect upon adoption of ASU 2016-09	—	—	558	(558)	—	—	—
Conversion of Series E Cumulative Convertible Shares	(257)		257	—	—	—	—
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	4	14,540	—	—	—	14,544
Common stock distributions declared ($1.24 per share)	—	—	—	(331,974)	—	—	(331,974)
Preferred stock distributions declared-Series E ($1.3288 per share)	—	—	—	(3,708)	—	—	(3,708)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	(71,096)	—	—	(71,096)
Balance at December 31, 2017	**46,201**	**2,678**	**4,651,205**	**(1,871,603)**	**(2,681)**	**9,564**	**2,835,364**
Net income/(loss) attributable to UDR, Inc.	—	—	—	203,106	—	—	203,106
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	175	175
Contribution of noncontrolling interests in consolidated real estate	—	—	—	—	—	108	108
Repurchase of common shares	—	(6)	(19,982)	—	—	—	(19,988)
Long Term Incentive Plan Unit grants/(vestings), net	—	—	—	—	—	7,305	7,305
Other comprehensive income/(loss)	—	—	—	—	2,614	—	2,614
Exercise of stock options, net	—	8	(23,061)	—	—	—	(23,053)
Issuance/(forfeiture) of common and restricted shares, net	—	(1)	(507)	—	—	—	(508)
Issuance of common shares through public offering, net	—	72	299,753	—	—	—	299,825
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	4	13,324	—	—	—	13,328
Common stock distributions declared ($1.29 per share)	—	—	—	(348,079)	—	—	(348,079)
Preferred stock distributions declared-Series E ($1.3968 per share)	—	—	—	(3,868)	—	—	(3,868)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	(43,552)	—	—	(43,552)
Balance at December 31, 2018	**$ 46,201**	**$ 2,755**	**$ 4,920,732**	**$ (2,063,996)**	**$ (67)**	**$ 17,152**	**$ 2,922,777**
Net income/(loss) attributable to UDR, Inc.	—	—	—	184,965	—	—	184,965
Net income/(loss) attributable to noncontrolling interests	—	—	—	—	—	125	125
Contribution of noncontrolling interests in consolidated real estate	—	—	—	—	—	125	125
Long Term Incentive Plan Unit grants/(vestings), net	—	—	—	—	—	13,370	13,370
Other comprehensive income/(loss)	—	—	—	—	(10,381)	—	(10,381)
Issuance/(forfeiture) of common and restricted shares, net	—	—	2,088	—	—	—	2,088
Issuance of common shares through public offering, net	—	158	725,157	—	—	—	725,315
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	33	133,998	—	—	—	134,031
Common stock distributions declared ($1.37 per share)	—	—	—	(395,113)	—	—	(395,113)
Preferred stock distributions declared-Series E ($1.4832 per share)	—	—	—	(4,104)	—	—	(4,104)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	(183,884)	—	—	(183,884)
Balance at December 31, 2019	**$ 46,201**	**$ 2,946**	**$ 5,781,975**	**$ (2,462,132)**	**$ (10,448)**	**$ 30,772**	**$ 3,389,314**

See accompanying notes to consolidated financial statements.

UDR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except for share data)

	Year Ended December 31, 2019	2018	2017
Operating Activities			
Net income/(loss)	$ 199,579	$ 221,542	$ 132,655
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Depreciation and amortization	507,923	435,679	436,462
(Gain)/loss on sale of real estate owned	(5,282)	(136,197)	(43,404)
(Income)/loss from unconsolidated entities	(137,873)	5,055	(31,257)
Return on investment in unconsolidated joint ventures	5,179	4,248	4,416
Amortization of share-based compensation	24,330	14,244	12,862
Other	39,958	4,998	20,467
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets	(10,956)	(13,880)	(9,008)
Increase/(decrease) in operating liabilities	7,846	24,987	(4,278)
Net cash provided by/(used in) operating activities	630,704	560,676	518,915
Investing Activities			
Acquisition of real estate assets	(1,370,770)	—	(96,791)
Proceeds from sales of real estate investments, net	38,000	247,031	71,235
Development of real estate assets	(25,401)	(150,238)	(248,546)
Capital expenditures and other major improvements — real estate assets	(167,188)	(112,359)	(124,728)
Capital expenditures — non-real estate assets	(17,159)	(4,850)	(1,384)
Investment in unconsolidated joint ventures	(93,059)	(112,025)	(123,842)
Distributions received from unconsolidated joint ventures	72,441	42,683	116,329
Purchase deposits on pending acquisitions	(12,160)	(1,000)	—
Repayment/(issuance) of notes receivable, net	(111,391)	(22,790)	321
Net cash provided by/(used in) investing activities	(1,686,687)	(113,548)	(407,406)
Financing Activities			
Payments on secured debt	(162,253)	(279,243)	(326,346)
Proceeds from the issuance of secured debt	162,500	80,000	—
Payments on unsecured debt	(700,000)	—	(300,000)
Net proceeds from the issuance of unsecured debt	1,099,816	299,994	598,095
Net proceeds/(repayment) of commercial paper	198,885	(198,885)	300,000
Net proceeds/(repayment) of revolving bank debt	16,567	(21,751)	417
Proceeds from the issuance of common shares through public offering, net	725,315	299,825	—
Repurchase of common shares	—	(19,988)	—
Distributions paid to redeemable noncontrolling interests	(31,580)	(32,457)	(31,089)
Distributions paid to preferred stockholders	(4,063)	(3,836)	(3,708)
Distributions paid to common stockholders	(383,079)	(342,241)	(327,793)
Other	(41,725)	(41,485)	(21,361)
Net cash provided by/(used in) financing activities	880,383	(260,067)	(111,785)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	(175,600)	187,061	(276)
Cash, cash equivalents, and restricted cash, beginning of year	208,891	21,830	22,106
Cash, cash equivalents, and restricted cash, end of year	$ 33,291	$ 208,891	$ 21,830
Supplemental Information:			
Interest paid during the period, net of amounts capitalized	$ 169,558	$ 132,466	$ 126,348
Cash paid/(refunds received) for income taxes	1,519	625	1,660
Non-cash transactions:			
Transfer of investment in and advances to unconsolidated joint ventures to real estate owned	$ 288,108	$ —	$ 140,549
Transfer of investment in and advances to unconsolidated joint ventures to joint venture member	60,625	—	—
Secured debt assumed in the consolidation of unconsolidated joint ventures	551,800	—	—
Recognition of operating lease right-of-use assets	94,349	—	—
Recognition of operating lease liabilities	88,336	—	—
Right-of-use assets obtained in exchange for operating lease liabilities remeasurement	111,055	—	—
Vesting of LTIP Units	14,742	4,397	2,317
Development costs and capital expenditures incurred but not yet paid	16,635	10,304	43,930
Conversion of Operating Partnership and DownREIT Partnership noncontrolling interests to common stock (3,165,780 shares in 2019; 348,057 shares in 2018; and 389,033 shares in 2017)	134,031	13,328	14,544
Dividends declared but not yet paid	109,382	97,666	91,455

	Year Ended December 31, 2019	2018	2017
The following reconciles cash, cash equivalents, and restricted cash to amounts as shown above:			
Cash, cash equivalents, and restricted cash, beginning of year:			
Cash and cash equivalents	**$ 185,216**	$ 2,038	$ 2,112
Restricted cash	**23,675**	19,792	19,994
Total cash, cash equivalents, and restricted cash as shown above	**$ 208,891**	$ 21,830	$ 22,106
Cash, cash equivalents, and restricted cash, end of year:			
Cash and cash equivalents	**$ 8,106**	$ 185,216	$ 2,038
Restricted cash	**25,185**	23,675	19,792
Total cash, cash equivalents, and restricted cash as shown above	**$ 33,291**	$ 208,891	$ 21,830

See accompanying notes to consolidated financial statements.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. CONSOLIDATION AND BASIS OF PRESENTATION

Organization and Formation

UDR, Inc. ("UDR," the "Company," "we," or "our") is a self-administered real estate investment trust, or REIT, that owns, operates, acquires, renovates, develops, redevelops, and manages apartment communities generally in high barrier-to-entry markets located in the United States. The high barrier-to-entry markets are characterized by limited land for new construction, difficult and lengthy entitlement process, expensive single-family home prices and significant employment growth potential. At December 31, 2019, our consolidated apartment portfolio consisted of 148 consolidated communities located in 20 markets consisting of 47,010 apartment homes. In addition, the Company has an ownership interest in 5,268 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 2,138 apartment homes owned by entities in which we hold preferred equity investments.

Basis of Presentation

The accompanying consolidated financial statements of UDR include its wholly-owned and/or controlled subsidiaries (see the "Consolidated Joint Ventures" section of Note 5, *Joint Ventures and Partnerships*, for further discussion). All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements include the accounts of UDR and its subsidiaries, including United Dominion Realty, L.P. (the "Operating Partnership" or the "OP") and UDR Lighthouse DownREIT L.P. (the "DownREIT Partnership"). As of December 31, 2019 and 2018, there were 184.1 million and 183.6 million units, respectively, in the Operating Partnership ("OP Units") outstanding, of which 176.2 million, or 95.7% and 174.2 million, or 94.9%, respectively, were owned by UDR and 7.9 million, or 4.3% and 9.4 million, or 5.1%, respectively, were owned by outside limited partners. As of December 31, 2019 and 2018, there were 32.4 million units in the DownREIT Partnership ("DownREIT Units") outstanding, of which 18.4 million, or 56.8% and 17.2 million, or 53.2%, respectively, were owned by UDR (including 13.5 million DownREIT Units, or 41.7% and 13.5 million, or 41.6%, that were held by the Operating Partnership as of December 31, 2019 and 2018, respectively) and 14.0 million, or 43.2% and 15.2 million, or 46.8%, respectively, were owned by outside limited partners. The consolidated financial statements of UDR include the noncontrolling interests of the unitholders in the Operating Partnership and DownREIT Partnership.

The Company evaluated subsequent events through the date its financial statements were issued. No significant recognized or non-recognized subsequent events were noted other than those in Note 2, *Significant Accounting Policies*, Note 3, *Real Estate Owned* and Note 5, *Joint Ventures and Partnerships*.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The standard requires entities to estimate a lifetime expected credit loss for most financial assets, including trade and other receivables, held-to-maturity debt securities, loans and other financial instruments, and to present the net amount of the financial instrument expected to be collected. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses,* which amends the transition requirements and scope of ASU 2016-13 and clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leases standard. The updated standard became effective for the Company on January 1, 2020 and is to be adopted on a modified retrospective basis through a cumulative-effect adjustment to retained earnings on that date. While we are currently evaluating the impact ASU 2016-13 will have on our consolidated financial statements and related disclosures, we expect that the adoption will result in recording an allowance for credit losses for our notes receivable. However, we do not expect the updated standard to have a material impact on the consolidated financial statements.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard amended the existing lease accounting guidance and required lessees to recognize a lease liability and a right-of-use asset for all leases on their balance sheets. Lessees of operating leases continued to recognize lease expense in a manner similar to previous accounting. For lessors, accounting for leases under the new guidance was substantially the same as in prior periods, but eliminated current real estate-specific provisions and changed the treatment of initial direct costs. The standard was effective for the Company on January 1, 2019.

The Company elected the following package of practical expedients provided by the standard: (i) an entity need not reassess whether any expired or existing contract is a lease or contains a lease, (ii) an entity need not reassess the lease classification of any expired or existing leases, and (iii) an entity need not reassess initial direct costs for any existing leases. The Company also elected the short-term lease exception provided for in the standard and therefore only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year.

Upon adoption of the standard on January 1, 2019, the Company recognized right-of-use assets of $94.3 million and lease liabilities of $88.3 million. The right-of-use assets included $6.0 million of prepaid rent and intangible assets that was included within *Other assets* on our Consolidated Balance Sheets as of December 31, 2018.

The lease liabilities represent the present value of the remaining minimum lease payments as of January 1, 2019 and primarily relate to ground leases for communities where we are the lessee. The right-of-use assets represent our right to use an underlying asset for the lease term, which are calculated utilizing the lease liabilities plus any prepaid lease payments and intangible assets for ground leases acquired in the purchase of real estate. Our right-of-use assets and related lease liabilities recognized as of January 1, 2019 may change as a result of updates to the projected future minimum lease payments. Certain of our ground lease agreements where we are the lessee have future minimum lease payments that reset in the future based upon a percentage of the fair market value of the land at the time of the reset. The Company will continue to recognize lease expense for these leases in a manner similar to previous accounting based on our election of the package of practical expedients. However, in the event we modify existing ground leases and/or enter into new ground leases subsequent to the adoption of the standard, such leases would likely be classified as finance leases under the standard and require expense recognition based on the effective interest method. Under the standard, initial direct costs for both lessees and lessors will include only those costs that are incremental to the arrangement and would not have been incurred if the lease had not been obtained. As a result, subsequent to the adoption of the standard, we are expensing non-incremental leasing costs as incurred.

In July 2018, the FASB issued ASU 2018-11, *Leases – Targeted Improvements*, which provided entities with relief from the costs of implementing certain aspects of ASU 2016-02, *Leases*. The ASU provided a practical expedient which allowed lessors to not separate lease and non-lease components in a contract and allocate the consideration in the contract to the separate components if both: (i) the timing and pattern of revenue recognition for the non-lease component and the related lease component are the same and (ii) the combined single lease component would be classified as an operating lease. The Company elected the practical expedient to account for lease and non-lease components as a single component in lease contracts where we are the lessor. The ASU also provided a transition option that permitted entities to not recast the comparative periods presented when transitioning to the standard, which the Company also elected.

Real Estate

Real estate assets held for investment are carried at historical cost and consist of land, land improvements, buildings and improvements, furniture, fixtures and equipment and other costs incurred during their development, acquisition and redevelopment.

Expenditures for ordinary repair and maintenance costs are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to the acquisition and/or improvement of real estate assets are capitalized and depreciated over their estimated useful lives if the expenditures qualify as a betterment or the life of the related asset will be substantially extended beyond the original life expectancy.

UDR purchases real estate investment properties and records the tangible and identifiable intangible assets and liabilities acquired based on their estimated fair value. The primary, although not only, identifiable intangible asset associated with our portfolio is the value of existing lease agreements. When recording the acquisition of a community, we first assign fair value to the estimated intangible value of the existing lease agreements and then to the estimated value of the land, building and fixtures assuming the community is vacant. The Company estimates the intangible value of the lease agreements by determining the lost revenue associated with a hypothetical lease-up. Depreciation on the building is based on the expected useful life of the asset and the in-place leases are amortized over their remaining average contractual life. Property acquisition costs are capitalized as incurred if the acquisition does not meet the definition of a business.

Quarterly or when changes in circumstances warrant, UDR will assess our real estate properties for indicators of impairment. In determining whether the Company has indicators of impairment in our real estate assets, we assess whether the long-lived asset's carrying value exceeds the community's undiscounted future cash flows, which is representative of projected net operating income ("NOI") plus the residual value of the community. Our future cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. If such indicators of impairment are present and the carrying value exceeds the undiscounted cash flows of the community, an impairment loss is recognized equal to the excess of the carrying amount of the asset over its estimated fair value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates, capitalization rates, industry trends and reference to market rates and transactions.

For long-lived assets to be disposed of, impairment losses are recognized when the fair value of the asset less estimated cost to sell is less than the carrying value of the asset. Properties classified as real estate held for disposition generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. Real estate held for disposition is carried at the lower of cost, net of accumulated depreciation, or fair value, less the cost to sell, determined on an asset-by-asset basis. Expenditures for ordinary repair and maintenance costs on held for disposition properties are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to held for disposition properties are capitalized at cost. Depreciation is not recorded on real estate held for disposition.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which are 30 to 55 years for buildings, 10 to 35 years for major improvements, and 3 to 10 years for furniture, fixtures, equipment, and other assets.

Predevelopment, development, and redevelopment projects and related costs are capitalized and reported on the Consolidated Balance Sheets as *Total real estate owned, net of accumulated depreciation*. The Company capitalizes costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. These costs, excluding the direct costs of development and redevelopment and capitalized interest, for the years ended December 31, 2019, 2018, and 2017 were $8.4 million, $7.5 million and $8.8 million, respectively. During the years ended December 31, 2019, 2018, and 2017, total interest capitalized was $5.1 million, $10.6 million and $18.6 million, respectively. As each home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion and depreciation commences over the estimated useful life.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term, highly liquid investments. We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The majority of the Company's cash and cash equivalents are held at major commercial banks.

Restricted Cash

Restricted cash primarily consists of escrow deposits held by lenders for real estate taxes, insurance and replacement reserves, and security deposits.

Real Estate Sales Gain Recognition

For sale transactions resulting in a transfer of a controlling financial interest of a property, the Company generally derecognizes the related assets and liabilities from its Consolidated Balance Sheets and records the gain or loss in the period in which the transfer of control occurs. If control of the property has not transferred to the counterparty, the criteria for derecognition are not met and the Company will continue to recognize the related assets and liabilities on its Consolidated Balance Sheets.

Sale transactions to entities in which the Company sells a controlling financial interest in a property but retains a noncontrolling interest are accounted for as partial sales. Partial sales resulting in a change in control are accounted for at fair value and a full gain or loss is recognized. Therefore, the Company will record a gain or loss on the partial interest sold, and the initial measurement of our retained interest will be accounted for at fair value.

Sales of real estate to joint ventures or other noncontrolled investees are also accounted for at fair value and the Company will record a full gain or loss in the period the property is contributed.

To the extent that the Company acquires a controlling financial interest in a property that it previously accounted for as an equity method investment, the Company will not remeasure its previously held interest if the acquisition is treated as an asset acquisition. The Company will include the carrying amount of its previously held equity method interest along with the consideration paid and transaction costs incurred in determining the amounts to allocate to the related assets and liabilities acquired on its Consolidated Balance Sheets. When treated as an asset acquisition, the Company will not recognize a gain on consolidation of a property.

UDR, INC.
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Notes Receivable

Notes receivable relate to financing arrangements which are typically secured by real estate or real estate related projects. Certain of the loans we extend may include characteristics such as options to purchase the project within a specific time window following expected project completion. These characteristics can cause the loans to fall under the definition of a variable interest entity ("VIE"), and thus trigger consolidation consideration. We consider the facts and circumstances pertinent to each loan, including the relative amount of financing we are contributing to the overall project cost, decision making rights or control we hold, and our rights to expected residual gains or our obligations to absorb expected residual losses from the project. If we are deemed to be the primary beneficiary of a VIE due to holding a controlling financial interest, the majority of decision making control, or by other means, consolidation of the VIE would be required. The Company has concluded that it is not the primary beneficiary of the borrowing entities which were deemed to be VIEs.

Additionally, we analyze each loan arrangement for consideration of whether the loan qualifies for accounting as a loan or as an investment in a real estate development project. The Company has evaluated its real estate loans, where appropriate, for accounting treatment as loans versus real estate development projects, as required by ASC 310-10. For each loan, the Company has concluded that the characteristics and the facts and circumstances indicate that loan accounting treatment is appropriate.

The following table summarizes our Notes receivable, net as of December 31, 2019 and 2018 (*dollars in thousands*):

	Interest rate at December 31, 2019	Balance Outstanding December 31, 2019	Balance Outstanding December 31, 2018
Note due February 2020 (a)	10.00 %	$ **16,400**	$ 14,659
Note due March 2020 (b)	12.00 %	**20,000**	20,000
Note due October 2020 (c)	8.00 %	**2,250**	2,000
Note due August 2022 (d)	10.00 %	—	5,600
Note due October 2022 (e)	4.75 %	**115,000**	—
Total notes receivable, net		$ **153,650**	$ 42,259

(a) The Company has a secured note with an unaffiliated third party with an aggregate commitment of $16.4 million, of which $16.4 million has been funded, including $1.7 million funded during the year ended December 31, 2019. Interest payments are due monthly. The note matures at the earliest of the following: (a) the closing of any private or public capital raising in the amount of $5.0 million or greater; (b) an acquisition; (c) acceleration in the event of default; or (d) the eighth anniversary of the date of the note (February 2020).

In January 2020, the terms of this secured note were amended to increase the aggregate commitment from $16.4 million to $19.4 million and to extend the maturity date of the note from the eighth anniversary of the note (February 2020) to January 2023.

(b) The Company has a secured note with an unaffiliated third party with an aggregate commitment of $20.0 million, of which $20.0 million has been funded. The note is secured by a parcel of land and related land improvements. Interest payments are due when the loan matures. In December 2019, the term of the secured note was extended to March 30, 2020, and any interest incurred during the extension period will be due monthly.

(c) The Company has a secured note with an unaffiliated third party with an aggregate commitment of $2.3 million, of which $2.3 million has been funded, including $0.3 million funded during the year ended December 31, 2019. Interest payments are due when the loan matures. The note matures at the earliest of the following: (a) the closing of any private or public capital raising in the amount of $10.0 million or greater; (b) an acquisition; (c) acceleration in the event of default; or (d) the fifth anniversary of the date of the note (October 2020).

(d) The Company previously had a secured note with an unaffiliated third party under which $5.6 million had been funded. In January 2019, the $5.6 million secured note was repaid in full along with the contractually accrued interest of $0.2 million and an additional $8.5 million of promoted interest in conjunction with the unaffiliated third party being acquired.

(e) In November 2019, the Company entered into a secured note with an unaffiliated third party with an aggregate commitment of $115.0 million, all of which was funded during the year ended December 31, 2019. Interest payments are due when the loan matures. The note is secured by a first priority deed of trust on a 259 home operating community in Bellevue, Washington, which is expected to be completed in 2020. When the note was funded, the Company also entered into a purchase option agreement and paid a deposit of $10.0 million, which will give the Company the option to acquire the community at a fixed price of $170.0 million. The purchase option must be exercised within 30 days following the date the temporary certificate of occupancy is issued. The deposit is generally nonrefundable other than due to a failure of closing conditions pursuant to the terms of the agreement. If the Company does not exercise the purchase option, or if the Company exercises and fails to close the purchase other than due to seller's failure or other breaches in the purchase option agreement, per the terms of the agreement, the note will be modified to extend the maturity date to 10 years following the date the temporary certificate of occupancy is issued. Upon modification, the loan will be interest only for the first three years and after such date will be based on a 30 year amortization schedule.

The Company recognized $5.5 million, $4.1 million, and $1.8 million of interest income and $8.5 million, zero, and zero of promoted interest from notes receivable during the years ended December 31, 2019, 2018, and 2017, respectively, none of which was related party interest. Interest income and promoted interest are included in *Interest income and other income/(expense), net* on the Consolidated Statements of Operations.

Investment in Joint Ventures and Partnerships

We use the equity method to account for investments in joint ventures and partnerships that qualify as VIEs where we are not the primary beneficiary and other entities that we do not control or where we do not own a majority of the economic interest but have the ability to exercise significant influence over the operating and financial policies of the investee. Throughout these financial statements we use the term "joint venture" or "partnership" when referring to investments in entities in which we do not have a 100% ownership interest. The Company also uses the equity method when we function as the managing partner and our venture partner has substantive participating rights or where we can be replaced by our venture partner as managing partner without cause. For a joint venture or partnership accounted for under the equity method, our share of net earnings or losses is reflected as income/loss when earned/incurred and distributions are credited against our investment in the joint venture or partnership as received.

In determining whether a joint venture or partnership is a VIE, the Company considers: the form of our ownership interest and legal structure; the size of our investment; the financing structure of the entity, including necessity of subordinated debt; estimates of future cash flows; ours and our partner's ability to participate in the decision making related to acquisitions, disposition, budgeting and financing of the entity; obligation to absorb losses and preferential returns; nature of our partner's primary operations; and the degree, if any, of disproportionality between the economic and voting interests of the entity. As of December 31, 2019, the Company did not determine any of our joint ventures or partnerships to be VIEs.

We evaluate our investments in unconsolidated joint ventures for events or changes in circumstances that indicate there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, the fair value of the property of the joint venture, and the relationships with the other joint venture partners and its lenders. The amount of loss recognized is the excess of the investment's carrying amount over its estimated fair value. If we believe that the decline in fair value is temporary, no impairment is recorded. The aforementioned factors are taken into consideration as a whole by management in determining the valuation of our equity method investments. Should the actual results differ from management's judgment, the valuation could be negatively affected and may result in a negative impact to our Consolidated Financial Statements.

Derivative Financial Instruments

The Company utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. Derivative financial instruments are recorded on our Consolidated Balance Sheets as either an asset or liability and measured quarterly at their fair value. The changes in fair value for cash flow hedges that are deemed effective are reflected in other comprehensive income/(loss) and for non-designated derivative financial instruments in earnings. The ineffective component of cash flow hedges, if any, is recorded in earnings.

Redeemable Noncontrolling Interests in the Operating Partnership and DownREIT Partnership

Interests in the Operating Partnership and the DownREIT Partnership held by limited partners are represented by OP Units and DownREIT Units, respectively. The income is allocated to holders of OP Units/DownREIT Units based upon net income available to common stockholders and the weighted average number of OP Units/DownREIT Units outstanding to total common shares plus OP Units/DownREIT Units outstanding during the period. Capital contributions, distributions, and profits and losses are allocated to noncontrolling interests in accordance with the terms of the partnership agreements of the Operating Partnership and the DownREIT Partnership.

Limited partners of the Operating Partnership and the DownREIT Partnership have the right to require such partnership to redeem all or a portion of the OP Units/DownREIT Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the partnership agreement of the Operating Partnership or the DownREIT Partnership, as applicable), provided that such OP Units/DownREIT Units have been outstanding for at least one year, subject to certain exceptions. UDR, as the general partner of the Operating Partnership and the DownREIT Partnership may, in its sole discretion, purchase the OP Units/DownREIT Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of Common Stock of the Company for each OP Unit/DownREIT Unit), as defined in the partnership agreement of the Operating Partnership or the DownREIT Partnership, as applicable. Accordingly, the Company records the OP Units/DownREIT Units outside of permanent equity and reports the OP Units/DownREIT Units at their redemption value using the Company's stock price at each balance sheet date.

Income Taxes

Due to the structure of the Company as a REIT and the nature of the operations for the operating properties, no provision for federal income taxes has been provided for at UDR. Historically, the Company has generally incurred only state and local excise and franchise taxes. UDR has elected for certain consolidated subsidiaries to be treated as taxable REIT subsidiaries ("TRS").

Income taxes for our TRS are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rate is recognized in earnings in the period of the enactment date. The Company's deferred tax assets are generally the result of differing depreciable lives on capitalized assets, unrealized gains on other investment ventures and timing of expense recognition for certain accrued liabilities. As of December 31, 2019 and 2018, UDR's net deferred tax assets/(liabilities) was $(1.6) million and less than $(0.1) million, respectively. The net deferred tax assets/(liabilities) are recorded in *Accounts payable, accrued expenses and other liabilities* on the Consolidated Balance Sheets.

GAAP defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. GAAP also provides guidance on derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition. The Company recognizes its tax positions and evaluates them using a two-step process. First, UDR determines whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Second, the Company will determine the amount of benefit to recognize and record the amount that is more likely than not to be realized upon ultimate settlement.

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The Company invests in assets that qualify for federal investment tax credits ("ITC") through our TRS. An ITC reduces federal income taxes payable when qualifying depreciable property is acquired. The ITC is determined as a percentage of cost of the assets. The Company accounts for ITCs under the deferral method, under which the tax benefit from the ITC is deferred and amortized as a tax benefit into *Tax (provision)/benefit, net* on the Consolidated Statements of Operations over the book life of the qualifying depreciable property. The ITCs are recorded in *Accounts payable, accrued expenses and other liabilities* on the Consolidated Balance Sheets.

UDR had no material unrecognized tax benefit, accrued interest or penalties at December 31, 2019. UDR and its subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The tax years 2016 through 2018 remain open to examination by tax jurisdictions to which we are subject. When applicable, UDR recognizes interest and/or penalties related to uncertain tax positions in *Tax (provision)/benefit, net* on the Consolidated Statements of Operations.

Principles of Consolidation

The Company accounts for subsidiary partnerships, joint ventures and other similar entities in which it holds an ownership interest in accordance with the consolidation guidance. The Company first evaluates whether each entity is a VIE. Under the VIE model, the Company consolidates an entity when it has control to direct the activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Under the voting model, the Company consolidates an entity when it controls the entity through ownership of a majority voting interest.

Discontinued Operations

In accordance with GAAP, a discontinued operation represents (1) a component of an entity or group of components that has been disposed of or is classified as held for sale in a single transaction and represents a strategic shift that has or will have a major effect on an entity's financial results, or (2) an acquired business that is classified as held for sale on the date of acquisition. A strategic shift could include a disposal of (1) a separate major line of business, (2) a separate major geographic area of operations, (3) a major equity method investment, or (4) other major parts of an entity.

We record sales of real estate that do not meet the definition of a discontinued operation in *Gain/(loss) on sale of real estate owned* on the Consolidated Statements of Operations.

Stock-Based Employee Compensation Plans

The Company measures the cost of employee services received in exchange for an award of an equity instrument based on the award's fair value on the grant date and recognizes the cost over the period during which the employee is required to provide service in exchange for the award, which is generally the vesting period. The fair value for stock options issued by the Company is calculated utilizing the Black-Scholes-Merton formula. For performance based awards, the Company remeasures the fair value each balance sheet date with adjustments made on a cumulative basis until the award is settled and the final compensation is known. The fair value for market based awards issued by the Company is calculated utilizing a Monte Carlo simulation. For further discussion, see Note 10, *Employee Benefit Plans*.

Advertising Costs

All advertising costs are expensed as incurred and reported on the Consolidated Statements of Operations within the line item *Property operating and maintenance*. During the years ended December 31, 2019, 2018, and 2017, total advertising expense was $6.5 million, $6.7 million, and $6.2 million, respectively.

Cost of Raising Capital

Costs incurred in connection with the issuance of equity securities are deducted from stockholders' equity. Costs incurred in connection with the issuance or renewal of debt are recorded based on the terms of the debt issuance or renewal. Accordingly, if the terms of the renewed or modified debt instrument are deemed to be substantially different (i.e. a 10 percent or greater difference in the cash flows between instruments), all unamortized financing costs associated with the extinguished debt are charged to earnings in the current period and certain costs of new debt issuances are capitalized and amortized over the term of the debt. When the cash flows are not substantially different, the lender costs associated with the renewal or modification are capitalized and amortized into interest expense over the remaining term of the related debt instrument and other related costs are expensed. The balance of any unamortized financing costs associated with retired debt is expensed upon retirement. Deferred financing costs for new debt instruments include fees and costs incurred by the Company to obtain financing. Deferred financing costs are generally amortized on a straight-line basis, which approximates the effective interest method, over a period not to exceed the term of the related debt.

Comprehensive Income/(Loss)

Comprehensive income/(loss), which is defined as the change in equity during each period from transactions and other events and circumstances from nonowner sources, including all changes in equity during a period except for those resulting from investments by or distributions to stockholders, is displayed in the accompanying Consolidated Statements of Comprehensive Income/(Loss). For the years ended December 31, 2019, 2018, and 2017, the Company's other comprehensive income/(loss) consisted of the gain/(loss) (effective portion) on derivative instruments that are designated as and qualify as cash flow hedges, (gain)/loss on derivative instruments reclassified from other comprehensive income/(loss) into earnings, and the allocation of other comprehensive income/(loss) to noncontrolling interests. The (gain)/loss on derivative instruments reclassified from other comprehensive income/(loss) is included in *Interest expense* on the Consolidated Statements of Operations. See Note 14, *Derivatives and Hedging Activity,* for further discussion. The allocation of other comprehensive income/(loss) to redeemable noncontrolling interests during the years ended December 31, 2019, 2018, and 2017 was $(0.8) million, $0.2 million, and $0.3 million, respectively.

Forward Sales Agreements

The Company utilizes forward sales agreements for the future issuance of its common stock. When the Company enters into a forward sales agreement, the contract requires the Company to sell its shares to a counterparty at a predetermined price at a future date. The net sales price and proceeds attained by the Company will be determined on the dates of settlement, with adjustments during the term of the contract for the Company's anticipated dividends as well as for a daily interest factor that varies with changes in the federal funds rate. The Company generally has the ability to determine the dates and method of settlement (i.e., gross physical settlement, net share settlement or cash settlement), subject to certain conditions and the right of the counterparty to accelerate settlement under certain circumstances.

The Company accounts for the shares of common stock reserved for issuance upon settlement as equity in accordance with ASC 815-40, *Contracts in Entity's Own Equity*, which permits equity classification when a contract is considered indexed to its own stock and the contract requires or permits the issuing entity to settle the contract in shares (either physically or net in shares).

The guidance establishes a two-step process for evaluating whether an equity-linked financial instrument is considered indexed to its own stock, first, evaluating the instrument's contingent exercise provisions and second, evaluating the instrument's settlement provisions. When entering into forward sales agreements, we determine that (i) none of the agreement's exercise contingencies are based on observable markets or indices besides those related to the market for our own stock price; and (ii) none of the settlement provisions preclude the agreements from being indexed to our own stock.

Before the issuance of shares of common stock, upon physical or net share settlement of the forward sales agreements, the Company expects that the shares issuable upon settlement of the forward sales agreements will be reflected in its diluted income/(loss) per share calculations using the treasury stock method. Under this method, the number of shares of common stock used in calculating diluted income/(loss) per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sales agreements over the number of shares of common stock that could be purchased by the Company in the open market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). When the Company physically or net share settles any forward sales agreement, the delivery of shares of common stock would result in an increase in the number of weighted average common shares outstanding and dilution to basic income/(loss) per share. (See Note 8, *Income/(Loss) per Share* for further discussion.)

UDR, INC.
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Use of Estimates

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates.

Market Concentration Risk

The Company is subject to increased exposure from economic and other competitive factors specific to markets where the Company holds a significant percentage of the carrying value of its real estate portfolio. At December 31, 2019, the Company held greater than 10% of the carrying value of its real estate portfolio in each of the Orange County, California; Metropolitan D.C., New York, New York and Boston, Massachusetts markets.

3. REAL ESTATE OWNED

Real estate assets owned by the Company consist of income producing operating properties, properties under development, land held for future development, and held for disposition properties. As of December 31, 2019, the Company owned and consolidated 148 communities in 13 states plus the District of Columbia totaling 47,010 apartment homes. The following table summarizes the carrying amounts for our real estate owned (at cost) as of December 31, 2019 and 2018 *(dollars in thousands):*

	December 31, 2019	December 31, 2018
Land	**$ 2,164,032**	$ 1,849,799
Depreciable property — held and used:		
Land improvements	**224,964**	213,224
Building, improvements, and furniture, fixtures and equipment	**10,102,758**	8,133,136
Real estate intangible assets	**40,570**	—
Under development:		
Land and land improvements	**29,226**	—
Building, improvements, and furniture, fixtures and equipment	**40,551**	—
Real estate owned	**12,602,101**	10,196,159
Accumulated depreciation	**(4,131,353)**	(3,654,160)
Real estate owned, net	**$ 8,470,748**	$ 6,541,999

Acquisitions

In January 2019, the Company increased its ownership interest from 49% to 100% in a 386 apartment home operating community located in Anaheim, California, for a cash purchase price of approximately $33.5 million. In connection with the acquisition, the Company repaid approximately $59.8 million of joint venture construction financing. As a result, the Company consolidated the operating community. The Company had previously accounted for its 49% ownership interest as an equity investment in an unconsolidated joint venture (see Note 5, *Joint Ventures and Partnerships*). The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $115.7 million and recorded approximately $2.4 million of in-place lease intangibles.

In January 2019, the Company increased its ownership interest from 49% to 100% in a 155 apartment home operating community located in Seattle, Washington, for a cash purchase price of approximately $20.0 million. In connection with the acquisition, the Company repaid approximately $26.0 million of joint venture construction financing. As a result, the Company consolidated the operating community. The Company had previously accounted for its 49% ownership interest as a preferred equity investment in an unconsolidated joint venture (see Note 5, *Joint Ventures and Partnerships*). The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $58.1 million and recorded approximately $2.4 million of real estate intangibles and approximately $0.6 million of in-place lease intangibles.

UDR, INC.
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In January 2019, the Company acquired a to-be-developed parcel of land located in Washington D.C. for approximately $27.1 million.

In February 2019, the Company acquired a to-be-developed parcel of land located in Denver, Colorado for approximately $13.7 million.

In February 2019, the Company acquired a 188 apartment home operating community located in Brooklyn, New York for approximately $132.1 million. The Company increased its real estate assets owned by approximately $97.5 million and recorded approximately $33.6 million of real estate intangibles and approximately $1.0 million of in-place lease intangibles.

In February 2019, the Company acquired a 381 apartment home operating community located in St. Petersburg, Florida for approximately $98.3 million**.** The Company increased its real estate assets owned by approximately $96.0 million and recorded approximately $2.3 million of in-place lease intangibles.

In April 2019, the Company acquired a 498 apartment home operating community located in Towson, Maryland for approximately $86.4 million. The Company increased its real estate assets owned by approximately $82.5 million and recorded approximately $3.9 million of in-place lease intangibles.

In May 2019, the Company acquired a 313 apartment home operating community located in King of Prussia, Pennsylvania for approximately $107.3 million. The Company increased its real estate assets owned by approximately $106.4 million and recorded approximately $0.9 million of in-place lease intangibles.

In May 2019, the Company acquired a 240 apartment home operating community located in St. Petersburg, Florida for approximately $49.4 million. The Company increased its real estate assets owned by approximately $48.2 million and recorded approximately $1.2 million of in-place lease intangibles.

In June 2019, the Company acquired a 200 apartment home operating community located in Waltham, Massachusetts for approximately $84.6 million. The Company increased its real estate assets owned by approximately $82.6 million and recorded approximately $2.0 million of in-place lease intangibles.

In August 2019, the Company acquired a 914 apartment home operating community located in Norwood, Massachusetts for approximately $270.2 million. The Company increased its real estate assets owned by approximately $260.1 million and recorded approximately $10.1 million of in-place lease intangibles.

In August 2019, the Company acquired a 185 apartment home operating community located in Englewood, New Jersey for approximately $83.6 million. The Company increased its real estate assets owned by approximately $77.5 million and recorded approximately $4.6 million of real estate intangibles and approximately $1.5 million of in-place lease intangibles.

In August 2019, the Company purchased a 292 apartment home operating community in Washington, D.C., directly from the UDR/KFH joint venture, thereby increasing its ownership interest from 30% to 100%, for a purchase price at 100% of approximately $184.0 million, before $2.8 million of closing costs incurred by UDR at acquisition (see Note 5, *Joint Ventures and Partnerships*). The Company accounted for the consolidation as an asset acquisition, resulting in no gain upon consolidation, and increased its real estate assets owned by approximately $156.0 million and recorded approximately $5.9 million of in-place lease intangibles.

In November 2019, the Company acquired the approximately 50% ownership interest not previously owned in 10 UDR/MetLife operating communities, one development community and four land parcels valued at $1.1 billion, or $564.2 million at UDR's share, and sold its approximately 50% ownership interest in five UDR/MetLife operating communities valued at $645.8 million, or $322.9 million at UDR's share, to MetLife, and recognized a net gain on sale of $114.9 million at our share. The Company paid $109.2 million directly to MetLife to complete the transaction. As a result, the Company consolidated the 10 operating communities, one development community and four land parcels, and they are no longer accounted for as equity method investments in an unconsolidated joint venture (see Note 5, *Joint Ventures and Partnerships*). The Company accounted for the consolidation as an asset acquisition resulting in no gain upon consolidation and increased its real estate assets owned by approximately $977.8 million and recorded approximately $30.0 million of in-place lease intangibles. In connection with the acquisition, the Company assumed six secured fixed rate mortgage notes payable and one credit facility secured by four communities with a combined outstanding balance of $518.4 million and estimated fair value of $551.8 million. The Company recorded the debt at its fair value in *Secured debt*, *net* on the Consolidated Balance Sheets.

The following table summarizes the 10 communities, one development community and four land parcels acquired from the UDR/MetLife II and the UDR/MetLife Vitruvian Park® joint ventures:

Property	Type	Number of Homes	Location
Strata	Operating Community	163	San Diego, CA
Crescent Falls Church	Operating Community	214	Washington, D.C.
Charles River Landing	Operating Community	350	Boston, MA
Lodge at Ames Pond	Operating Community	364	Boston, MA
Lenox Farms	Operating Community	338	Boston, MA
Towson Promenade	Operating Community	379	Baltimore, MD
Savoye	Operating Community	394	Addison, TX
Savoye2	Operating Community	351	Addison, TX
Fiori on Vitruvian Park ®	Operating Community	391	Addison, TX
Vitruvian West	Operating Community	383	Addison, TX
Vitruvian West Phase 2 (a)	Development Community	366	Addison, TX
Vitruvian Park ®	4 Land Parcels	N/A	Addison, TX

(a) The number of apartment homes for the community under development presented in the table above is based on the projected number of total homes upon completion of development. As of December 31, 2019, no apartment homes had been completed.

In January 2020, the Company acquired a 294 home operating community located in Tampa, Florida for approximately $85.2 million.

In January 2020, the Company increased its ownership interest from 49% to 100% in a 276 apartment home operating community located in Hillsboro, Oregon, for a cash purchase price of approximately $21.6 million. In connection with the acquisition, the Company repaid approximately $35.6 million of joint venture construction financing. As a result, in January 2020, the Company consolidated the operating community. The Company had previously accounted for its 49% ownership interest as a preferred equity investment in an unconsolidated joint venture (see Note 5, *Joint Ventures and Partnerships*).

During the year ended December 31, 2018, the Company did not have any acquisitions of real estate.

Dispositions

In June 2019, the Company sold a parcel of land located in Los Angeles, California for $38.0 million, resulting in a gain of approximately $5.3 million. Prior to the sale, the parcel of land was subject to a ground lease, under which UDR was the lessor, scheduled to expire in 2065. The ground lease included a purchase option for the lessee to acquire the land during specific periods of the ground lease term. During the second quarter, the lessee exercised the purchase option resulting in this sale by the Company and the ground lease being terminated.

Prior to the sale, the purchase option was not deemed to be a bargain purchase option. This ground lease existed as of the adoption of the new lease accounting guidance on January 1, 2019 and we did not reassess lease classification per the practical expedient provided by the standard. As a result, this ground lease continued to be classified as an operating lease and the land parcel subject to the ground lease continued to be recognized in *Real estate held for investment* on our Consolidated Balance Sheets until the sale in June 2019.

In February 2018, the Company sold an operating community in Orange County, California with a total of 264 apartment homes for gross proceeds of $90.5 million, resulting in a gain of $70.3 million. The proceeds were designated for a tax-deferred Section 1031 exchange that were used to pay a portion of the purchase price for an acquisition in October 2017.

In December 2018, the Company sold an operating community in Fairfax, Virginia with a total of 604 apartment homes for gross proceeds of $160.0 million, resulting in a gain of $65.9 million.

In February 2017, the Company sold a parcel of land in Richmond, Virginia for gross proceeds of $3.5 million, resulting in a gain of $2.1 million.

In December 2017, the Company sold two operating communities with a total of 218 apartment homes in Orange County, California and Carlsbad, California for gross proceeds of $69.0 million, resulting in a gain of $41.3 million.

Developments

At December 31, 2019, the Company was developing three wholly-owned communities totaling 878 homes, none of which have been completed, with a budget of $278.5 million, in which we have a carrying value of $69.8 million. The communities are estimated to be completed between the first quarter of 2021 and the second quarter of 2022.

Other Activity

In connection with the acquisition of certain properties, the Company agreed to pay certain of the tax liabilities of certain contributors if the Company sells one or more of the properties contributed in a taxable transaction prior to the expiration of specified periods of time following the acquisition. The Company may, however, sell, without being required to pay any tax liabilities, any of such properties in a non-taxable transaction, including, but not limited to, a tax deferred Section 1031 exchange.

Further, the Company has agreed to maintain certain debt that may be guaranteed by certain contributors for specified periods of time following the acquisition. The Company, however, has the ability to refinance or repay guaranteed debt or to substitute new debt if the debt and the guaranty continue to satisfy certain conditions.

Amortization of Intangible Assets

The following table provides a summary of the aggregate amortization for the intangible assets acquired in the acquisition of real estate for each of the next five years and thereafter (*in thousands*):

	Unamortized Balance as of December 31, 2019	2020	2021	2022	2023	2024	Thereafter
Real estate intangible assets, net (a)	$ 37,844	$ 3,062	$ 2,840	$ 2,740	$ 2,643	$ 2,525	$ 24,034
In-place lease intangible assets, net (b)	43,614	41,179	501	470	386	358	720
Total	$ 81,458	$ 44,241	$ 3,341	$ 3,210	$ 3,029	$ 2,883	$ 24,754

(a) Real estate intangible assets, net is recorded net of accumulated amortization of $2.7 million in *Real estate held for investment, net* on the Consolidated Balance Sheets. For the year ended December 31, 2019, $2.7 million of amortization expense was recorded in *Depreciation and Amortization* on the Consolidated Statement of Operations.

(b) In-place lease intangible assets, net is recorded net of accumulated amortization of $23.6 million in *Other assets* on the Consolidated Balance Sheets. For the year ended December 31, 2019, $20.8 million was recorded in *Depreciation and Amortizatio*n on the Consolidated Statement of Operations.

4. VARIABLE INTEREST ENTITIES

The Company has determined that the Operating Partnership and DownREIT Partnership are VIEs as the limited partners lack substantive kick-out rights and substantive participating rights. The Company has concluded that it is the primary beneficiary of, and therefore consolidates, the Operating Partnership and DownREIT Partnership based on its role as the sole general partner of the Operating Partnership and DownREIT Partnership. The Company's role as community manager and its equity interests give us the power to direct the activities that most significantly impact the economic performance and the obligation to absorb potentially significant losses or the right to receive potentially significant benefits of the Operating Partnership and DownREIT Partnership.

See the consolidated financial statements of the Operating Partnership presented within this Report and Note 4, *Unconsolidated Entities*, to the Operating Partnership's consolidated financial statements for condensed summarized financial information of the DownREIT Partnership.

5. JOINT VENTURES AND PARTNERSHIPS

UDR has entered into joint ventures and partnerships with unrelated third parties to own, operate, acquire, renovate, develop, redevelop, dispose of, and manage real estate assets that are either consolidated and included in *Real estate owned* on the Consolidated Balance Sheets or are accounted for under the equity method of accounting, and are included in *Investment in and advances to unconsolidated joint ventures, net*, on the Consolidated Balance Sheets. The Company consolidates the entities that we control as well as any variable interest entity where we are the primary beneficiary. Under the VIE model, the Company consolidates an entity when it has control to direct the activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Under the voting model, the Company consolidates an entity when it controls the entity through ownership of a majority voting interest.

UDR's joint ventures and partnerships are funded with a combination of debt and equity. Our losses are typically limited to our investment and except as noted below, the Company does not guarantee any debt, capital payout or other obligations associated with our joint ventures and partnerships.

The Company recognizes earnings or losses from our investments in unconsolidated joint ventures and partnerships consisting of our proportionate share of the net earnings or losses of the joint ventures and partnerships. In addition, we may earn fees for providing management services to the unconsolidated joint ventures and partnerships.

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The following table summarizes the Company’s investment in and advances to unconsolidated joint ventures and partnerships, net, which are accounted for under the equity method of accounting as of December 31, 2019 and 2018 *(dollars in thousands)*:

Joint Venture	Location of Properties	Number of Properties December 31, 2019	Number of Apartment Homes December 31, 2019	Investment at December 31, 2019	Investment at December 31, 2018	UDR’s Ownership Interest December 31, 2019	UDR’s Ownership Interest December 31, 2018
Operating and development:							
UDR/MetLife I	Los Angeles, CA	1 operating community	150	**$ 28,812**	$ 30,839	**50.0 %**	50.0 %
UDR/MetLife II (a)	Various	7 operating communities	1,250	**150,893**	296,807	**50.0 %**	50.0 %
Other UDR/MetLife Joint Ventures	Various	5 operating communities	1,437	**98,441**	115,668	**50.6 %**	50.6 %
UDR/MetLife Vitruvian Park® (a)	Addison, TX	—	—	**—**	71,730	**— %**	50.0 %
UDR/KFH (b)	Washington, D.C.	—	—	**—**	5,507	**— %**	30.0 %
West Coast Development Joint Ventures	Los Angeles, CA	1 operating community	293	**34,907**	36,143	**47.0 %**	47.0 %
Investment in and advances to unconsolidated joint ventures, net, before preferred equity investments and other investments				**$ 313,053**	$ 556,694		

Developer Capital Program and Other Investments (c)	Location	Rate	Years To Maturity	UDR Commitment (d)	Investment at December 31, 2019	Investment at December 31, 2018	Income from investments Year Ended December 31, 2019	2018	2017
Preferred equity investments:									
West Coast Development Joint Ventures (e)	Hillsboro, OR	6.5 %	N/A	$ —	**$ 17,064**	$ 65,417	**$ (447)**	$ 865	$ 23,230
1532 Harrison	San Francisco, CA	11.0 %	2.5	24,645	**30,585**	24,986	**3,147**	2,228	511
1200 Broadway (f)	Nashville, TN	8.0 %	2.8	55,558	**63,958**	58,982	**4,888**	2,970	370
Junction (g)	Santa Monica, CA	12.0 %	2.6	8,800	**10,379**	9,211	**1,169**	406	—
1300 Fairmount (h)	Philadelphia, PA	Variable	3.6	51,393	**51,215**	8,318	**3,098**	159	—
Essex (i)	Orlando, FL	12.5 %	3.7	12,886	**14,804**	9,940	**1,639**	258	—
Modera Lake Merritt (j)	Oakland, CA	9.0 %	4.3	27,250	**22,653**	—	**1,067**	—	—
Other investments:									
The Portals	Washington, D.C.	11.0 %	1.4	38,559	**48,181**	43,167	**5,012**	3,692	839
Other investment ventures	N/A	N/A	N/A	$ 18,000	**13,598**	4,154	**$ 4,053**	$ (267)	$ (30)
Total Developer Capital Program and Other Investments					**272,437**	224,175			
Total investment in and advances to unconsolidated joint ventures, net (k)					**$ 585,490**	$ 780,869			

(a) In November 2019, the Company acquired the approximately 50% ownership interest not previously owned in 10 UDR/MetLife operating communities, one development community and four land parcels valued at $1.1 billion, or $564.2 million at UDR’s share, and sold its approximately 50% ownership interest in five UDR/MetLife operating communities valued at $645.8 million, or $322.9 million at UDR’s share, to MetLife, and recognized a net gain on sale of $114.9 million at our share, which is included in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. As a result, the Company consolidated the 10 operating communities, one development community and four land parcels, and they are no longer accounted for as equity method investments in an unconsolidated joint venture (see Note 3, *Real Estate Owned*). Upon closing of the transaction, the UDR/MetLife II joint venture holds seven operating communities and the UDR/MetLife Vitruvian Park® joint venture no longer holds any properties.

(b) As of January 1, 2019, the joint venture held three operating communities.

During 2019, the joint venture sold two communities with 368 homes, located in Arlington, Virginia, and Silver Spring, Maryland, for a combined sales price of approximately $118.3 million. As a result, the Company recorded total gains on the sales of approximately $10.6 million, which are included in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations.

In August 2019, the joint venture sold the third community, a 292 home operating community located in Washington, D.C., directly to the Company for a sales price at 100% of approximately $184.0 million, before $2.8 million of closing costs incurred by UDR at acquisition. The Company deferred its share of the gain on sale of approximately $23.8 million and recorded it as a reduction of the carrying amount of real estate assets owned (see Note 3, *Real Estate Owned*).

(c) The Developer Capital Program is the program through which the Company makes investments, including preferred equity investments, mezzanine loans or other structured investments that may receive a fixed yield on the investment and may include provisions pursuant to which the Company participates in the increase in value of the property upon monetization of the applicable property and/or holds fixed price purchase options.

(d) Represents UDR's maximum funding commitment only and therefore excludes other activity such as income from investments.

(e) In January 2019, the Company increased its ownership interest from 49% to 100% in a 386 apartment home operating community located in Anaheim, California, for a cash purchase price of approximately $33.5 million. As a result, the Company consolidated the operating community and it is no longer accounted for as a preferred equity investment in an unconsolidated joint venture (see Note 3, *Real Estate Owned*). In connection with the purchase, the construction loan on the community was paid in full.

In January 2019, the Company increased its ownership interest from 49% to 100% in a 155 apartment home operating community located in Seattle, Washington, for a cash purchase price of approximately $20.0 million. As a result, the Company consolidated the operating community and it is no longer accounted for as a preferred equity investment in an unconsolidated joint venture (see Note 3, *Real Estate Owned*). In connection with the purchase, the construction loan on the community was paid in full.

In January 2020, the Company increased its ownership interest from 49% to 100% in a 276 apartment home operating community located in Hillsboro, Oregon, for a cash purchase price of approximately $21.6 million. As a result, in January 2020, the Company consolidated the operating community and it is no longer accounted for as a preferred equity investment in an unconsolidated joint venture (see Note 3, *Real Estate Owned*).

(f) The Company's preferred equity investment receives a variable percentage of the value created from the project upon a capital or liquidating event.

(g) In August 2018, the Company entered into a joint venture agreement with an unaffiliated joint venture partner to develop and operate a 66 apartment home community located in Santa Monica, CA. The Company's preferred equity investment of $8.8 million earns a preferred return of 12.0% per annum. The unaffiliated joint venture partner is the managing member of the joint venture and the developer of the community. The Company has concluded that it does not control the joint venture and, therefore, accounts for it under the equity method of accounting.

(h) In August 2018, the Company entered into a joint venture agreement with an unaffiliated joint venture partner to develop and operate a 471 apartment home community located in Philadelphia, PA. The Company's preferred equity investment of up to $51.4 million earns a preferred return between 8.5% and 12.0% per annum and receives a variable percentage of the value created from the project upon a capital or liquidating event. The unaffiliated joint venture partner is the managing member of the joint venture and the developer of the community. The Company has concluded that it does not control the joint venture and, therefore, accounts for it under the equity method of accounting.

(i) In September 2018, the Company entered into a joint venture agreement with an unaffiliated joint venture partner to develop and operate a 330 apartment home community located in Orlando, FL. The Company's preferred equity investment of up to $12.9 million earns a preferred return of 12.5% per annum. The unaffiliated joint venture partner is the managing member of the joint venture and the developer of the community. The Company has concluded that it does not control the joint venture and, therefore, accounts for it under the equity method of accounting.

(j) In April 2019, the Company entered into a joint venture agreement with an unaffiliated joint venture partner to develop and operate a 173 apartment home community located in Oakland, CA. The Company's preferred equity investment of up to $27.3 million earns a preferred return of 9.0% per annum and receives a variable percentage of the value created from the project upon a capital or liquidating event. The unaffiliated joint venture partner is the managing member of the joint venture and the developer of the community. The Company has concluded that it does not control the joint venture and, therefore, accounts for it under the equity method of accounting**.**

(k) As of December 31, 2019, the Company's negative investment in 13th and Market Properties LLC of $2.8 million is included in Other UDR/MetLife Joint Ventures in the table above and recorded in *Accounts payable, accrued expenses, and other liabilities* on the Consolidated Balance Sheet.

As of December 31, 2019 and 2018, the Company had deferred fees of $9.0 million and $11.0 million, respectively, which will be recognized through earnings over the weighted average life of the related properties, upon the disposition of the properties to a third party, or upon completion of certain development obligations.

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The Company recognized management fees of $14.0 million, $11.6 million, and $11.4 million during the years ended December 31, 2019, 2018, and 2017, respectively, for management of the communities held by the joint ventures and partnerships. The management fees are included in *Joint venture management and other fees* on the Consolidated Statements of Operations.

The Company may, in the future, make additional capital contributions to certain of our joint ventures and partnerships should additional capital contributions be necessary to fund acquisitions or operations.

We evaluate our investments in unconsolidated joint ventures and partnerships when events or changes in circumstances indicate that there may be an other-than-temporary decline in value. We consider various factors to determine if a decrease in the value of the investment is other-than-temporary. The Company did not recognize any other-than-temporary impairments in the value of its investments in unconsolidated joint ventures or partnerships during the years ended December 31, 2019, 2018, and 2017.

Condensed summary financial information relating to the unconsolidated joint ventures' and partnerships' operations (not just our proportionate share), is presented below for the years ended December 31, 2019, 2018, and 2017 (*dollars in thousands):*

As of and For the Year Ended December 31, 2019	UDR/ MetLife I	UDR/ MetLife II	Other UDR/MetLife Joint Ventures	UDR/ MetLife Vitruvian Park®	UDR/KFH	West Coast Development Joint Ventures	Total
Condensed Statements of Operations:							
Total revenues	$ 9,834	$ 151,226	$ 64,273	$ 26,398	$ 12,217	$ 14,058	$ 278,006
Property operating expenses	4,533	54,445	22,019	12,541	4,982	6,829	105,349
Real estate depreciation and amortization	5,787	44,077	35,001	9,832	5,746	5,440	105,883
Gain/(loss) on sale of real estate (a)	—	—	—	—	115,516	—	115,516
Operating income/(loss)	(486)	52,704	7,253	4,025	117,005	1,789	182,290
Interest expense	(3,070)	(44,825)	(17,399)	(5,948)	(4,300)	(4,656)	(80,198)
Net gain/(loss) on revaluation of assets and liabilities (b)	—	458,195	—	25,711	—	—	483,906
Other income/(loss)	—	—	—	—	—	159	159
Net income/(loss)	$ (3,556)	$ 466,074	$ (10,146)	$ 23,788	$ 112,705	$ (2,708)	$ 586,157
Condensed Balance Sheets:							
Total real estate, net	$ 120,055	$ 663,492	$ 621,335	$ —	$ —	$ 140,224	$ 1,545,106
Cash and cash equivalents	2,317	4,208	7,973	—	—	5,692	20,190
Other assets	1,053	9,777	5,400	—	—	1,305	17,535
Total assets	123,425	677,477	634,708	—	—	147,221	1,582,831
Third party debt, net	70,890	425,303	454,972	—	—	90,498	1,041,663
Accounts payable and accrued liabilities	4,037	9,303	9,757	—	—	3,440	26,537
Total liabilities	74,927	434,606	464,729	—	—	93,938	1,068,200
Total equity	$ 48,498	$ 242,871	$ 169,979	$ —	$ —	$ 53,283	$ 514,631

(a) Represent the gains on the sale of three operating communities at the UDR/KFH joint venture level, as described in note (b) to the table above summarizing the Company's investment in and advances to unconsolidated joint ventures and partnerships, net.

(b) Represent the net gains on the revaluation of the assets and liabilities to fair value of 15 operating communities at the UDR/MetLife II joint venture level and one development community and four land parcels at the UDR/MetLife Vitruvian Park® joint venture level prior to their distribution to the Company or MetLife in November 2019, as described in note (a) to the table above summarizing the Company's investment in and advances to unconsolidated joint ventures and partnerships, net. The net gain on revaluation of assets and liabilities to fair value was recognized at the joint venture level as the respective joint ventures distributed their equity interests in the real estate to the Company or MetLife at fair value.

For the approximately 50% ownership interest acquired in the 10 operating communities, one development community and four land parcels described above, the Company deferred its share of the net gain on revaluation of approximately $131.5 million and recorded it as a reduction of the carrying amount of real estate owned. (see Note 3, *Real Estate Owned*). For the 50% ownership interest acquired in the five communities by MetLife, the Company recognized a net gain on sale of $114.9 million at our share, when the communities were disposed of by the UDR/MetLife II joint venture.

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As of and For the Year Ended December 31, 2018	UDR/ MetLife I	UDR/ MetLife II	Other UDR/MetLife Joint Ventures	UDR/ MetLife Vitruvian Park®	UDR/KFH	West Coast Development Joint Ventures	Total
Condensed Statements of Operations:							
Total revenues	$ 3,187	$ 158,738	$ 61,967	$ 26,096	$ 20,703	$ 16,392	$ 287,083
Property operating expenses	3,066	56,403	21,998	13,732	8,318	8,830	112,347
Real estate depreciation and amortization	3,392	44,721	35,437	9,495	14,487	7,679	115,211
Operating income/(loss)	(3,271)	57,614	4,532	2,869	(2,102)	(117)	59,525
Interest expense	(1,872)	(49,118)	(17,408)	(6,051)	(6,739)	(6,175)	(87,363)
Other income/(loss)	—	—	—	—	—	148	148
Net income/(loss)	$ (5,143)	$ 8,496	$ (12,876)	$ (3,182)	$ (8,841)	$ (6,144)	$ (27,690)
Condensed Balance Sheets:							
Total real estate, net	$ 124,112	$ 1,609,903	$ 653,729	$ 315,541	$ 182,970	$ 281,729	$ 3,167,984
Cash and cash equivalents	698	11,192	8,242	8,865	1,794	8,614	39,405
Other assets	1,074	18,670	4,904	2,241	1,320	1,610	29,819
Total assets	125,884	1,639,765	666,875	326,647	186,084	291,953	3,237,208
Third party debt, net	70,833	1,089,231	454,647	162,131	165,699	171,879	2,114,420
Accounts payable and accrued liabilities	1,935	21,258	9,753	14,968	1,860	9,943	59,717
Total liabilities	72,768	1,110,489	464,400	177,099	167,559	181,822	2,174,137
Total equity	$ 53,116	$ 529,276	$ 202,475	$ 149,548	$ 18,525	$ 110,131	$ 1,063,071

For the Year Ended December 31, 2017	UDR/ MetLife I	UDR/ MetLife II	Other UDR/MetLife Joint Ventures	UDR/ MetLife Vitruvian Park®	UDR/KFH	West Coast Development Joint Ventures	Total
Condensed Statements of Operations:							
Total revenues	$ —	$ 156,920	$ 48,032	$ 23,025	$ 20,327	$ 18,812	$ 267,116
Property operating expenses	93	52,450	21,908	11,839	8,159	9,520	103,969
Real estate depreciation and amortization	—	45,144	32,625	7,169	14,480	7,387	106,805
	(17)	(609)	—	—	—	72,216	71,590
Operating income/(loss)	(110)	58,717	(6,501)	4,017	(2,312)	74,121	127,932
Interest expense	—	(50,603)	(13,894)	(5,030)	(5,264)	(4,038)	(78,829)
Other income/(loss)	—	—	—	—	—	439	439
Net income/(loss)	$ (110)	$ 8,114	$ (20,395)	$ (1,013)	$ (7,576)	$ 69,644	$ 48,664

Other than the West Coast Development Joint Ventures, the condensed summary financial information relating to the entities in which we have an interest through the Developer Capital Program is not included in the tables above. As of and for the year ended December 31, 2019, combined total assets, liabilities, equity, revenues, expenses, and other income/(loss), for such entities were $521.0 million, $135.0 million, $386.0 million, $11.2 million, $3.5 million, and $26.4 million, respectively. As of and for the year ended December 31, 2018, combined total assets, liabilities, equity, revenues, and expenses for such entities were $248.1 million, $22.5 million, $225.6 million, $6.0 million, and $1.8 million, respectively. For the year ended December 31, 2017, combined total revenues and expenses for such entities were $7.8 million, and $9.5 million, respectively.

6. LEASES

Lessee - Ground and Office Leases

UDR owns six communities that are subject to ground leases, under which UDR is the lessee, expiring between 2043 and 2103, inclusive of extension options we are reasonably certain will be exercised. All of these leases existed as of the adoption of the new lease accounting guidance on January 1, 2019 and we did not reassess lease classification per the practical expedient provided by the standard. As such, these leases will continue to be classified as operating leases through the lease term expiration. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the remaining lease term. We currently do not hold any finance leases.

As of December 31, 2019, the *Operating lease right-of-use assets* was $204.2 million and the *Operating lease liabilities* was $198.6 million on our Consolidated Balance Sheets related to our ground leases. The value of the *Operating lease right-of-use assets* exceeds the value of the *Operating lease liabilities* due to prepaid lease payments and intangible assets for ground leases acquired in the purchase of real estate. The calculation of these amounts includes minimum lease payments over the remaining lease term (described further in the table below). Variable lease payments are excluded from the right-of-use assets and lease liabilities and are recognized in earnings in the period in which the obligation for those payments is incurred.

As the discount rate implicit in the leases was not readily determinable, we determined the discount rate for these leases utilizing the Company's incremental borrowing rate at a portfolio level, adjusted for the remaining lease term, and the form of underlying collateral.

The weighted average remaining lease term for these leases was 44.7 years at December 31, 2019 and the weighted average discount rate was 5.0% at December 31, 2019.

Future minimum lease payments and total operating lease liabilities from our ground leases as of December 31, 2019 are as follows *(dollars in thousands):*

		Ground Leases
2020	$	12,442
2021		12,442
2022		12,442
2023		12,442
2024		12,442
Thereafter		455,221
Total future minimum lease payments (undiscounted)		517,431
Difference between future undiscounted cash flows and discounted cash flows		(318,873)
Total operating lease liabilities (discounted)	$	198,558

For purposes of recognizing our ground lease contracts, the Company uses the minimum lease payments, if stated in the agreement. For ground lease agreements where there is a rent reset provision based on a change in an index or a rate (i.e., changes in fair market rental rates or changes in the consumer price index) but that does not include a specified minimum lease payment, the Company uses the current rent over the remainder of the lease term. If there is a contingency upon which some or all of the variable lease payments that will be paid over the remainder of the lease term are based, which is resolved such that those payments now meet the definition of lease payments, the Company will remeasure the right-of-use asset and lease liability on the reset date. For the year ended December 31, 2019, *Operating lease right-of-use assets* and *Operating lease liabilities* increased by $111.1 million due to future minimum payments on two of our ground leases becoming fixed for the remainder of their terms.

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The components of operating lease expenses from our ground leases and office space were as follows *(dollars in thousands)*:

	Year Ended December 31, 2019
Ground lease expense:	
Contractual ground lease rent expense	$ 8,272
Variable ground lease expense (a)	664
Total ground lease expense (b)	8,936
Contractual office space lease expense (b)	70
Total operating lease expense (c) (d)	$ 9,006

(a) Variable ground lease expense includes adjustments such as changes in the consumer price index and payments based on a percentage of income of the lessee.
(b) Ground lease and office space lease expense is reported within the line item *Other operating expenses* and office space expense is recorded in *General and administrative* on the Consolidated Statements of Operations.
(c) For the year ended December 31, 2019, *Operating lease right-of-use assets* and *Operating lease liabilities* amortized by $1.2 million and $0.8 million, respectively. The Company recorded $0.4 million of total operating lease expense during the year ended December 31, 2019, due to the net impact of the amortization.
(d) No leases qualified for the short-term lease exception during the year ended December 31, 2019. As such, short-term lease expense was zero for the year ended December 31, 2019.

As of December 31, 2018, in accordance with previously applicable lease accounting guidance, ASC 840, *Leases*, the future minimum lease payments from our ground leases and office space were as follows *(dollars in thousands):*

	Ground Leases	Office Space
2019	$ 4,901	$ 76
2020	4,901	76
2021	4,901	32
2022	4,901	—
2023	4,901	—
Thereafter	313,918	—
Total	$ 338,423	$ 184

UDR incurred $7.3 million and $6.2 million of ground rent expense for the years ended December 31, 2018 and 2017, respectively. These costs are reported within the line item *Other Operating Expenses* on the Consolidated Statements of Operations. The Company incurred $0.2 million and $0.2 million of rent expense related to office space for the years ended December 31, 2018 and 2017, respectively. These costs are included in *General and Administrative* on the Consolidated Statements of Operations.

Lessor - Apartment Home, Retail and Commercial Space Leases

UDR's communities and retail and commercial space are leased to tenants under operating leases. As of December 31, 2019, our apartment home leases generally have initial terms of 12 months or less and represent approximately 98.1% of our total lease revenue. As of December 31, 2019, our retail and commercial space leases generally have initial terms of between 5 and 15 years and represent approximately 1.9% of our total lease revenue. Our apartment home leases are generally renewable at the end of the lease term, subject to potential increases in rental rates, and our retail and commercial space leases generally have renewal options, subject to associated increases in rental rates due to market-based or fixed-price renewal options and certain other conditions. (See Note 16, *Reportable Segments* for further discussion around our major revenue streams and disaggregation of our revenue.)

We previously owned a parcel of land subject to a ground lease under which UDR was the lessor, expiring in 2065. The ground lease included a purchase option for the lessee to acquire the land during specific periods of the ground lease term. In June 2019, the lessee exercised the purchase option and acquired the parcel of land for $38.0 million. (See Note 3, *Real Estate Owned* for further discussion.)

Future minimum lease payments from our retail and commercial leases as of December 31, 2019 are as follows *(dollars in thousands):*

	Retail and Commercial Leases
2020	$ 22,568
2021	22,055
2022	20,443
2023	19,057
2024	17,304
Thereafter	78,818
Total future minimum lease payments (a)	$ 180,245

(a) We have excluded our apartment home leases from this table as our apartment home leases generally have initial terms of 12 months or less.

Certain of our leases with retail and commercial tenants provide for the payment by the lessee of additional variable rent based on a percentage of the tenant's revenue. The amounts shown in the table above do not include these variable percentage rents. The Company recorded variable percentage rents of $0.4 million during the year ended December 31, 2019.

7. SECURED AND UNSECURED DEBT, NET

The following is a summary of our secured and unsecured debt at December 31, 2019 and 2018 (*dollars in thousands):*

	Principal Outstanding		As of December 31, 2019		
	December 31, 2019	December 31, 2018	Weighted Average Interest Rate	Weighted Average Years to Maturity	Number of Communities Encumbered
Secured Debt:					
Fixed Rate Debt					
Mortgage notes payable (a)	**$ 884,869**	$ 417,989	3.61 %	6.2	15
Credit facilities (b)	**204,590**	90,000	4.90 %	3.0	4
Deferred financing costs and other non-cash adjustments	**33,046**	(1,343)			
Total fixed rate secured debt, net	**1,122,505**	506,646	3.85 %	5.6	19
Variable Rate Debt					
Tax-exempt secured notes payable (c)	**27,000**	94,700	1.79 %	12.2	1
Deferred financing costs	**(64)**	(119)			
Total variable rate secured debt, net	**26,936**	94,581	1.79 %	12.2	1
Total Secured Debt, net	**1,149,441**	601,227	3.80 %	5.7	20
Unsecured Debt:					
Variable Rate Debt					
Borrowings outstanding under unsecured credit facility due January 2023 (d) (m)	—	—	— %	3.1	
Borrowings outstanding under unsecured commercial paper program due January 2020 (e) (m)	**300,000**	101,115	1.99 %	0.1	
Borrowings outstanding under unsecured working capital credit facility due January 2021 (f)	**16,583**	16	2.59 %	1.0	
Term Loan due September 2023 (d) (m)	**35,000**	35,000	2.59 %	3.8	
Fixed Rate Debt					
3.70% Medium-Term Notes due October 2020 (net of discounts of $0 and $14, respectively) (k) (m)	—	299,986	— %	—	
4.63% Medium-Term Notes due January 2022 (net of discounts of $0 and $1,087, respectively) (l) (m)	—	398,913	— %	—	
1.93% Term Loan due September 2023 (d) (m)	**315,000**	315,000	1.93 %	3.8	
3.75% Medium-Term Notes due July 2024 (net of discounts of $470 and $574, respectively) (g) (m)	**299,530**	299,426	3.75 %	4.5	
8.50% Debentures due September 2024	**15,644**	15,644	8.50 %	4.7	
4.00% Medium-Term Notes due October 2025 (net of discounts of $396 and $465, respectively) (h) (m)	**299,604**	299,535	4.00 %	5.8	
2.95% Medium-Term Notes due September 2026 (m)	**300,000**	300,000	2.95 %	6.7	
3.50% Medium-Term Notes due July 2027 (net of discounts of $529 and $600, respectively) (l)	**299,471**	299,400	3.50 %	7.5	
3.50% Medium-Term Notes due January 2028 (net of discounts of $954 and $1,072, respectively) (m)	**299,046**	298,928	3.50 %	8.0	
4.40% Medium-Term Notes due January 2029 (net of discounts of $5 and $6, respectively) (i) (m)	**299,995**	299,994	4.40 %	9.1	
3.20% Medium-Term Notes due January 2030 (net of premiums of $2,281 and $0, respectively) (j) (l) (m)	**402,281**	—	3.20 %	10.0	
3.00% Medium-Term Notes due August 2031 (net of discounts of $1,123 and $0, respectively) (k) (m)	**398,877**	—	3.00 %	11.6	
3.10% Medium-Term Notes due November 2034 (net of discounts of $1,309 and $0, respectively) (l) (m)	**298,691**	—	3.10 %	14.8	
Other	**13**	16			
Deferred financing costs	**(21,652)**	(16,413)			
Total Unsecured Debt, net	**3,558,083**	2,946,560	3.27 %	7.5	
Total Debt, net	**$ 4,707,524**	$ 3,547,787	3.43 %	7.1	

For purposes of classification of the above table, variable rate debt with a derivative financial instrument designated as a cash flow hedge is deemed as fixed rate debt due to the Company having effectively established a fixed interest rate for the underlying debt instrument.

Our secured debt instruments generally feature either monthly interest and principal or monthly interest-only payments with balloon payments due at maturity. As of December 31, 2019, secured debt encumbered $2.1 billion or 16.8% of UDR's total real estate owned based upon gross book value ($10.5 billion or 83.2% of UDR's real estate owned based on gross book value is unencumbered).

(a) At December 31, 2019, fixed rate mortgage notes payable are generally due in monthly installments of principal and interest and mature at various dates from August 2020 through February 2030 and carry interest rates ranging from 2.70% to 4.35%.

During the year ended December 31, 2019, the Company refinanced a $90.0 million credit facility with Fannie Mae to a fixed rate mortgage due in October 2029 and took out a new mortgage of $72.5 million due in February 2030. Interest payments are due monthly at interest rates of 2.70% and 3.10%, respectively. The refinancing was accounted for as a debt modification.

The Company will from time to time acquire properties subject to fixed rate debt instruments. In those situations, the Company records the debt at its estimated fair value and amortizes any difference between the fair value and par value to interest expense over the life of the underlying debt instrument.

In November 2019, the Company assumed secured fixed rate mortgage notes payable with an outstanding balance of $313.4 million and a fair value of $332.5 million in connection with the acquisition of approximately 50% ownership interest not previously owned in six operating communities from the UDR/MetLife joint venture. The six mortgages had outstanding balances ranging from $32.6 million to $94.1 million and carry interest rates from 3.25% to 4.12% (see Note 3, *Real Estate Owned*).

(b) During the year ended December 31, 2019, the Company prepaid the $90.0 million outstanding balance under its secured credit facility with Fannie Mae from proceeds received from the refinancing of the debt.

In November 2019, the Company assumed a secured credit facility with New York Life with an outstanding balance of $205.0 million and a fair value of $219.3 million in connection with the acquisition of the approximately 50% ownership not previously owned in four operating communities from the UDR/MetLife joint venture. The credit facility is a pooled facility and secured by those four properties. The credit facility is due in January 2023 and has an interest rate of 4.90% (see Note 3, *Real Estate Owned*).

Further information related to the credit facility is as follows *(dollars in thousands)*:

	December 31, 2019	December 31, 2018
Borrowings outstanding	**$ 204,590**	$ 90,000
Weighted average borrowings during the period ended	**94,098**	253,813
Maximum daily borrowings during the period ended	**204,590**	314,869
Weighted average interest rate during the period ended	**4.3 %**	4.7 %
Weighted average interest rate at the end of the period	**4.9 %**	4.0 %

During the years ended December 31, 2019, 2018, and 2017, the Company had $3.0 million, $3.0 million, and $3.0 million, respectively, of amortization of the fair market adjustment of debt assumed in the acquisition of properties inclusive of its fixed rate mortgage notes payable and credit facilities, which was included in *Interest expense* on the Consolidated Statements of Operations. The unamortized fair market adjustment was a net premium of $35.3 million and $5.0 million at December 31, 2019 and 2018, respectively.

(c) The variable rate mortgage note payable secures a tax-exempt housing bond issue that matures in March 2032. Interest on this note is payable in monthly installments. As of December 31, 2019, the variable interest rate on the mortgage note was 1.79%. During the year ended December 31, 2019, the Company paid off a $67.7 million variable rate mortgage note due on August 1, 2019.

(d) The Company has a $1.1 billion unsecured revolving credit facility (the "Revolving Credit Facility") and a $350.0 million unsecured term loan (the "Term Loan"). The credit agreement for these facilities (the "Credit Agreement") allows the total commitments under the Revolving Credit Facility and the total borrowings under the Term Loan to be increased to an aggregate maximum amount of up to $2.0 billion, subject to certain conditions, including obtaining commitments from one or more lenders. The Revolving Credit Facility has a scheduled maturity date of January 31, 2023, with two six-month extension options, subject to certain conditions. The Term Loan has a scheduled maturity date of September 30, 2023.

Based on the Company's current credit rating, the Revolving Credit Facility has an interest rate equal to LIBOR plus a margin of 82.5 basis points and a facility fee of 15 basis points, and the Term Loan has an interest rate equal to LIBOR plus a margin of 90 basis points. Depending on the Company's credit rating, the margin under the Revolving Credit Facility ranges from 75 to 145 basis points, the facility fee ranges from 10 to 30 basis points, and the margin under the Term Loan ranges from 80 to 165 basis points.

The Credit Agreement contains customary representations and warranties and financial and other affirmative and negative covenants. The Credit Agreement also includes customary events of default, in certain cases subject to customary periods to cure. The occurrence of an event of default, following the applicable cure period, would permit the lenders to, among other things, declare the unpaid principal, accrued and unpaid interest and all other amounts payable under the Credit Agreement to be immediately due and payable.

The following is a summary of short-term bank borrowings under the Revolving Credit Facility at December 31, 2019 and 2018 *(dollars in thousands):*

	December 31, 2019	December 31, 2018
Total revolving credit facility	**$ 1,100,000**	$ 1,100,000
Borrowings outstanding at end of period (1)	**—**	—
Weighted average daily borrowings during the period ended	**55**	—
Maximum daily borrowings during the period ended	**20,000**	—
Weighted average interest rate during the period ended	**2.6 %**	— %
Interest rate at end of the period	**— %**	— %

(1) Excludes $2.9 million and $3.3 million of letters of credit at December 31, 2019 and 2018, respectively.

(e) The Company has an unsecured commercial paper program. Under the terms of the program, the Company may issue unsecured commercial paper up to a maximum aggregate amount outstanding of $500.0 million. The notes are sold under customary terms in the United States commercial paper market and rank pari passu with all of the Company's other unsecured indebtedness. The notes are fully and unconditionally guaranteed by the Operating Partnership.

The following is a summary of short-term bank borrowings under the unsecured commercial paper program at December 31, 2019 and 2018 *(dollars in thousands):*

	December 31, 2019	December 31, 2018
Total unsecured commercial paper program	**$ 500,000**	$ 500,000
Borrowings outstanding at end of period	**300,000**	101,115
Weighted average daily borrowings during the period ended	**173,353**	344,235
Maximum daily borrowings during the period ended	**435,000**	440,000
Weighted average interest rate during the period ended	**2.5 %**	2.4 %
Interest rate at end of the period	**2.0 %**	2.9 %

(f) The Company has a working capital credit facility, which provides for a $75.0 million unsecured revolving credit facility (the "Working Capital Credit Facility") with a scheduled maturity date of January 15, 2021. Based on the

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Company's current credit rating, the Working Capital Credit Facility has an interest rate equal to LIBOR plus a margin of 82.5 basis points. Depending on the Company's credit rating, the margin ranges from 75 to 145 basis points.

The following is a summary of short-term bank borrowings under the Working Capital Credit Facility at December 31, 2019 and 2018 *(dollars in thousands):*

	December 31, 2019	December 31, 2018
Total working capital credit facility	**$ 75,000**	$ 75,000
Borrowings outstanding at end of period	**16,583**	16
Weighted average daily borrowings during the period ended	**23,487**	26,101
Maximum daily borrowings during the period ended	**66,170**	64,633
Weighted average interest rate during the period ended	**3.1 %**	2.9 %
Interest rate at end of the period	**2.6 %**	3.3 %

(g) The Company previously entered into forward starting interest rate swaps to hedge against interest rate risk on $100.0 million of this debt. The all-in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 3.69%.

(h) The Company previously entered into forward starting interest rate swaps to hedge against interest rate risk on $200.0 million of this debt. The all-in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 4.53%.

(i) The Company previously entered into forward starting interest rate swaps to hedge against interest rate risk on $150.0 million of this debt. The all in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 4.27%.

(j) In July 2019, the Company issued $300.0 million of 3.20% senior unsecured medium-term notes due January 15, 2030. Interest is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2020. The notes were priced at 99.66% of the principal amount at issuance. The Company previously entered into forward starting interest rate swaps to hedge against the interest rate risk of this debt. The all-in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 3.42%. The Company used the net proceeds for the repayment of debt, including amounts outstanding under the Company's commercial paper program and Working Capital Credit Facility, and for other general corporate purposes. The Operating Partnership is the guarantor of this debt.

(k) In August 2019, the Company issued $400.0 million of 3.00% senior unsecured medium-term notes due August 15, 2031. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2020. The notes were priced at 99.71% of the principal amount at issuance. In combination with the issuance, the Company entered into a treasury lock agreement to hedge against interest rate risk on $150.0 million of this debt. The all-in weighted average interest rate, inclusive of the impact of the treasury lock, was 3.01%. The Company used the net proceeds for the repayment of debt, including the repayment of all $300.0 million aggregate principal amount (plus the make-whole amount of approximately $5.4 million) of its 3.70% senior unsecured medium-term notes due October 1, 2020, and to fund acquisitions and for other general corporate purposes.

(l) In October 2019, the Company issued $100.0 million of 3.20% senior unsecured medium-term notes due 2030 and $300.0 million of 3.10% senior unsecured medium-term notes due 2034. Interest is payable semi-annually in arrears on January 15 and July 15 for the 2030 notes, and May 1 and November 1 for the 2034 notes. The 2030 notes were priced at 103.32% of the principal amount at issuance, and the 2034 notes were priced at 99.56% of the principal amount at issuance. In combination with the issuance, the Company entered into treasury lock agreements to hedge against interest rate risk on all of this debt. The all-in weighted average interest rate, inclusive of the impact of the treasury locks, was 3.24% for the 2030 notes and 3.13% for the 2034 notes. The Company used the net proceeds for the repayment of all $400.0 million aggregate principal amount (plus the make-whole amount of approximately $22.0 million and accrued and unpaid interest) of its 4.63% senior unsecured medium-term notes due January 2022. The 2034 notes were issued as "green" bonds and, as a result, the Company allocated the net proceeds from the sale of the 2034 notes to fund eligible green projects, including previously incurred development costs related to properties that have received at least a LEED Silver certification. The Operating Partnership is the guarantor of both the 2030 notes and the 2034 notes.

The 2030 notes are a further issuance of, and form a single series with, the $300.0 million aggregate principal amount of the Company's 3.20% notes due 2030 that were issued in July 2019. As of the completion of the offering, the aggregate principal amount of outstanding 2030 notes was $400.0 million.

(m) The Operating Partnership is a guarantor of this debt.

The aggregate maturities, including amortizing principal payments on secured and unsecured debt, of total debt for the next ten years subsequent to December 31, 2019 are as follows *(dollars in thousands):*

Year	Total Fixed Secured Debt	Total Variable Secured Debt	Total Secured Debt	Total Unsecured Debt	Total Debt
2020	$ 110,645	$ —	$ 110,645	$ 300,000	$ 410,645
2021	3,797	—	3,797	16,583	20,380
2022	3,945	—	3,945	—	3,945
2023	310,873	—	310,873	350,000	660,873
2024	95,280	—	95,280	315,644	410,924
2025	173,189	—	173,189	300,000	473,189
2026	51,070	—	51,070	300,000	351,070
2027	1,111	—	1,111	300,000	301,111
2028	122,465	—	122,465	300,000	422,465
2029	144,584	—	144,584	300,000	444,584
Thereafter	72,500	27,000	99,500	1,100,000	1,199,500
Subtotal	1,089,459	27,000	1,116,459	3,582,227	4,698,686
Non-cash (a)	33,046	(64)	32,982	(24,144)	8,838
Total	$ 1,122,505	$ 26,936	$ 1,149,441	$ 3,558,083	$ 4,707,524

(a) Includes the unamortized balance of fair market value adjustments, premiums/discounts, and deferred financing costs. For the years ended December 31, 2019 and 2018, the Company amortized $4.2 million and $4.2 million, respectively, of deferred financing costs into *Interest expense*.

We were in compliance with the covenants of our debt instruments at December 31, 2019.

8. INCOME/(LOSS) PER SHARE

The following table sets forth the computation of basic and diluted income/(loss) per share for the periods presented *(dollars and shares in thousands, except per share data):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Numerator for income/(loss) per share:			
Net income/(loss)	**$ 199,579**	$ 221,542	$ 132,655
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**(14,426)**	(18,215)	(10,933)
Net (income)/loss attributable to noncontrolling interests	**(188)**	(221)	(164)
Net income/(loss) attributable to UDR, Inc.	**184,965**	203,106	121,558
Distributions to preferred stockholders — Series E (Convertible)	**(4,104)**	(3,868)	(3,708)
Income/(loss) attributable to common stockholders - basic and diluted	**$ 180,861**	$ 199,238	$ 117,850
Denominator for income/(loss) per share:			
Weighted average common shares outstanding	**285,509**	268,513	267,567
Non-vested restricted stock awards	**(262)**	(334)	(543)
Denominator for basic income/(loss) per share	**285,247**	268,179	267,024
Incremental shares issuable from assumed conversion of stock options, unvested LTIP Units, and unvested restricted stock	**768**	1,304	1,806
Denominator for diluted income/(loss) per share	**286,015**	269,483	268,830
Income/(loss) per weighted average common share:			
Basic	**$ 0.63**	$ 0.74	$ 0.44
Diluted	**$ 0.63**	$ 0.74	$ 0.44

Basic income/(loss) per common share is computed based upon the weighted average number of common shares outstanding. Diluted income/(loss) per common share is computed based upon the weighted average number of common shares outstanding plus the common shares issuable from the assumed conversion of the OP Units and DownREIT Units, convertible preferred stock, stock options, unvested long-term incentive plan units ("LTIP Units"), unvested restricted stock and continuous equity program forward sales agreements. Only those instruments having a dilutive impact on our basic income/(loss) per share are included in diluted income/(loss) per share during the periods. For the years ended December 31, 2019, 2018, and 2017, the effect of the conversion of the OP Units, DownREIT Units, LTIP Units and the Company's Series E preferred stock was not dilutive and therefore not included in the above calculation.

In July 2017, the Company entered into an ATM sales agreement under which the Company may offer and sell up to 20.0 million shares of its common stock, from time to time, to or through its sales agents and may enter into separate forward sales agreements to or through its forward purchasers. Upon entering into the ATM sales agreement, the Company simultaneously terminated the sales agreement for its prior at-the-market equity offering program, which was entered into in April 2017, which replaced the prior at-the-market equity offering program entered into in April 2012. During the year ended December 31, 2019, the Company sold 7.0 million shares of common stock through its ATM program for aggregate gross proceeds of approximately $316.5 million at a weighted average price per share of $45.29. Aggregate net proceeds from such sales, after deducting related expenses, including commissions paid to the sales agents of approximately $4.0 million, were approximately $312.3 million, which were primarily used to fund the Company's recent acquisitions.

In connection with any forward sales agreement under the Company's ATM program, the relevant forward purchasers will borrow from third parties and, through the relevant sales agent, acting in its role as forward seller, sell a number of shares of the Company's common stock equal to the number of shares underlying the agreement. The Company does not initially receive any proceeds from any sale of borrowed shares by the forward seller.

In September 2019, the Company entered into a forward sales agreement under its ATM program for 1.3 million shares of common stock at an initial forward price per share of $47.68. The initial forward price per share received by the Company upon settlement was determined on the applicable settlement date based on adjustments made to the initial forward price to reflect the then-current federal funds rate and the amount of dividends paid to holders of UDR common stock over the term of the forward sales agreement.

In December 2019, the Company settled all 1.3 million shares sold under the forward sales agreement at a forward price per share of $47.41, which is inclusive of adjustments made to reflect the then-current federal funds rate, the amount of dividends paid to holders of UDR common stock and commissions paid to sales agents of approximately $0.6 million, for net proceeds of $63.5 million. Aggregate net proceeds from such sales, after deducting related expenses, was $63.2 million.

As of December 31, 2019, we had 11.7 million shares of common stock available for future issuance under the ATM program.

In August 2019, the Company sold 7.5 million shares of its common stock for aggregate gross proceeds of approximately $349.9 million at a price per share of $46.65. Aggregate net proceeds from the sale, after offering-related expenses, were approximately $349.8 million, which were used for planned acquisitions of assets, working capital and general corporate purposes.

The following table sets forth the additional shares of common stock outstanding by equity instrument if converted to common stock for each of the years ended December 31, 2019, 2018, and 2017 *(in thousands)*:

	Year Ended December 31,		
	2019	**2018**	**2017**
OP/DownREIT Units	**22,773**	24,548	24,821
Convertible preferred stock	**3,011**	3,011	3,021
Stock options, unvested LTIP Units, and unvested restricted stock	**768**	1,304	1,806

9. STOCKHOLDERS' EQUITY

UDR has an effective registration statement that allows the Company to sell an undetermined number of debt and equity securities as defined in the prospectus. The Company had the ability to issue 350.0 million shares of common stock and 50.0 million shares of preferred shares as of December 31, 2019.

UDR, INC.
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The following table presents the changes in the Company's issued and outstanding shares of common and preferred stock for the years ended December 31, 2019, 2018 and 2017 (*shares in thousands*)

	Common	Preferred Stock	
	Stock	Series E	Series F
Balance at December 31, 2016	267,259	2,797	16,196
Issuance/(forfeiture) of common and restricted shares, net	70	—	—
Issuance of common shares through public offering	87	—	—
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership	8	—	—
Conversion of Series E Cumulative Convertible shares	17	(16)	—
Adjustment for conversion of noncontrolling interest of unitholders in the DownREIT Partnership	381	—	—
Forfeiture of Series F shares	—	—	(344)
Balance at December 31, 2017	267,822	2,781	15,852
Issuance/(forfeiture) of common and restricted shares, net	47	—	—
Issuance of common shares upon exercise of stock options	772		
Issuance of common shares through public offering	7,150		
Repurchase of common shares	(593)		
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership	11	—	—
Adjustment for conversion of noncontrolling interest of unitholders in the DownREIT Partnership	337	—	—
Forfeiture of Series F shares	—	—	(50)
Balance at December 31, 2018	275,546	2,781	15,802
Issuance/(forfeiture) of common and restricted shares, net	50	—	—
Issuance of common shares through public offering	7,500	—	—
Issuance of common shares though ATM program	6,988	—	—
Issuance of common shares through forward sales agreement	1,339	—	—
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership	1,969	—	—
Adjustment for conversion of noncontrolling interest of unitholders in the DownREIT Partnership	1,196	—	—
Forfeiture of Series F shares	—	—	(1,111)
Balance at December 31, 2019	**294,588**	**2,781**	**14,691**

Common Stock

The Company has an equity distribution agreement which allows it from time to time, through its sales agents, to offer and sell up to 20.0 million shares of its common stock. Sales of such shares will be made by means of ordinary brokers' transactions on the NYSE at market prices. In July 2017, the Company updated its equity distribution agreement to also permit the entry into separate forward sales agreements to or through its forward purchasers. As of December 31, 2019, 11.7 million shares were available for sale under the continuous equity program.

During the year ended December 31, 2019, the Company entered into the following equity transactions for our common stock:

- Issued 7.0 million shares of common stock through the Company's ATM program at an average price per share of $45.29, for aggregate net proceeds of approximately $312.3 million;

- Issued 7.5 million shares of common stock through a public offering at a price per share of $46.65, for aggregate net proceeds of approximately $349.8 million;

- Issued 1.3 million shares of common stock through a forward sales agreement under the Company's ATM program at a forward price per share of $47.41, for aggregate net proceeds of approximately $63.2 million after deducting related expenses;
- Issued 0.1 million shares of common stock through the Company's 1999 Long-Term Incentive Plan (the "LTIP");
- Issued 2.0 million shares of common stock upon redemption of OP Units, none of which resulted in the forfeiture of Series F Preferred Shares; and
- Issued 1.2 million shares of common stock upon redemption of DownREIT Units, resulting in the forfeiture of 1.1 million Series F Preferred Shares.

Distributions are subject to the approval of the Board of Directors and are dependent upon our strategy, financial condition and operating results. UDR's common distributions for the years ended December 31, 2019, 2018, and 2017 totaled $1.37, $1.29, and $1.24 per share, respectively.

Preferred Stock

The Series E Cumulative Convertible Preferred Stock ("Series E") has no stated par value and a liquidation preference of $16.61 per share. Subject to certain adjustments and conditions, each share of the Series E is convertible at any time at the holder's option into one share of our common stock prior to a "Special Dividend" declared in 2008 (1.083 shares after the Special Dividend). The holders of the Series E are entitled to vote on an as-converted basis as a single class in combination with the holders of common stock at any meeting of our stockholders for the election of directors or for any other purpose on which the holders of common stock are entitled to vote. The Series E has no stated maturity and is not subject to any sinking fund or any mandatory redemption.

Distributions declared on the Series E for the years ended December 31, 2019, 2018, and 2017 were $1.48, $1.40, and $1.33 per share, respectively. The Series E is not listed on any exchange. At December 31, 2019 and 2018, a total of 2,780,994 shares of the Series E were outstanding.

UDR is authorized to issue up to 20.0 million shares of the Series F Preferred Stock ("Series F"). The Series F may be purchased by holders of OP Units and DownREIT Units, at a purchase price of $0.0001 per share. OP/DownREIT Unitholders are entitled to subscribe for and purchase one share of UDR's Series F for each OP/DownREIT Unit held. During the years ended December 31, 2019 and 2018, 1.1 million and less than 0.1 million of the Series F shares were forfeited upon the conversion of OP Units and DownREIT Units into Company common stock, respectively.

At December 31, 2019 and 2018, a total of 14.7 million and 15.8 million shares, respectively, of the Series F were outstanding with an aggregate purchase value of $1,469 and $1,580, respectively. Holders of the Series F are entitled to one vote for each share of the Series F they hold, voting together with the holders of our common stock, on each matter submitted to a vote of security holders at a meeting of our stockholders. The Series F does not entitle its holders to dividends or any other rights, privileges or preferences.

Distribution Reinvestment and Stock Purchase Plan

UDR's Distribution Reinvestment and Stock Purchase Plan (the "Stock Purchase Plan") allows common and preferred stockholders the opportunity to purchase, through the reinvestment of cash dividends and by making additional cash payments, additional shares of UDR's common stock. From inception through December 31, 2008, shareholders have elected to utilize the Stock Purchase Plan to reinvest their distribution for the equivalent of 10.0 million shares of Company common stock. Shares in the amount of 11.0 million were reserved for issuance under the Stock Purchase Plan as of December 31, 2019. During the year ended December 31, 2019, UDR acquired all shares issued through the open market.

10. EMPLOYEE BENEFIT PLANS

In May 2001, the stockholders of UDR approved the long term incentive plan ("LTIP"), which supersedes the 1985 Stock Option Plan. The LTIP authorizes the granting of awards which may take the form of options to purchase shares of common stock, stock appreciation rights, restricted stock, dividend equivalents, other stock-based awards, and any other right or interest relating to common stock or cash incentive awards to Company directors, employees and outside trustees to promote the success of the Company by linking individual's compensation via grants of share based payment.

During the year ended December 31, 2015, the LTIP was amended to set forth the terms of new classes of partnership interests in the Operating Partnership designated as LTIP Units. LTIP Units are designed to qualify as "profits interests" in the Operating Partnership for federal income tax purposes, meaning that initially they are not economically equivalent in value to a share of our common stock, but over time can increase in value to one-for-one parity with common stock by operation of special tax rules applicable to profits interests. Until and unless such parity is reached, the value that an executive will realize for a given number of vested LTIP units is less than the value of an equal number of shares of our common stock.

As of December 31, 2019, 19.0 million shares were reserved on an unadjusted basis for issuance upon the grant or exercise of awards under the LTIP. As of December 31, 2019, there were 6.3 million common shares available for issuance under the LTIP.

The LTIP contains change of control provisions allowing for the immediate vesting of an award upon certain events such as a merger where UDR is not the surviving entity. Upon the death or disability of an award recipient all outstanding instruments will vest and all restrictions will lapse. The LTIP specifies that in the event of a capital transaction, which includes but is not limited to stock dividends, stock splits, extraordinary cash dividends and spin-offs, the number of shares available for grant in totality or to a single individual is to be adjusted proportionately. The LTIP specifies that when a capital transaction occurs that would dilute the holder of the stock award, prior grants are to be adjusted such that the recipient is no worse as a result of the capital transaction.

A summary of UDR's LTIP Units and restricted stock activities during the year ended December 31, 2019 is as follows (*shares in thousands*):

	LTIP Units		Restricted Stock	
	Number of LTIP Units	**Weighted Average Fair Value Per LTIP Unit**	**Number of shares**	**Weighted Average Fair Value Per Restricted Stock**
Balance, December 31, 2018	611	$ 37.00	307	$ 36.58
Granted	674	39.74	124	38.35
Vested	(427)	39.33	(176)	36.61
Forfeited	—	37.69	(7)	37.73
Balance, December 31, 2019	858	$ 37.77	248	$ 37.29

As of December 31, 2019, the Company had granted 6.3 million shares of restricted stock and 2.9 million LTIP Units under the LTIP.

Stock Option Plan

The Company has no unexercised stock options outstanding and no remaining compensation expense related to unvested stock options as of December 31, 2019.

During the years ended December 31, 2019, 2018, and 2017, respectively, we did not recognize any net compensation expense related to outstanding stock options.

Restricted Stock Awards

Restricted stock awards are granted to Company employees, officers, and directors. The restricted stock awards are valued based upon the closing sales price of UDR common stock on the date of grant. Compensation expense is recorded under the straight-line method over the vesting period, which is generally three to four years. Restricted stock awards earn dividends payable in cash. Some of the restricted stock grants are based on the Company's performance and are subject to adjustment during the initial one year performance period. For the years ended December 31, 2019, 2018, and 2017, we recognized $4.8 million, $4.3 million, and $4.0 million of compensation expense, net of capitalization, related to the amortization of restricted stock awards, respectively. The total remaining compensation cost on unvested restricted stock awards was $3.9 million and had a weighted average remaining contractual life of 1.6 years as of December 31, 2019.

Short-Term Incentive Compensation

In January 2019, certain officers of the Company were awarded a STI Unit grant under the 2019 Long-Term Incentive Program ("2019 LTI"). The STI Unit awards represent short-term incentive compensation for the officers and were valued for compensation expense purposes based upon the closing sales price of UDR common stock on the date of grant in accordance with ASC 718, *Compensation - Stock Compensation*, or $33.40 per unit, inclusive of a discount due to uncertainty associated with the STI Unit reaching parity with the value of a share of UDR common stock. Compensation expense is recorded under the straight-line method over the vesting period, which is one year. The STI Unit awards are primarily based on the Company's performance and are subject to adjustment based on performance against predefined metrics during the one-year performance period. For the year ended December 31, 2019, we recognized $7.2 million of compensation expense, net of capitalization, related to the amortization of STI Unit awards. For the years ended December 31, 2018 and 2017, no expense was recognized for STI Unit awards. As the STI Unit awards vest over a one-year period, there was no remaining unrecognized compensation expense as of December 31, 2019.

Long-Term Incentive Compensation

In January 2019, certain officers of the Company were awarded either a restricted stock grant or an LTIP Unit grant, or a combination of both, under the 2019 LTI. For both restricted stock grants and LTIP Unit grants, thirty percent of the 2019 LTI award is based upon FFO as Adjusted over a one-year period and will vest fifty percent on the one-year anniversary and fifty percent on the two-year anniversary. Fifteen percent of the 2019 LTI award is based upon relative FFO as Adjusted over a three-year period and will vest 100% at the end of the three-year performance period. The remaining fifty-five percent of the 2019 LTI award is based on Total Shareholder Return ("TSR") as measured relative to comparable apartment REITs over a three-year period and as measured relative to the Nareit Equity REITs Total Return Index over a three-year period whereby both will vest 100% at the end of the three-year performance periods. The portion of the restricted stock grant based upon FFO as Adjusted was valued for compensation expense purposes based upon the closing sales price of UDR common stock on the date of grant or $38.39 per share. Because LTIP Units are granted at the maximum potential payout and there is uncertainty associated with an LTIP Unit reaching parity with the value of a share of UDR common stock, the portion of the LTIP Unit grant based upon the one-year FFO as Adjusted was valued for compensation expense purposes at $17.47 per unit on the grant date, inclusive of a 9% discount, and the portion of the LTIP Unit grant based upon the three-year FFO as Adjusted was valued for compensation expense purposes at $18.24 per unit on the grant date, inclusive of a 5% discount. The portion of the restricted stock grant based upon relative TSR was valued for compensation expense purposes at $43.63 per share for the comparable apartment REITs component and $43.42 per share for the Nareit Equity REITs Total Return Index component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 21.0%. The portion of the LTIP Unit grant based upon relative TSR was valued for compensation expense purposes at $20.89 per unit, inclusive of a 5% discount, for the comparable apartment REITs component and $20.79 per unit, inclusive of a 5% discount, for the Nareit Equity REITs Total Return Index component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 21.0%.

In January 2018, certain officers of the Company were awarded either a restricted stock grant or an LTIP Unit grant, or a combination of both, under the 2018 Long-Term Incentive Program ("2018 LTI"). For both restricted stock grants and LTIP Unit grants, thirty percent of the 2018 LTI award is based upon FFO as Adjusted over a one-year period and will vest fifty percent on the one-year anniversary and fifty percent on the two-year anniversary. Fifteen percent of the 2018 LTI award is based upon relative FFO as Adjusted over a three-year period and will vest 100% at the end of the three-year performance period. The remaining fifty-five percent of the 2018 LTI award is based on Total Shareholder Return ("TSR") as measured relative to comparable apartment REITs over a three-year period and as measured relative to the Nareit Equity REITs Total Return Index over a three-year period whereby both will vest 100% at the end of the three-year performance periods. The portion of the restricted stock grant based upon FFO as Adjusted was valued for compensation expense purposes based upon the closing sales price of UDR common stock on the date of grant or $38.06 per share. Because LTIP Units are granted at the maximum potential payout and there is uncertainty associated with an LTIP Unit reaching parity with the value of a share of UDR common stock, the portion of the LTIP Unit grant based upon the one-year FFO as Adjusted was valued for compensation expense purposes at $17.13 per unit on the grant date, inclusive of a 10% discount, and the portion of the LTIP Unit grant based upon the three-year FFO as Adjusted was valued for compensation expense purposes at $18.08 per unit on the grant date, inclusive of a 5% discount. The portion of the restricted stock grant based upon relative TSR was valued for compensation expense purposes at $42.18 per share for the comparable apartment REITs component and $40.49 per share for the Nareit Equity REITs Total Return Index component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 17.0%. The portion of the LTIP Unit grant based upon relative TSR was valued for compensation expense purposes at $20.12 per unit, inclusive of a 5% discount, for the comparable apartment REITs component and $19.35 per unit, inclusive of a 5% discount, for the Nareit Equity REITs Total Return Index component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 17.0%.

In January 2017, certain officers of the Company were awarded either a restricted stock grant or an LTIP Unit grant, or a combination of both, under the 2017 Long-Term Incentive Program ("2017 LTI"). For both restricted stock grants and LTIP Unit grants, thirty percent of the 2017 LTI award is based upon FFO as Adjusted over a one-year period and will vest fifty percent on the one-year anniversary and fifty percent on the two-year anniversary. Ten percent of the 2017 LTI award is based upon FFO as Adjusted over a three-year period and will vest 100% at the end of the three-year performance period. The remaining sixty percent of the 2017 LTI award is based on Total Shareholder Return ("TSR") as measured relative to comparable apartment REITs over a three-year period and on an absolute basis over a three-year period whereby both will vest 100% at the end of the three-year performance periods. The portion of the restricted stock grant based upon FFO as Adjusted was valued for compensation expense purposes based upon the closing sales price of UDR common stock on the date of grant or $35.95 per share. Because LTIP Units are granted at the maximum potential payout and there is uncertainty associated with an LTIP Unit reaching parity with the value of a share of UDR common stock, the portion of the LTIP Unit grant based upon the one-year FFO as Adjusted was valued for compensation expense purposes at $16.18 per unit on the grant date, inclusive of a 10% discount, and the portion of the LTIP Unit grant based upon the three-year FFO as Adjusted was valued for compensation expense purposes at $16.63 per unit on the grant date, inclusive of a 7.5% discount. The portion of the restricted stock grant based upon TSR was valued for compensation expense purposes at $44.26 per share for the relative component and $31.40 per share for the absolute component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 23.0%. The portion of the LTIP Unit grant based upon TSR was valued for compensation expense purposes at $20.54 per unit, inclusive of a 7.5% discount, for the relative component and $14.71 per unit, inclusive of a 7.5% discount, for the absolute component on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 23.0%.

For the years ended December 31, 2019, 2018, and 2017, we recognized $12.4 million, $9.9 million and $8.9 million, respectively, of compensation expense, net of capitalization, related to the amortization of the awards. The total remaining compensation cost on unvested LTI awards was $9.8 million and had a weighted average remaining contractual life of 1.4 years as of December 31, 2019.

Profit Sharing Plan

Our profit sharing plan (the "Plan") is a defined contribution plan covering all eligible full-time employees. Under the Plan, UDR makes discretionary profit sharing and matching contributions to the Plan as determined by the Compensation Committee of the Board of Directors. Aggregate provisions for contributions, both matching and discretionary, which are included in UDR's Consolidated Statements of Operations for the years ended December 31, 2019, 2018, and 2017, was $1.2 million, $1.3 million, and $1.3 million, respectively.

11. INCOME TAXES

For 2019, 2018, and 2017, UDR believes that we have complied with the REIT requirements specified in the Code. As such, the REIT would generally not be subject to federal income taxes.

For income tax purposes, distributions paid to common stockholders may consist of ordinary income, qualified dividends, capital gains, unrecaptured section 1250 gains, return of capital, or a combination thereof. Distributions that exceed our current and accumulated earnings and profits constitute a return of capital rather than taxable income and reduce the stockholder's basis in their common shares. To the extent that a distribution exceeds both current and accumulated earnings and profits and the stockholder's basis in the common shares, it generally will be treated as a gain from the sale or exchange of that stockholder's common shares. Taxable distributions paid per common share were taxable as follows for the years ended December 31, 2019, 2018 and 2017 (*unaudited*):

	Year Ended December 31,		
	2019	**2018**	**2017**
Ordinary income	**$ 0.981**	$ 0.774	$ 1.018
Qualified ordinary income	**0.004**	0.006	0.011
Long-term capital gain	**0.021**	0.058	0.133
Unrecaptured section 1250 gain	**0.063**	0.233	0.063
Nondividend distributions	**0.281**	0.207	—
Total	**$ 1.350**	$ 1.278	$ 1.225

We have a TRS that is subject to federal and state income taxes. A TRS is a C-corporation which has not elected REIT status and as such is subject to United States federal and state income tax. The components of the provision for income taxes are as follows for the years ended December 31, 2019, 2018, and 2017 *(dollars in thousands)*:

	Year Ended December 31,		
	2019	**2018**	**2017**
Income tax (benefit)/provision			
Current			
Federal	**$ 1,466**	$ 220	$ (1,205)
State	**735**	396	407
Total current	**2,201**	616	(798)
Deferred			
Federal	**1,266**	66	568
State	**371**	6	(10)
Total deferred	**1,637**	72	558
Total income tax (benefit)/provision	**$ 3,838**	$ 688	$ (240)
Classification of income tax (benefit)/provision:			
Continuing operations	**$ 3,838**	$ 688	$ (240)

Deferred income taxes are provided for the change in temporary differences between the basis of certain assets and liabilities for financial reporting purposes and income tax reporting purposes. The expected future tax rates are based upon enacted tax laws. The components of our TRS deferred tax assets and liabilities are as follows for the years ended December 31, 2019, 2018, and 2017 *(dollars in thousands):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Deferred tax assets:			
Federal and state tax attributes	**$ 22**	$ 28	$ 8
Other	**87**	70	139
Total deferred tax assets	**109**	98	147
Valuation allowance	**(19)**	(16)	(9)
Net deferred tax assets	**90**	82	138
Deferred tax liabilities:			
Book/tax depreciation and basis	**(367)**	—	—
Other investment ventures	**(1,291)**	(17)	—
Other	**(67)**	(67)	(67)
Total deferred tax liabilities	**(1,725)**	(84)	(67)
Net deferred tax assets/(liabilities)	**$ (1,635)**	$ (2)	$ 71

Income tax provision/(benefit), net from our TRS differed from the amounts computed by applying the U.S. statutory rate of 21% to pretax income/(loss) for the years ended December 31, 2019, and 2018 and 35% for the year ended 2017 as follows *(dollars in thousands):*

	Year Ended December 31,		
	2019	**2018**	**2017**
Income tax provision/(benefit)			
U.S. federal income tax provision/(benefit)	**$ 2,905**	$ 321	$ 581
State income tax provision	**1,013**	527	493
Other items	**(139)**	(167)	(188)
New tax law benefit	**—**	—	(1,129)
ITC basis adjustment	**56**	—	—
Valuation allowance	**3**	7	3
Total income tax provision/(benefit)	**$ 3,838**	$ 688	$ (240)

As of December 31, 2019, the Company had federal net operating loss carryovers ("NOL") of $27.1 million expiring in 2032 through 2035 and state NOLs of $68.1 million expiring in 2020 through 2032. A portion of these attributes are still available to the subsidiary REITs, but are carried at a zero effective tax rate.

The Company's *Tax benefit/(provision), net* was $(3.8) million and $(0.7) million for the years ended December 31, 2019 and 2018, respectively. The increase of $3.1 million was primarily attributable to a $2.0 million tax on a promoted interest and by $1.3 million on unrealized gains related to other investment ventures. GAAP defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The financial statements reflect expected future tax consequences of income tax positions presuming the taxing authorities' full knowledge of the tax position and all relevant facts, but without considering time values. GAAP also provides guidance on derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition.

The Company evaluates our tax position using a two-step process. First, we determine whether a tax position is more likely than not (greater than 50 percent probability) to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company will then determine the amount of benefit to recognize and record the amount of the benefit that is more likely than not to be realized upon ultimate settlement. When applicable, UDR recognizes interest and/or penalties related to uncertain tax positions in *Tax benefit/(provision), net*. As of December 31, 2019 and 2018, UDR has no material unrecognized income tax benefits/(provisions).

The Company files income tax returns in federal and various state and local jurisdictions. With few exceptions, the Company is no longer subject to federal, state and local income tax examination by tax authorities for years prior to 2014. The tax years 2016 through 2018 remain open to examination by the major taxing jurisdictions to which the Company is subject.

12. NONCONTROLLING INTERESTS

Redeemable Noncontrolling Interests in the Operating Partnership and DownREIT Partnership

Interests in the Operating Partnership and the DownREIT Partnership held by limited partners are represented by OP Units and DownREIT Units, respectively. The income is allocated to holders of OP Units/DownREIT Units based upon net income attributable to common stockholders and the weighted average number of OP Units/DownREIT Units outstanding to total common shares plus OP Units/DownREIT Units outstanding during the period. Capital contributions, distributions, and profits and losses are allocated to noncontrolling interests in accordance with the terms of the partnership agreements of the Operating Partnership and the DownREIT Partnership.

Limited partners of the Operating Partnership and the DownREIT Partnership have the right to require such partnership to redeem all or a portion of the OP Units/DownREIT Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the partnership agreement of the Operating Partnership or the DownREIT Partnership, as applicable), provided that such OP Units/DownREIT Units have been outstanding for at least one year, subject to certain exceptions. UDR, as the general partner of the Operating Partnership and the DownREIT Partnership may, in its sole discretion, purchase the OP Units/DownREIT Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of common stock of the Company for each OP Unit/DownREIT Unit), as defined in the partnership agreement of the Operating Partnership or the DownREIT Partnership, as applicable. Accordingly, the Company records the OP Units/DownREIT Units outside of permanent equity and reports the OP Units/DownREIT Units at their redemption value using the Company’s stock price at each balance sheet date.

The following table sets forth redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership for the years ended December 31, 2019 and 2018 (*dollars in thousands*):

	Year Ended December 31, 2019	2018
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership, December 31, 2018	**$ 972,740**	$ 948,138
Mark-to-market adjustment to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**183,884**	43,552
Conversion of OP Units/DownREIT Units to Common Stock	**(134,031)**	(13,328)
Net income/(loss) attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**14,426**	18,215
Distributions to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**(32,270)**	(32,798)
OP Units Issued	**—**	4,320
Vesting of Long-Term Incentive Plan Units	**14,742**	4,397
Allocation of other comprehensive income/(loss)	**(826)**	244
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership, December 31, 2019	**$ 1,018,665**	$ 972,740

Noncontrolling Interests

Noncontrolling interests represent interests of unrelated partners and unvested LTIP Units in certain consolidated affiliates, and are presented as part of equity on the Consolidated Balance Sheets since these interests are not redeemable. *Net (income)/loss attributable to noncontrolling interests* was $(0.2) million, $(0.2) million, and $(0.2) million during the years ended December 31, 2019, 2018, and 2017, respectively.

The Company grants LTIP Units to certain employees and non-employee directors. The LTIP Units represent an ownership interest in the Operating Partnership and have vesting terms of between one and three years, specific to the individual grants.

Noncontrolling interests related to long-term incentive plan units represent the unvested LTIP Units of these employees and non-employee directors in the Operating Partnership. The net income/(loss) allocated to the unvested LTIP Units is included in *Net (income)/loss attributable to noncontrolling interests* on the Consolidated Statements of Operations.

13. FAIR VALUE OF DERIVATIVES AND FINANCIAL INSTRUMENTS

Fair value is based on the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level valuation hierarchy prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy consists of three broad levels, which are described below:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 — Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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The estimated fair values of the Company's financial instruments either recorded or disclosed on a recurring basis as of December 31, 2019 and 2018 are summarized as follows *(dollars in thousands)*:

			Fair Value at December 31, 2019, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2019	Fair Value Estimate at December 31, 2019	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Notes receivable (a)	$ 153,650	$ 160,197	$ —	$ —	$ 160,197
Derivatives - Interest rate contracts (b)	6	6	—	6	—
Total assets	$ 153,656	$ 160,203	$ —	$ 6	$ 160,197
Derivatives - Interest rate contracts (b)	$ 142	$ 142	$ —	$ 142	$ —
Secured debt instruments - fixed rate: (c)					
Mortgage notes payable	906,228	898,329	—	—	898,329
Credit facilities	218,490	213,661	—	—	213,661
Secured debt instruments - variable rate: (c)					
Tax-exempt secured notes payable	27,000	27,000	—	—	27,000
Unsecured debt instruments: (c)					
Working capital credit facility	16,583	16,583	—	—	16,583
Commercial paper program	300,000	300,000	—	—	300,000
Unsecured notes	3,263,152	3,397,622	—	—	3,397,622
Total liabilities	$ 4,731,595	$ 4,853,337	$ —	$ 142	$ 4,853,195
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership (d)	$ 1,018,665	$ 1,018,665	$ —	$ 1,018,665	$ —

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	Total Carrying Amount in Statement of Financial Position at December 31, 2018	Fair Value Estimate at December 31, 2018	Fair Value at December 31, 2018, Using: Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Notes receivable (a)	$ 42,259	$ 45,026	$ —	$ —	$ 45,026
Derivatives - Interest rate contracts (b)	4,757	4,757	—	4,757	—
Total assets	$ 47,016	$ 49,783	$ —	$ 4,757	$ 45,026
Derivatives - Interest rate contracts (b)	$ 356	$ 356	$ —	$ 356	$ —
Secured debt instruments - fixed rate: (c)					
Mortgage notes payable	417,989	416,314	—	—	416,314
Fannie Mae credit facility	90,000	90,213	—	—	90,213
Secured debt instruments - variable rate: (c)					
Tax-exempt secured notes payable	94,700	94,700	—	—	94,700
Unsecured debt instruments: (c)					
Working capital credit facility	16	16	—	—	16
Commercial paper program	101,115	101,115	—	—	101,115
Unsecured notes	2,861,842	2,829,390	—	—	2,829,390
Total liabilities	$ 3,566,018	$ 3,532,104	$ —	$ 356	$ 3,531,748
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership (d)	$ 972,740	$ 972,740	$ —	$ 972,740	$ —

(a) See Note 2, *Significant Accounting Policies*.

(b) See Note 14, *Derivatives and Hedging Activity*.

(c) See Note 7, *Secured and Unsecured Debt, Net*.

(d) See Note 12, *Noncontrolling Interests*.

There were no transfers into or out of any of the levels of the fair value hierarchy during the year ended December 31, 2019.

Financial Instruments Carried at Fair Value

The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate options are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2019 and 2018, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. In conjunction with the FASB's fair value measurement guidance, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership have a redemption feature and are marked to their redemption value. The redemption value is based on the fair value of the Company's common stock at the redemption date, and therefore, is calculated based on the fair value of the Company's common stock at the balance sheet date. Since the valuation is based on observable inputs such as quoted prices for similar instruments in active markets, redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership are classified as Level 2.

Financial Instruments Not Carried at Fair Value

At December 31, 2019, the fair values of cash and cash equivalents, restricted cash, accounts receivable, prepaids, real estate taxes payable, accrued interest payable, security deposits and prepaid rent, distributions payable and accounts payable approximated their carrying values because of the short term nature of these instruments. The estimated fair values of other financial instruments, which includes notes receivable and debt instruments, are classified in Level 3 of the fair value hierarchy due to the significant unobservable inputs that are utilized in their respective valuations.

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Our cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair value. Our estimates of fair value represent our best estimate based upon Level 3 inputs such as industry trends and reference to market rates and transactions.

We consider various factors to determine if a decrease in the value of our *Investment in and advances to unconsolidated joint ventures, net* is other-than-temporary. These factors include, but are not limited to, age of the venture, our intent and ability to retain our investment in the entity, the financial condition and long-term prospects of the entity, and the relationships with the other joint venture partners and its lenders. Based on the significance of the unobservable inputs, we classify these fair value measurements within Level 3 of the valuation hierarchy. The Company did not incur any other-than-temporary impairments in the value of its investments in unconsolidated joint ventures during the years ended December 31, 2019, 2018, and 2017.

After determining an other-than-temporary decrease in the value of an equity method investment has occurred, we estimate the fair value of our investment by estimating the proceeds we would receive upon a hypothetical liquidation of the investment at the date of measurement. Inputs reflect management's best estimate of what market participants would use in pricing the investment giving consideration to the terms of the joint venture agreement and the estimated discounted future cash flows to be generated from the underlying joint venture assets. The inputs and assumptions utilized to estimate the future cash flows of the underlying assets are based upon the Company's evaluation of the economy, market trends, operating results, and other factors, including judgments regarding costs to complete any construction activities, lease up and occupancy rates, rental rates, inflation rates, capitalization rates utilized to estimate the projected cash flows at the disposition, and discount rates.

14. DERIVATIVES AND HEDGING ACTIVITY

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its debt funding and through the use of derivative financial instruments. Specifically, the Company may enter into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

The changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded in *Accumulated other comprehensive income/(loss), net* on the Consolidated Balance Sheets and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2019, 2018, and 2017, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt.

During the year ended December 31, 2017, the Company recognized a loss of $0.1 million, reclassified from *Accumulated other comprehensive income/(loss), net* to *Interest expense* due to the de-designation of a cash flow hedge. No amounts were de-designated during the years ended December 31, 2019 and 2018.

Amounts reported in *Accumulated other comprehensive income/(loss), net* on the Consolidated Balance Sheets related to derivatives that will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Through December 31, 2020, the Company estimates that an additional $1.7 million will be reclassified as a decrease to *Interest expense*.

As of December 31, 2019, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (*dollars in thousands*):

Product	Number of Instruments	Notional
Interest rate swaps (a)	4	$ 315,000

(a) In addition to the interest rate swaps summarized above, the Company entered into an additional interest rate swap with a notional value of $315.0 million that will become effective in January 2020 upon the maturity of the interest rate swaps summarized above. Additionally, the Company had previously entered into two additional interest rate swaps with a notional value totaling $75.0 million that were subsequently terminated and settled during the year ended December 31, 2019 in conjunction with the July 2019 issuance of $300.0 million of senior unsecured medium-term notes as disclosed in Note 7, *Secured and Unsecured, Net*.

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of GAAP. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and

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resulted in no gain or loss for the years ended December 31, 2019 and 2018, and a loss of less than $0.1 million for the year ended December 31, 2017.

As of December 31, 2019, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (*dollars in thousands*):

Product	Number of Instruments	Notional
Interest rate caps	1	$ 19,880

Tabular Disclosure of Fair Values of Derivative Instruments on the Consolidated Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Consolidated Balance Sheets as of December 31, 2019 and 2018 (*dollars in thousands*):

	Asset Derivatives (included in *Other assets*) Fair Value at:		Liability Derivatives (included in *Other liabilities*) Fair Value at:	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Derivatives designated as hedging instruments:				
Interest rate products	**$ 6**	$ 4,757	**$ 142**	$ 356

Tabular Disclosure of the Effect of Derivative Instruments on the Consolidated Statements of Operations

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations for the years ended December 31, 2019, 2018, and 2017 (*dollars in thousands*):

Derivatives in Cash Flow Hedging Relationships	*Unrealized holding gain/(loss)* Recognized in OCI			Gain/(Loss) Reclassified from Accumulated OCI into *Interest expense*			Gain/(Loss) Recognized in *Interest expense* (Amount Excluded from Effectiveness Testing)		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Interest rate products	**$ (8,437)**	$ 4,806	$ 1,802	**$ 2,770**	$ 1,948	$ (1,271)	**$ —**	$ —	$ (136)

	Year Ended December 31, 2019	2018	2017
Total amount of *Interest expense* presented on the Consolidated Statements of Operations	**$ 170,917**	$ 134,168	$ 128,711

Derivatives Not Designated as Hedging Instruments	Gain/(Loss) Recognized in *Interest income and other income/(expense), net* 2019	2018	2017
Interest rate products	**$ —**	$ —	(1)

Credit-risk-related Contingent Features

The Company has agreements with its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

The Company has certain agreements with some of its derivative counterparties that contain a provision where, in the event of default by the Company or the counterparty, the right of setoff may be exercised. Any amount payable to one party by the other party may be reduced by its setoff against any amounts payable by the other party. Events that give rise to default by either party may include, but are not limited to, the failure to pay or deliver payment under the derivative agreement, the failure to comply with or perform under the derivative agreement, bankruptcy, a merger without assumption of the derivative agreement, or in a merger, a surviving entity's creditworthiness is materially weaker than the original party to the derivative agreement.

As of December 31, 2019, the fair value of derivatives was in a net asset position, which includes accrued interest but excludes any adjustment for nonperformance risk related to these agreements, of less than $0.1 million.

Tabular Disclosure of Offsetting Derivatives

The Company has elected not to offset derivative positions on the consolidated financial statements. The tables below present the effect on its financial position had the Company made the election to offset its derivative positions as of December 31, 2019 and 2018 (*dollars in thousands*):

				Gross Amounts Not Offset in the Consolidated Balance Sheet		
Offsetting of Derivative Assets	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Assets Presented in the Consolidated Balance Sheets (a)**	**Financial Instruments**	**Cash Collateral Received**	**Net Amount**
December 31, 2019	**$ 6**	**$ —**	**$ 6**	**$ (3)**	**$ —**	**$ 3**
December 31, 2018	$ 4,757	$ —	$ 4,757	$ —	$ —	$ 4,757

(a) Amounts reconcile to the aggregate fair value of derivative assets in the "Tabular Disclosure of Fair Values of Derivative Instruments on the Consolidated Balance Sheets" located in this footnote.

				Gross Amounts Not Offset in the Consolidated Balance Sheet		
Offsetting of Derivative Liabilities	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset in the Consolidated Balance Sheets**	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheets (a)**	**Financial Instruments**	**Cash Collateral Posted**	**Net Amount**
December 31, 2019	**$ 142**	**$ —**	**$ 142**	**$ (3)**	**$ —**	**$ 139**
December 31, 2018	$ 356	$ —	$ 356	$ —	$ —	$ 356

(a) Amounts reconcile to the aggregate fair value of derivative liabilities in the "Tabular Disclosure of Fair Values of Derivative Instruments on the Consolidated Balance Sheets" located in this footnote.

15. COMMITMENTS AND CONTINGENCIES

Commitments

Real Estate Commitments

The following summarizes the Company's real estate commitments at December 31, 2019 (*dollars in thousands*):

	Number Properties	UDR's Investment (a)	UDR's Remaining Commitment
Wholly-owned — under development	3	$ 69,754	$ 208,723
Wholly-owned — redevelopment	2	15,744	19,756
Joint ventures:			
Preferred equity investments	2	73,868 (b)	9,121 (c)
Other investments	-	13,598	8,100 (d)
Total		$ 172,964	$ 245,700

(a) Represents UDR's investment as of December 31, 2019.

(b) Represents UDR's investment in 1300 Fairmount and Modera Lake Merritt, which were under development as of December 31, 2019.

(c) Represents UDR's remaining commitment for 1300 Fairmount and Modera Lake Merritt.

(d) Represents UDR's remaining commitment for other investment ventures.

Purchase Commitments

In 2019, the Company entered into a contract to purchase a development land parcel located in King of Prussia, Pennsylvania for a purchase price of approximately $14.8 million. The Company made a $0.8 million deposit on the purchase, which is generally non-refundable other than due to a failure of closing conditions pursuant to the terms of the purchase agreement. The acquisition is expected to close in 2020, subject to customary closing conditions.

Contingencies

Litigation and Legal Matters

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The Company believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on our financial condition, results of operations or cash flows.

16. REPORTABLE SEGMENTS

GAAP guidance requires that segment disclosures present the measure(s) used by the Chief Operating Decision Maker to decide how to allocate resources and for purposes of assessing such segments' performance. UDR's Chief Operating Decision Maker is comprised of several members of its executive management team who use several generally accepted industry financial measures to assess the performance of the business for our reportable operating segments.

UDR owns and operates multifamily apartment communities that generate rental and other property related income through the leasing of apartment homes to a diverse base of tenants. The primary financial measures for UDR's apartment communities are rental income and net operating income ("NOI"). Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. NOI is defined as rental income less direct property rental expenses. 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 2.875% of property revenue to cover the regional supervision and accounting costs related to consolidated property operations, and land rent. UDR's Chief Operating Decision Maker utilizes NOI as the key measure of segment profit or loss.

UDR's two reportable segments are *Same-Store Communities* and *Non-Mature Communities/Other*:

- *Same-Store Communities* represent those communities acquired, developed, and stabilized prior to January 1, 2018 and held as of December 31, 2019. A comparison of operating results from the prior year is meaningful as 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. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

- *Non-Mature Communities/Other* represent those communities that do not meet the criteria to be included in *Same-Store Communities*, including, but not limited to, recently acquired, developed and redeveloped communities, and the non-apartment components of mixed use properties.

Management evaluates the performance of each of our apartment communities on a *Same-Store Community* and *Non-Mature Community/Other* basis, as well as individually and geographically. This is consistent with the aggregation criteria under GAAP as each of our apartment communities generally has similar economic characteristics, facilities, services, and tenants. Therefore, the Company's reportable segments have been aggregated by geography in a manner identical to that which is provided to the Chief Operating Decision Maker.

Revenue is measured based on consideration specified in contracts with customers. The Company recognizes revenue when it satisfies a performance obligation by providing the services specified in a contract to the customer. All revenues are from external customers and no single tenant or related group of tenants contributed 10% or more of UDR's total revenues during the years ended December 31, 2019, 2018, and 2017.

The following is a description of the principal streams from which the Company generates its revenue:

Lease Revenue

Lease revenue related to leases is recognized on an accrual basis when due from residents or tenants in accordance with ASC 842, *Leases*. Rental payments are generally due on a monthly basis and recognized on a straight-line basis over the noncancellable lease term because collection of the lease payments was probable at lease commencement, inclusive of any periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. In addition, in circumstances where a lease incentive is provided to tenants, the incentive is recognized as a reduction of lease revenue on a straight-line basis over the lease term.

Lease revenue also includes all pass-through revenue from retail and residential leases and common area maintenance reimbursements from retail leases. These services represent non-lease components in a contract as the Company transfers a service to the lessee other than the right to use the underlying asset. The Company has elected the practical expedient under the leasing standard to not separate lease and non-lease components from its resident and retail lease contracts as the timing and pattern of revenue recognition for the non-lease component and related lease component are the same and the combined single lease component would be classified as an operating lease.

Other Revenue

Other revenue is generated by services provided by the Company to its retail and residential tenants and other unrelated third parties. These fees are generally recognized as earned.

Joint venture management and other fees

The *Joint venture management and other fees* revenue consists of management fees charged to our equity method joint ventures per the terms of contractual agreements and other fees. Joint venture fee revenue is recognized monthly as the management services are provided and the fees are earned or upon a transaction whereby the Company earns a fee. *Joint venture management and other fees* are not allocable to a specific reportable segment or segments.

The following table details rental income and NOI for UDR's reportable segments for the years ended December 31, 2019, 2018, and 2017, and reconciles NOI to *Net income/(loss) attributable to UDR, Inc.* on the Consolidated Statements of Operations *(dollars in thousands)*:

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	Year Ended December 31, 2019	2018	2017
Reportable apartment home segment lease revenue			
Same-Store Communities (a)			
West Region	**$ 392,456**	$ 377,259	$ 361,277
Mid-Atlantic Region	**210,391**	204,733	199,206
Southeast Region	**113,175**	109,189	104,106
Northeast Region	**119,910**	117,572	115,713
Southwest Region	**54,516**	52,970	51,949
Non-Mature Communities/Other	**162,969**	94,176	77,524
Total segment and consolidated lease revenue	**$ 1,053,417**	$ 955,899	$ 909,775
Reportable apartment home segment other revenue			
Same-Store Communities (a)			
West Region	**$ 31,045**	$ 28,493	$ 27,493
Mid-Atlantic Region	**17,049**	15,717	14,951
Southeast Region	**13,557**	13,045	12,361
Northeast Region	**4,858**	4,590	4,307
Southwest Region	**5,312**	5,281	5,152
Non-Mature Communities/Other	**12,900**	12,080	10,270
Total segment and consolidated other revenue	**$ 84,721**	$ 79,206	$ 74,534
Total reportable apartment home segment rental income			
Same-Store Communities (a)			
West Region	**$ 423,501**	$ 405,752	$ 388,770
Mid-Atlantic Region	**227,440**	220,450	214,157
Southeast Region	**126,732**	122,234	116,467
Northeast Region	**124,768**	122,162	120,020
Southwest Region	**59,828**	58,251	57,101
Non-Mature Communities/Other	**175,869**	106,256	87,794
Total segment and consolidated rental income	**$ 1,138,138**	$ 1,035,105	$ 984,309
Reportable apartment home segment NOI			
Same-Store Communities (a)			
West Region	**$ 321,890**	$ 306,307	$ 291,265
Mid-Atlantic Region	**159,665**	153,670	150,126
Southeast Region	**88,467**	85,220	80,726
Northeast Region	**83,832**	84,059	83,569
Southwest Region	**36,589**	34,506	34,439
Non-Mature Communities/Other	**117,860**	68,353	58,378
Total segment and consolidated NOI	**808,303**	732,115	698,503
Reconciling items:			
Joint venture management and other fees	**14,055**	11,754	11,482
Property management	**(32,721)**	(28,465)	(27,068)
Other operating expenses	**(13,932)**	(12,100)	(9,060)
Real estate depreciation and amortization	**(501,257)**	(429,006)	(430,054)
General and administrative	**(51,533)**	(46,983)	(48,566)
Casualty-related (charges)/recoveries, net	**(474)**	(2,121)	(4,335)
Other depreciation and amortization	**(6,666)**	(6,673)	(6,408)
Gain/(loss) on sale of real estate owned	**5,282**	136,197	43,404
Income/(loss) from unconsolidated entities	**137,873**	(5,055)	31,257
Interest expense	**(170,917)**	(134,168)	(128,711)
Interest income and other income/(expense), net	**15,404**	6,735	1,971
Tax (provision)/benefit, net	**(3,838)**	(688)	240
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	**(14,426)**	(18,215)	(10,933)
Net (income)/loss attributable to noncontrolling interests	**(188)**	(221)	(164)
Net income/(loss) attributable to UDR, Inc.	**$ 184,965**	$ 203,106	$ 121,558

(a) *Same-Store Community* population consisted of 37,959 apartment homes.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
DECEMBER 31, 2019

The following table details the assets of UDR's reportable segments as of December 31, 2019 and 2018 *(dollars in thousands)*:

	December 31, 2019	December 31, 2018
Reportable apartment home segment assets:		
Same-Store Communities (a):		
West Region	**$ 3,810,672**	$ 3,763,366
Mid-Atlantic Region	**2,350,341**	2,317,369
Southeast Region	**806,830**	779,310
Northeast Region	**1,500,597**	1,491,994
Southwest Region	**456,140**	447,305
Non-Mature Communities/Other	**3,677,521**	1,396,815
Total segment assets	**12,602,101**	10,196,159
Accumulated depreciation	**(4,131,353)**	(3,654,160)
Total segment assets — net book value	**8,470,748**	6,541,999
Reconciling items:		
Cash and cash equivalents	**8,106**	185,216
Restricted cash	**25,185**	23,675
Notes receivable, net	**153,650**	42,259
Investment in and advances to unconsolidated joint ventures, net	**588,262**	780,869
Operating lease right-of-use assets	**204,225**	—
Other assets	**186,296**	137,710
Total consolidated assets	**$ 9,636,472**	$ 7,711,728

(a) *Same-Store Community* population consisted of 37,959 apartment homes.

Markets included in the above geographic segments are as follows:

i. West Region — Orange County, San Francisco, Seattle, Los Angeles, Monterey Peninsula, Other Southern California and Portland

ii. Mid-Atlantic Region — Metropolitan D.C., Richmond and Baltimore

iii. Southeast Region — Orlando, Nashville, Tampa and Other Florida

iv. Northeast Region — New York and Boston

v. Southwest Region — Dallas, Austin and Denver

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
DECEMBER 31, 2019

17. UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY FINANCIAL DATA

Selected consolidated quarterly financial data for the years ended December 31, 2019 and 2018 is summarized in the table below *(dollars in thousands, except per share amounts)*:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2019				
Rental income	**$ 267,922**	**$ 278,463**	**$ 289,008**	**$ 302,745**
Net income/(loss)	**26,602**	**38,318**	**29,422**	**105,237**
Net income/(loss) attributable to common stockholders (a)	**23,492**	**34,588**	**26,173**	**96,928**
Income/(loss) attributable to common stockholders per weighted average common share (a):				
Basic	**$ 0.08**	**$ 0.12**	**$ 0.09**	**$ 0.33**
Diluted	**$ 0.08**	**$ 0.12**	**$ 0.09**	**$ 0.33**
Weighted average number of common shares outstanding:				
Basic	**277,002**	**281,960**	**288,706**	**293,107**
Diluted	**277,557**	**282,575**	**289,529**	**294,073**
2018				
Rental income	$ 250,483	$ 256,634	$ 263,256	$ 264,732
Net income/(loss)	89,225	22,444	20,258	89,615
Net income/(loss) attributable to common stockholders (a)	80,801	19,630	17,639	81,168
Income/(loss) attributable to common stockholders per weighted average common share (a):				
Basic	$ 0.30	$ 0.07	$ 0.07	$ 0.30
Diluted	$ 0.30	$ 0.07	$ 0.07	$ 0.30
Weighted average number of common shares outstanding:				
Basic	267,546	267,311	267,727	270,107
Diluted	269,208	268,890	268,861	270,755

(a) Due to the quarterly pro-rata calculation of noncontrolling interest and rounding, the sum of the quarterly per share and/or dollar amounts may not equal the annual totals.

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Report of Independent Registered Public Accounting Firm

The Partners
United Dominion Realty, L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of United Dominion Realty, L.P. (the "Partnership") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income/loss, changes in capital, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2010.

Denver, Colorado
February 18, 2020

UNITED DOMINION REALTY, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for unit data)

	December 31, 2019	December 31, 2018
ASSETS		
Real estate owned:		
Real estate held for investment	**$ 3,875,160**	$ 3,811,985
Less: accumulated depreciation	**(1,796,568)**	(1,658,161)
Total real estate owned, net of accumulated depreciation	**2,078,592**	2,153,824
Cash and cash equivalents	**24**	125
Restricted cash	**13,998**	13,563
Investment in unconsolidated entities	**76,222**	103,026
Operating lease right-of-use assets	**205,668**	—
Other assets	**24,241**	34,052
Total assets	**$ 2,398,745**	$ 2,304,590
LIABILITIES AND CAPITAL		
Liabilities:		
Secured debt, net	**$ 99,071**	$ 26,929
Notes payable due to the General Partner	**637,233**	700,115
Operating lease liabilities	**200,001**	—
Real estate taxes payable	**2,801**	2,699
Accrued interest payable	**217**	32
Security deposits and prepaid rent	**17,946**	15,250
Distributions payable	**63,364**	59,461
Accounts payable, accrued expenses, and other liabilities	**12,226**	14,215
Total liabilities	**1,032,859**	818,701
Commitments and contingencies (Note 11)		
Capital:		
Partners' capital:		
General partner:		
110,883 OP Units outstanding at December 31, 2019 and December 31, 2018	**859**	950
Limited partners:		
183,952,659 and 183,525,660 OP Units outstanding at December 31, 2019 and December 31, 2018, respectively	**1,347,622**	1,471,120
Total partners' capital	**1,348,481**	1,472,070
Noncontrolling interests	**17,405**	13,819
Total capital	**1,365,886**	1,485,889
Total liabilities and capital	**$ 2,398,745**	$ 2,304,590

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit data)

	Year Ended December 31,		
	2019	**2018**	**2017**
REVENUES:			
Rental income	**$ 441,773**	$ 431,920	$ 419,377
OPERATING EXPENSES:			
Property operating and maintenance	**67,710**	67,400	67,493
Real estate taxes and insurance	**51,057**	47,140	45,043
Property management	**12,701**	11,878	11,533
Other operating expenses	**9,488**	8,864	6,833
Real estate depreciation and amortization	**139,975**	143,481	152,473
General and administrative	**18,014**	16,889	17,875
Casualty-related charges/(recoveries), net	**853**	951	1,922
Total operating expenses	**299,798**	296,603	303,172
Gain/(loss) on sale of real estate owned	**—**	75,507	41,272
Operating income	**141,975**	210,824	157,477
Income/(loss) from unconsolidated entities	**(8,313)**	43,496	(19,256)
Interest expense	**(1,639)**	(8,733)	(18,156)
Interest expense on notes payable due to the General Partner	**(28,028)**	(14,102)	(12,210)
Net income/(loss)	**103,995**	231,485	107,855
Net (income)/loss attributable to noncontrolling interests	**(1,832)**	(1,722)	(1,548)
Net income/(loss) attributable to OP unitholders	**$ 102,163**	$ 229,763	$ 106,307
Net income/(loss) per weighted average OP Unit - basic and diluted	**$ 0.56**	$ 1.25	$ 0.58
Weighted average OP Units outstanding - basic and diluted	**184,034**	183,609	183,344

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(In thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Net income/(loss)	**$ 103,995**	$ 231,485	$ 107,855
Other comprehensive income/(loss), including portion attributable to noncontrolling interests:			
Other comprehensive income/(loss) - derivative instruments:			
(Gain)/loss reclassified into earnings from other comprehensive income/(loss)	**—**	—	106
Other comprehensive income/(loss), including portion attributable to noncontrolling interests	**—**	—	106
Comprehensive income/(loss)	**103,995**	231,485	107,961
Comprehensive (income)/loss attributable to noncontrolling interests	**(1,832)**	(1,722)	(1,548)
Comprehensive income/(loss) attributable to OP unitholders	**$ 102,163**	$ 229,763	$ 106,413

See accompanying notes to consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL
(In thousands)

	Class A Limited Partner	Limited Partners and LTIP Units	UDR, Inc. Limited Partner	UDR, Inc. General Partner	Accumulated Other Comprehensive Income/(Loss), net	Total Partners' Capital	Advances (to)/from General Partner	Noncontrolling Interests	Total
Balance at December 31, 2016	**$ 63,901**	**$ 269,928**	**$ 1,243,460**	**$ 1,026**	**$ (113)**	**$ 1,578,202**	**$ 19,659**	**$ 20,638**	**$ 1,618,499**
Net income/(loss)	1,015	4,270	100,957	65	—	106,307	—	1,548	107,855
Distributions	(2,328)	(9,704)	(215,922)	(136)	—	(228,090)	—	—	(228,090)
OP Unit redemptions for common shares of UDR	—	(288)	288	—	—	—	—	—	—
Adjustment to reflect limited partners' capital at redemption value	4,886	11,599	(16,485)	—	—	—	—	—	—
Long-Term Incentive Plan Unit grants	—	7,763	—	—	—	7,763	—	—	7,763
Unrealized gain/(loss) on derivative financial investments	—	—	—	—	113	113	—	(6)	107
Net change in advances (to)/from the General Partner	—	—	—	—	—	—	378,240	(9,244)	368,996
Balance at December 31, 2017	**67,474**	**283,568**	**1,112,298**	**955**	**—**	**1,464,295**	**397,899**	**12,936**	**1,875,130**
Net income/(loss)	2,221	9,977	217,426	139	—	229,763	—	1,722	231,485
Distributions	(2,328)	(10,718)	(224,637)	(144)	—	(237,827)	—	—	(237,827)
OP Unit redemptions for common shares of UDR	—	(416)	416	—	—	—	—	—	—
Adjustment to reflect limited partners' capital at redemption value	2,034	4,295	(6,329)	—	—	—	—	—	—
Long-Term Incentive Plan Unit grants	—	15,839	—	—	—	15,839	—	—	15,839
Conversion of Advances (to)/from the General Partner to notes payable	—	—	—	—	—	—	(257,204)	—	(257,204)
Net change in advances (to)/from the General Partner	—	—	—	—	—	—	(140,695)	(839)	(141,534)
Balance at December 31, 2018	**69,401**	**302,545**	**1,099,174**	**950**	**—**	**1,472,070**	**—**	**13,819**	**1,485,889**
Net income/(loss)	971	3,404	97,727	61	—	102,163	—	1,832	103,995
Distributions	(2,396)	(9,063)	(241,207)	(152)	—	(252,818)	—	—	(252,818)
OP Unit redemptions for common shares of UDR	—	(79,010)	79,010	—	—	—	—	—	—
Adjustment to reflect limited partners' capital at redemption value	13,827	39,638	(53,465)	—	—	—	—	—	—
Long-Term Incentive Plan Unit grants	—	27,066	—	—	—	27,066	—	—	27,066
Net contributions/(distributions) to/(from) noncontrolling interests	—	—	—	—	—	—	—	1,754	1,754
Balance at December 31, 2019	**$ 81,803**	**$ 284,580**	**$ 981,239**	**$ 859**	**$ —**	**$ 1,348,481**	**$ —**	**$ 17,405**	**$ 1,365,886**

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Operating Activities			
Net income/(loss)	**$ 103,995**	$ 231,485	$ 107,855
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:			
Depreciation and amortization	**139,975**	143,481	152,473
(Gain)/loss on sale of real estate owned	**—**	(75,507)	(41,272)
(Income)/loss from unconsolidated entities	**8,313**	(43,496)	19,256
Other	**3,534**	1,771	5,642
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets	**1,084**	(3,260)	(3,992)
Increase/(decrease) in operating liabilities	**(1,808)**	1,194	(4,705)
Net cash provided by/(used in) operating activities	**255,093**	255,668	235,257
Investing Activities			
Acquisition of real estate assets	**—**	—	(137,332)
Proceeds from sales of real estate investments, net	**—**	98,533	67,985
Capital expenditures and other major improvements — real estate assets	**(62,397)**	(44,227)	(53,346)
Distributions received from unconsolidated entities	**18,491**	17,377	16,704
Net cash provided by/(used in) investing activities	**(43,906)**	71,683	(105,989)
Financing Activities			
Advances (to)/from the General Partner, net	**—**	(348,381)	163,196
Proceeds from the issuance of secured debt	**72,500**	—	—
Payments on secured debt	**—**	(133,205)	(275,345)
Issuance/(repayment) of notes payable to the General Partner	**(272,913)**	169,577	—
Distributions paid to partnership unitholders	**(10,064)**	(12,705)	(11,694)
Other	**(376)**	(1,821)	(5,003)
Net cash provided by/(used in) financing activities	**(210,853)**	(326,535)	(128,846)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	**334**	816	422
Cash, cash equivalents, and restricted cash, beginning of year	**13,688**	12,872	12,450
Cash, cash equivalents, and restricted cash, end of year	**$ 14,022**	$ 13,688	$ 12,872
Supplemental Information:			
Interest paid during the period, net of amounts capitalized	**$ 38,400**	$ 17,173	$ 24,331
Non-cash transactions:			
Development costs and capital expenditures incurred but not yet paid	**2,913**	2,056	2,032
Recognition of operating lease right-of-use assets	**94,174**	—	—
Recognition of operating lease liabilities	**88,161**	—	—
Right-of-use assets obtained in exchange for operating lease liabilities remeasurements	**112,498**	—	—
LTIP Unit grants	**27,066**	15,839	7,763
Distributions declared but not yet paid	**63,364**	59,461	57,025
Conversion of Advances (to)/from the General Partner to notes payable	**—**	257,204	—
The following reconciles cash, cash equivalents, and restricted cash to the total of the same amounts as shown above:			
Cash, cash equivalents, and restricted cash, beginning of year			
Cash and cash equivalents	**$ 125**	$ 293	$ 756
Restricted cash	**13,563**	12,579	11,694
Total cash, cash equivalents, and restricted cash as shown above	**$ 13,688**	$ 12,872	$ 12,450
Cash, cash equivalents, and restricted cash, end of year			
Cash and cash equivalents	**$ 24**	$ 125	$ 293
Restricted cash	**13,998**	13,563	12,579
Total cash, cash equivalents, and restricted cash as shown above	**$ 14,022**	$ 13,688	$ 12,872

See accompanying notes to the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. CONSOLIDATION AND BASIS OF PRESENTATION

United Dominion Realty, L.P. ("UDR, L.P.," the "Operating Partnership," "we" or "our") is a Delaware limited partnership, that owns, acquires, renovates, redevelops, manages, and disposes of multifamily apartment communities generally located in high barrier to entry markets located in the United States. The high barrier to entry markets are characterized by limited land for new construction, difficult and lengthy entitlement process, expensive single-family home prices and significant employment growth potential. UDR, L.P. is a subsidiary of UDR, Inc. ("UDR" or the "General Partner"), a self-administered real estate investment trust, or REIT, through which UDR conducts a significant portion of its business. During the years ended December 31, 2019, 2018, and 2017, rental revenues of the Operating Partnership represented 39%, 42%, and 43%, respectively, of the General Partner's consolidated rental revenues. As of December 31, 2019, the Operating Partnership's apartment portfolio consisted of 52 communities located in 15 markets consisting of 16,434 apartment homes.

Interests in UDR, L.P. are represented by operating partnership units ("OP Units"). The Operating Partnership's net income is allocated to the partners, which is initially based on their respective distributions made during the year and secondly, their percentage interests. Distributions are made in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P. (the "Operating Partnership Agreement"), on a per unit basis that is generally equal to the dividend per share on UDR's common stock, which is publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "UDR."

As of December 31, 2019, there were 184.1 million OP Units outstanding, of which 176.2 million, or 95.7%, were owned by UDR and affiliated entities and 7.9 million, or 4.3%, were owned by outside limited partners. There were 183.6 million OP Units outstanding as of December 31, 2018, of which 174.2 million, or 94.9%, were owned by UDR and affiliated entities and 9.4 million, or 5.1%, were owned by outside limited partners. See Note 10, *Capital Structure*.

As sole general partner of the Operating Partnership, UDR owned all 0.1 million general partner OP units, or 0.1%, of the total OP Units outstanding as of December 31, 2019 and 2018. At December 31, 2019 and 2018, there were 184.0 million and 183.5 million, respectively, of limited partner OP Units outstanding, of which 1.9 million were Class A Limited Partnership Units as of both periods. Of the limited partner OP Units outstanding, UDR owned 176.1 million, or 95.7%, and 174.1 million, or 94.8%, at December 31, 2019 and 2018, respectively. The remaining 7.9 million, or 4.3%, and 9.4 million, or 5.1%, of the limited partner OP Units outstanding were held by outside limited partners at December 31, 2019 and 2018, respectively, of which 1.8 million were Class A Limited Partnership units as of both periods. See Note 10, *Capital Structure*.

The Operating Partnership evaluated subsequent events through the date its financial statements were issued. No significant recognized or non-recognized subsequent events were noted.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The standard requires entities to estimate a lifetime expected credit loss for most financial assets, including trade and other receivables, held-to-maturity debt securities, loans and other financial instruments, and to present the net amount of the financial instrument expected to be collected. In November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses,* which amends the transition requirements and scope of ASU 2016-13 and clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leases standard. The updated standard became effective for the Operating Partnership on January 1, 2020 and is to be adopted on a modified retrospective basis through a cumulative-effect adjustment to retained earnings on that date. While we are currently evaluating the impact ASU 2016-13 will have on our consolidated financial statements and related disclosures, we do not expect the updated standard to have a material impact on the consolidated financial statements.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard amended the existing lease accounting guidance and required lessees to recognize a lease liability and a right-of-use asset for all leases on their balance sheets. Lessees of operating leases continued to recognize lease expense in a manner similar to previous accounting. For lessors, accounting for leases under the new guidance was substantially the same as in prior periods, but eliminated current real estate-specific provisions and changed the treatment of initial direct costs. The standard was effective for the Operating Partnership on January 1, 2019.

The Operating Partnership elected the following package of practical expedients provided by the standard: (i) an entity need not reassess whether any expired or existing contract is a lease or contains a lease, (ii) an entity need not reassess the lease classification of any expired or existing leases, and (iii) an entity need not reassess initial direct costs for any existing leases. The Operating Partnership also elected the short-term lease exception provided for in the standard and therefore only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year.

Upon adoption of the standard on January 1, 2019, the Operating Partnership recognized right-of-use assets of $94.2 million and lease liabilities of $88.2 million. The right-of-use assets included $6.0 million of prepaid rent and intangible assets that was included within *Other assets* on our Consolidated Balance Sheets as of December 31, 2018.

The lease liabilities represent the present value of the remaining minimum lease payments as of January 1, 2019 related to ground leases for communities where we are the lessee. The right-of-use assets represent our right to use an underlying asset for the lease term, which are calculated utilizing the lease liabilities plus any prepaid lease payments and intangible assets for ground leases acquired in the purchase of real estate. Our right-of-use assets and related lease liabilities recognized as of January 1, 2019 may change as a result of updates to the projected future minimum lease payments. Certain of our ground lease agreements where we are the lessee have future minimum lease payments that reset in the future based upon a percentage of the fair market value of the land at the time of the reset. The Operating Partnership will continue to recognize lease expense for these leases in a manner similar to previous accounting based on our election of the package of practical expedients. However, in the event we modify existing ground leases and/or enter into new ground leases subsequent to the adoption of the standard, such leases would likely be classified as finance leases under the standard and require expense recognition based on the effective interest method. Under the standard, initial direct costs for both lessees and lessors will include only those costs that are incremental to the arrangement and would not have been incurred if the lease had not been obtained. As a result, subsequent to the adoption of the standard, we are expensing non-incremental leasing costs as incurred.

In July 2018, the FASB issued ASU 2018-11, *Leases – Targeted Improvements*, which provided entities with relief from the costs of implementing certain aspects of ASU 2016-02, *Leases*. The ASU provided a practical expedient which allowed lessors to not separate lease and non-lease components in a contract and allocate the consideration in the contract to the separate components if both: (i) the timing and pattern of revenue recognition for the non-lease component and the related lease component are the same and (ii) the combined single lease component would be classified as an operating lease. The Operating Partnership elected the practical expedient to account for lease and non-lease components as a single component in lease contracts where we are the lessor. The ASU also provided a transition option that permitted entities to not recast the comparative periods presented when transitioning to the standard, which the Operating Partnership also elected.

Real Estate

Real estate assets held for investment are carried at historical cost and consist of land, land improvements, buildings and improvements, furniture, fixtures and equipment and other costs incurred during their development, acquisition and redevelopment.

Expenditures for ordinary repair and maintenance costs are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to the acquisition and/or improvement of real estate assets are capitalized and depreciated over their estimated useful lives if the expenditures qualify as a betterment or the life of the related asset will be substantially extended beyond the original life expectancy.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

The Operating Partnership purchases real estate investment properties and records the tangible and identifiable intangible assets and liabilities acquired based on their estimated fair value. The primary, although not only, identifiable intangible asset associated with our portfolio is the value of existing lease agreements. When recording the acquisition of a community, we first assign fair value to the estimated intangible value of the existing lease agreements and then to the estimated value of the land, building and fixtures assuming the community is vacant. The Operating Partnership estimates the intangible value of the lease agreements by determining the lost revenue associated with a hypothetical lease-up. Depreciation on the building is based on the expected useful life of the asset and the in-place leases are amortized over their remaining average contractual life. Property acquisition costs are capitalized as incurred if the acquisition does not meet the definition of a business.

Quarterly or when changes in circumstances warrant, the Operating Partnership will assess our real estate properties for indicators of impairment. In determining whether the Operating Partnership has indicators of impairment in our real estate assets, we assess whether the long-lived asset's carrying value exceeds the community's undiscounted future cash flows, which is representative of projected net operating income ("NOI") plus the residual value of the community. Our future cash flow estimates are based upon historical results adjusted to reflect our best estimate of future market and operating conditions and our estimated holding periods. If such indicators of impairment are present and the carrying value exceeds the undiscounted cash flows of the community, an impairment loss is recognized equal to the excess of the carrying amount of the asset over its estimated fair value. Our estimates of fair market value represent our best estimate based primarily upon unobservable inputs related to rental rates, operating costs, growth rates, discount rates and capitalization rates, industry trends and reference to market rates and transactions.

For long-lived assets to be disposed of, impairment losses are recognized when the fair value of the asset less estimated cost to sell is less than the carrying value of the asset. Properties classified as real estate held for disposition generally represent properties that are actively marketed or contracted for sale with the closing expected to occur within the next twelve months. Real estate held for disposition is carried at the lower of cost, net of accumulated depreciation, or fair value, less the cost to sell, determined on an asset-by-asset basis. Expenditures for ordinary repair and maintenance costs on held for disposition properties are charged to expense as incurred. Expenditures for improvements, renovations, and replacements related to held for disposition properties are capitalized at cost. Depreciation is not recorded on real estate held for disposition.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which are 30 to 55 years for buildings, 10 to 35 years for major improvements, and 3 to 10 years for furniture, fixtures, equipment, and other assets.

Predevelopment, development, and redevelopment projects and related costs are capitalized and reported on the Consolidated Balance Sheets as *Total real estate owned, net of accumulated depreciation*. The Operating Partnership capitalizes costs directly related to the predevelopment, development, and redevelopment of a capital project, which include, but are not limited to, interest, real estate taxes, insurance, and allocated development and redevelopment overhead related to support costs for personnel working on the capital projects. We use our professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. These costs are capitalized only during the period in which activities necessary to ready an asset for its intended use are in progress and such costs are incremental and identifiable to a specific activity to get the asset ready for its intended use. These costs, excluding the direct costs of development and redevelopment and capitalized interest, for the years ended December 31, 2019, 2018, and 2017 were $0.8 million, less than $0.1 million, and $0.5 million, respectively. During the years ended December 31, 2019, 2018, and 2017, total interest capitalized was $0.2 million, less than $0.1 million, and less than $0.1 million, respectively. As each home in a capital project is completed and becomes available for lease-up, the Operating Partnership ceases capitalization on the related portion and depreciation commences over the estimated useful life.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions and short-term, highly liquid investments. We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The majority of the Operating Partnership's cash and cash equivalents are held at major commercial banks.

Restricted Cash

Restricted cash primarily consists of escrow deposits held by lenders for real estate taxes, insurance and replacement reserves, and security deposits.

Real Estate Sales Gain Recognition

For sale transactions resulting in a transfer of a controlling financial interest of a property, the Operating Partnership generally derecognizes the related assets and liabilities from its Consolidated Balance Sheets and records the gain or loss in the period in which the transfer of control occurs. If control of the property has not transferred to the counterparty, the criteria for derecognition are not met and the Operating Partnership will continue to recognize the related assets and liabilities on its Consolidated Balance Sheets.

Sale transactions to entities in which the Operating Partnership sells a controlling financial interest in a property but retains a noncontrolling interest are accounted for as partial sales. Partial sales resulting in a change in control are accounted for at fair value and a full gain or loss is recognized. Therefore, the Operating Partnership will record a gain or loss on the partial interest sold, and the initial measurement of our retained interest will be accounted for at fair value.

Sales of real estate to joint ventures or other noncontrolled investees are also accounted for at fair value and the Operating Partnership will record a full gain or loss in the period the property is contributed.

To the extent that the Operating Partnership acquires a controlling financial interest in a property that it previously accounted for as an equity method investment, the Operating Partnership will not remeasure its previously held interest if the acquisition is treated as an asset acquisition. The Operating Partnership will include the carrying amount of its previously held equity method interest along with the consideration paid and transaction costs incurred in determining the amounts to allocate to the related assets and liabilities acquired on its Consolidated Balance Sheets. When treated as an asset acquisition, the Operating Partnership will not recognize a gain on consolidation of a property.

Derivative Financial Instruments

The General Partner utilizes derivative financial instruments to manage interest rate risk and generally designates these financial instruments as cash flow hedges. Derivative financial instruments associated with the Operating Partnership's allocation of the General Partner's debt are recorded on our Consolidated Balance Sheets as either an asset or liability and measured quarterly at their fair value. The changes in fair value for the General Partner's cash flow hedges allocated to the Operating Partnership that are deemed effective are reflected in other comprehensive income/(loss) and for non-designated derivative financial instruments in earnings. The ineffective component of cash flow hedges, if any, is recorded in earnings.

Noncontrolling Interests

The noncontrolling interests represent the General Partner's interests in certain consolidated subsidiaries and are presented in the capital section of the Consolidated Balance Sheets since these interests are not convertible or redeemable into any other ownership interests of the Operating Partnership.

Income Taxes

The taxable income or loss of the Operating Partnership is reported on the tax returns of the partners. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes on income that is passed through to the partners. However, any state or local revenue, excise or franchise taxes that result from the operating activities of the Operating Partnership are recorded at the entity level. The Operating Partnership's tax returns are subject to examination by federal and state taxing authorities. Net income for financial reporting purposes differs from the net income for income tax reporting purposes primarily due to temporary differences, principally real estate depreciation and the tax deferral of certain gains on property sales. The differences in depreciation result from differences in the book and tax basis of certain real estate assets and the differences in the methods of depreciation and lives of the real estate assets.

The Operating Partnership evaluates the accounting and disclosure of tax positions taken or expected to be taken in the course of preparing the Operating Partnership's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Management of the Operating Partnership is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which include federal and certain states. The Operating Partnership has no examinations in progress and none are expected at this time.

Management of the Operating Partnership has reviewed all open tax years (2016 through 2018) of tax jurisdictions and concluded there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken in future tax returns.

Discontinued Operations

In accordance with GAAP, a discontinued operation represents (1) a component of an entity or group of components that has been disposed of or is classified as held for sale in a single transaction and represents a strategic shift that has or will have a major effect on an entity's financial results, or (2) an acquired business that is classified as held for sale on the date of acquisition. A strategic shift could include a disposal of (1) a separate major line of business, (2) a separate major geographic area of operations, (3) a major equity method investment, or (4) other major parts of an entity.

We record sales of real estate that do not meet the definition of a discontinued operation in *Gain/(loss) on sale of real estate owned* on the Consolidated Statements of Operations.

Allocation of General and Administrative Expenses

The Operating Partnership is charged directly for general and administrative expenses it incurs. The Operating Partnership is also charged with other general and administrative expenses that have been allocated by the General Partner to each of its subsidiaries, including the Operating Partnership, based on reasonably anticipated benefits to the parties. (See Note 7, *Related Party Transactions*.)

Advertising Costs

All advertising costs are expensed as incurred and reported on the Consolidated Statements of Operations within the line item *Property operating and maintenance*. During the years ended December 31, 2019, 2018, and 2017, total advertising expense was $1.9 million, $1.9 million, and $2.1 million, respectively.

Comprehensive Income/(Loss)

Comprehensive income/(loss), which is defined as the change in capital during each period from transactions and other events and circumstances from nonowner sources, including all changes in capital during a period except for those resulting from investments by or distributions to unitholders, is displayed in the accompanying Consolidated Statements of Comprehensive Income/(Loss). For the years ended December 31, 2019, 2018, and 2017, the Operating Partnership's other comprehensive income/(loss) consisted of the gain/(loss) (effective portion) on derivative instruments that are designated as and qualify as cash flow hedges and (gain)/loss reclassified from other comprehensive income/(loss) into earnings. The (gain)/loss reclassified from other comprehensive income/(loss) is included in *Interest expense* on the Consolidated Statements of Operations. See Note 9, *Derivatives and Hedging Activity,* for further discussion.

Use of Estimates

The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the dates of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates.

Market Concentration Risk

The Operating Partnership is subject to increased exposure from economic and other competitive factors specific to those markets where it holds a significant percentage of the carrying value of its real estate portfolio at December 31, 2019, the Operating Partnership held greater than 10% of the carrying value of its real estate portfolio in each of the Orange County, California, San Francisco, California; Metropolitan D.C. and New York, New York markets.

3. REAL ESTATE OWNED

Real estate assets owned by the Operating Partnership consist of income producing operating properties, properties under development, land held for future development, and sold or held for disposition properties. At December 31, 2019, the Operating Partnership owned and consolidated 52 communities in nine states plus the District of Columbia totaling 16,434 apartment homes. The following table summarizes the carrying amounts for our real estate owned (at cost) as of December 31, 2019 and 2018 *(dollars in thousands):*

	December 31, 2019	December 31, 2018
Land	**$ 711,256**	$ 711,256
Depreciable property — held and used:		
Land improvements	**96,864**	92,000
Buildings, improvements, and furniture, fixtures and equipment	**3,067,040**	3,008,729
Real estate owned	**3,875,160**	3,811,985
Accumulated depreciation	**(1,796,568)**	(1,658,161)
Real estate owned, net	**$ 2,078,592**	$ 2,153,824

Acquisitions

The Operating Partnership did not have any acquisitions of real estate during the years ended December 31, 2019 and 2018.

Dispositions

The Operating Partnership did not have any dispositions of real estate during the year ended December 31, 2019.

In February 2018, the Operating Partnership sold an operating community in Orange County, California with a total of 264 apartment homes for gross proceeds of $90.5 million, resulting in a gain of $70.3 million. The proceeds were designated for a tax-deferred Section 1031 exchange that were used to pay a portion of the purchase price for an acquisition in October 2017.

In December 2018, the Operating Partnership sold a commercial office building in Fairfax, Virginia for gross proceeds of $9.3 million, resulting in a gain of $5.2 million.

Other Activity

In connection with the acquisition of certain properties, the Operating Partnership agreed to pay certain of the tax liabilities of certain contributors if the Operating Partnership sells one or more of the properties contributed in a taxable transaction prior to the expiration of specified periods of time following the acquisition. The Operating Partnership may, however, sell, without being required to pay any tax liabilities, any of such properties in a non-taxable transaction, including, but not limited to, a tax deferred Section 1031 exchange.

Further, the Operating Partnership has agreed to maintain certain debt that may be guaranteed by certain contributors for specified periods of time following the acquisition. The Operating Partnership, however, has the ability to refinance or repay guaranteed debt or to substitute new debt if the debt and the guaranty continue to satisfy certain conditions.

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4. UNCONSOLIDATED ENTITIES

The DownREIT Partnership is accounted for by the Operating Partnership under the equity method of accounting and is included in *Investment in unconsolidated entities* on the Consolidated Balance Sheets. The Operating Partnership recognizes earnings or losses from its investments in unconsolidated entities consisting of our proportionate share of the net earnings or losses of the partnership in accordance with the Partnership Agreement.

The DownREIT Partnership is a VIE as the limited partners lack substantive kick-out rights and substantive participating rights. The Operating Partnership is not the primary beneficiary of the DownREIT Partnership as it lacks the power to direct the activities that most significantly impact its economic performance and will continue to account for its interest as an equity method investment.

As of December 31, 2019, the DownREIT Partnership owned 12 communities with 5,657 apartment homes. The Operating Partnership's investment in the DownREIT Partnership was $76.2 million and $103.0 million as of December 31, 2019 and 2018, respectively.

In December 2018, the DownREIT Partnership sold an operating community in Fairfax, Virginia with a total of 604 apartment homes for gross proceeds of $150.7 million. As a result, the Operating Partnership recorded a gain of $51.1 million, which is included in *Income/(loss) from unconsolidated entities* on the Consolidated Statement of Operations.

Condensed summary financial information relating to the DownREIT Partnership (not just our proportionate share), is presented below for the years ended December 31, 2019, 2018 and 2017 (*dollars in thousands*):

	December 31, 2019	December 31, 2018
Total real estate, net	**$ 1,106,703**	$ 1,167,720
Cash and cash equivalents	**20**	39
Note receivable from the General Partner	**222,853**	221,022
Other assets	**4,829**	5,561
Total assets	**$ 1,334,405**	$ 1,394,342
Secured debt, net	**$ 427,592**	$ 431,735
Other liabilities	**28,087**	26,597
Total liabilities	**455,679**	458,332
Total capital	**$ 878,726**	**$** 936,010

	Year Ended December 31,		
	2019	2018	2017
Total revenue	**$ 128,621**	$ 138,121	$ 134,669
Property operating expenses	**(51,747)**	(56,998)	(55,487)
Real estate depreciation and amortization	**(82,283)**	(85,872)	(84,000)
Gain/(loss) on sale of real estate	**—**	24,053	—
Operating income/(loss)	**(5,409)**	19,304	(4,818)
Interest expense	**(15,648)**	(14,456)	(14,483)
Other income/(loss)	**8,061**	4,884	4,718
Net income/(loss)	**$ (12,996)**	$ 9,732	$ (14,583)

5. LEASES

Lessee - Ground and Equipment Leases

The Operating Partnership owns six communities that are subject to ground leases, under which the Operating Partnership is the lessee, expiring between 2043 and 2103, inclusive of extension options we are reasonably certain will be exercised. All of these leases existed as of the adoption of the new lease accounting guidance on January 1, 2019 and we did not reassess lease classification per the practical expedient provided by the standard. As such, these leases will continue to be classified as operating leases through the lease term expiration. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the remaining lease term. In addition, the Operating Partnership leases equipment at six communities from the General Partner, which expire in 2029. We currently do not hold any finance leases.

As of December 31, 2019, the *Operating lease right-of-use assets* was $205.7 million and the *Operating lease liabilities* was $200.0 million on our Consolidated Balance Sheets related to our ground and equipment leases. The value of the *Operating lease right-of-use assets* exceeds the value of the *Operating lease liabilities* due to prepaid lease payments and intangible assets for ground leases acquired in the purchase of real estate. The calculation of these amounts includes minimum lease payments over the remaining lease term (described further in the table below). Variable lease payments are excluded from the right-of-use assets and lease liabilities and are recognized in earnings in the period in which the obligation for those payments is incurred.

As the discount rate implicit in the leases was not readily determinable, we determined the discount rate for these leases utilizing the Operating Partnership's incremental borrowing rate at a portfolio level, adjusted for the remaining lease term, and the form of underlying collateral.

The weighted average remaining lease term for these leases was 44.4 years at December 31, 2019 and the weighted average discount rate was 5.0% at December 31, 2019.

Future minimum lease payments and total operating lease liabilities from our ground and equipment leases as of December 31, 2019 are as follows *(dollars in thousands):*

	Ground Leases	Equipment Leases	Total
2020	$ 12,442	$ 152	$ 12,594
2021	12,442	156	12,598
2022	12,442	159	12,601
2023	12,442	163	12,605
2024	12,442	166	12,608
Thereafter	455,221	869	456,090
Total future minimum lease payments (undiscounted)	517,431	1,665	519,096
Difference between future undiscounted cash flows and discounted cash flows	(318,873)	(222)	(319,095)
Total operating lease liabilities (discounted)	$ 198,558	$ 1,443	$ 200,001

For purposes of recognizing our ground lease contracts, the Operating Partnership uses the minimum lease payments, if stated in the agreement. For ground lease agreements where there is a rent reset provision based on a change in an index or a rate (i.e., changes in fair market rental rates or changes in the consumer price index) but that does not include a specified minimum lease payment, the Operating Partnership uses the current rent over the remainder of the lease term. If there is a contingency, upon which some or all of the variable lease payments that will be paid over the remainder of the lease term are based, which is resolved such that those payments now meet the definition of lease payments, the Operating Partnership will remeasure the right-of-use asset and lease liability on the reset date. For the year ended December 31, 2019, *Operating lease right-of-use assets* and *Operating lease liabilities* increased by $111.1 million due to future minimum payments on two of our ground leases becoming fixed for the remainder of their terms. For the year ended December 31, 2019, *Operating lease right-of-use assets* and *Operating lease liabilities* increased by $1.4 million due to the Operating Partnership entering into new equipment leases.

The components of operating lease expenses from our ground and equipment leases were as follows *(dollars in thousands)*:

	Year Ended December 31, 2019
Ground lease expense:	
Contractual ground lease rent expense	$ 8,272
Variable ground lease expense (a)	664
Total ground lease expense (b)	8,936
Contractual equipment lease expense (b)	19
Total operating lease expense (c) (d)	$ 8,955

(a) Variable ground lease expense includes adjustments such as changes in the consumer price index and payments based on a percentage of income of the lessee.
(b) Ground lease and equipment lease expense is reported within the line item *Other operating expenses* on the Consolidated Statements of Operations.
(c) For the year ended December 31, 2019, *Operating lease right-of-use assets* and *Operating lease liabilities* amortized by $1.0 million and $0.7 million, respectively. The Operating Partnership recorded $0.3 million of total operating lease expense during the year ended December 31, 2019, due to the net impact of the amortization.
(d) No leases qualified for the short-term lease exception during the year ended December 31, 2019. As such, short-term lease expense was zero for the year ended December 31, 2019.

As of December 31, 2018, in accordance with previously applicable lease accounting guidance, ASC 840, *Leases*, the future minimum lease payments from our ground leases were as follows;

Future minimum lease payments as of December 31, 2018 were $4.9 million for each of the years ending December 31, 2019 to 2023 and a total of $313.9 million for years thereafter.

The Operating Partnership incurred $7.3 million and $6.2 million of ground rent expense for the years ended December 31, 2018 and 2017, respectively. These costs are reported within the line item *Other Operating Expenses* on the Consolidated Statements of Operations.

Lessor - Apartment Home, Retail and Commercial Leases

The Operating Partnership's communities and retail and commercial space are leased to tenants under operating leases. As of December 31, 2019, our apartment home leases generally have initial terms of 12 months or less and represent 98.4% of our total lease revenue. As of December 31, 2019, our retail and commercial space leases generally have initial terms between 5 and 15 years and represent approximately 1.6% of our total lease revenue. Our apartment home leases are generally renewable at the end of the lease term, subject to potential increases in rental rates, and our retail and commercial space leases generally have renewal options, subject to associated increases in rental rates due to market-based or fixed-price renewal options and certain other conditions. (See Note 12, *Reportable Segments* for further discussion around our major revenue streams and disaggregation of our revenue.)

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Future minimum lease payments from our retail and commercial leases as of December 31, 2019 are as follows *(dollars in thousands):*

	Retail and Commercial Leases
2020	$ 7,733
2021	7,395
2022	6,791
2023	6,466
2024	5,801
Thereafter	13,826
Total future minimum lease payments (a)	$ 48,012

(a) We have excluded our apartment home leases from this table as our apartment home leases generally have initial terms of 12 months of less.

Certain of our leases with retail and commercial tenants provide for the payment by the lessee of additional variable rent based on a percentage of the tenant's revenue. The amounts shown in the table above do not include these variable percentage rents. The Operating Partnership recorded variable percentage rents of $0.1 million during the year ended December 31, 2019.

6. DEBT, NET

Our secured debt instruments generally feature either monthly interest and principal or monthly interest-only payments with balloon payments due at maturity. For purposes of classification in the following table, variable rate debt with a derivative financial instrument designated as a cash flow hedge is deemed as fixed rate debt due to the Operating Partnership having effectively established the fixed interest rate for the underlying debt instrument. Secured debt consists of the following as of December 31, 2019 and 2018 (*dollars in thousands*):

	Principal Outstanding		As of December 31, 2019		
	December 31, 2019	December 31, 2018	Weighted Average Interest Rate	Weighted Average Years to Maturity	Communities Encumbered
Fixed Rate Debt					
Mortgage note payable	**$ 72,500**	$ —	3.10 %	10.1	1
Deferred financing costs	**(365)**	—			
Total fixed rate secured debt, net	**72,135**	—	3.10 %	10.1	1
Variable Rate Debt					
Tax-exempt secured note payable	**$ 27,000**	$ 27,000	1.79 %	12.2	1
Deferred financing costs	**(64)**	(71)			
Total Secured Debt, Net	**$ 99,071**	$ 26,929	2.78 %	10.7	2

The Operating Partnership may from time to time acquire properties subject to fixed rate debt instruments. In those situations, management will record the secured debt at its estimated fair value and amortize any difference between the fair value and par to interest expense over the life of the underlying debt instrument. The Operating Partnership did not have any unamortized fair value adjustments associated with the secured debt instruments on the Operating Partnership's properties.

Fixed Rate Debt

Mortgage notes payable. During the year ended December 31, 2019, the Operating Partnership entered into a fixed rate mortgage note payable for $72.5 million with an interest rate of 3.10%. Interest payments are due monthly and the note matures in February 2030.

Variable Rate Debt

Tax-exempt secured note payable. The variable rate mortgage note payable that secures a tax-exempt housing bond issue that matures in March 2032. Interest on this note is payable in monthly installments. The mortgage note payable has an interest rate of 1.79% as of December 31, 2019.

Guarantor on Unsecured Debt

The Operating Partnership is the guarantor on the General Partner's unsecured revolving credit facility with an aggregate borrowing capacity of $1.1 billion, an unsecured commercial paper program with an aggregate borrowing capacity of $500 million, a $350 million term loan due September 2023, $300 million of medium-term notes due July 2024, $300 million of medium-term notes due October 2025, $300 million of medium-term notes due September 2026, $300 million of medium-term notes due July 2027, $300 million of medium-term notes due January 2028, $300 million of medium-term notes due January 2029, $400 million of medium-term notes due January 2030, $400 million of medium-term notes due August 2031, and $300 million of medium-term notes due November 2034. As of December 31, 2019 and 2018, the General Partner did not have an outstanding balance under the unsecured revolving credit facility and had $300.0 million and $101.1 million, respectively, outstanding under its unsecured commercial paper program.

7. RELATED PARTY TRANSACTIONS

Shared Services Agreement

The Operating Partnership self-manages its own properties and is party to an Inter-Company Employee and Cost Sharing Agreement with the General Partner. This agreement provides for reimbursements to the General Partner for the Operating Partnership's allocable share of costs incurred by the General Partner for (a) general and administrative costs, and (b) shared services of corporate level property management employees and related support functions and costs.

Allocation of General and Administrative Expenses

The General Partner shares various general and administrative costs with the Operating Partnership including legal assistance, acquisitions analysis, marketing, human resources, IT, accounting, rent, supplies and advertising, and allocates these costs to the Operating Partnership first on the basis of direct usage when identifiable, with the remainder allocated based on the reasonably anticipated benefits to the parties. The general and administrative expenses allocated to the Operating Partnership by UDR were $13.8 million, $13.5 million, and $14.0 million during the years ended December 31, 2019, 2018 and 2017, respectively, and are included in *General and administrative* on the Consolidated Statements of Operations. In the opinion of management, this method of allocation reflects the level of services received by the Operating Partnership from the General Partner.

During the years ended December 31, 2019, 2018 and 2017, the Operating Partnership also reimbursed the General Partner $16.9 million, $15.2 million, and $15.4 million, respectively, for shared services related to corporate level property management costs incurred by the General Partner. These shared cost reimbursements are initially recorded within the line item *General and administrative* on the Consolidated Statements of Operations, and a portion related to property management costs is reclassified to *Property management* on the Consolidated Statements of Operations.

Notes Payable to the General Partner

The following table summarizes the Operating Partnership's Notes payable due to General Partner as of December 31, 2019 and 2018 (*dollars in thousands*):

	Interest rate at December 31, 2019	Balance Outstanding December 31, 2019	Balance Outstanding December 31, 2018
Note due August 2021	5.34 %	$ **5,500**	$ 5,500
Note due December 2023	5.18 %	**83,196**	83,196
Note due April 2026	4.12 %	**184,638**	184,638
Note due November 2028	4.69 %	**133,205**	133,205
Note due December 2028 (a)	3.43 %	**230,694**	293,576
Total notes payable due to the General Partner		$ **637,233**	$ 700,115

(a) In December 2018, the Operating Partnership converted the remaining outstanding portion of the *Advances (to)/from the General Partner* capital balance in connection with entering into an unsecured revolving note payable with the General Partner. There is no limit on the total commitments under this note. Interest is incurred on the unpaid principal balance at a variable interest rate equivalent to the General Partner's weighted average interest rate on borrowings, or 3.43% as of December 31, 2019. The note matures on December 1, 2028. To the extent there is an outstanding principal balance on the revolving note payable, the General Partner, at its discretion, can demand payment at any time prior to the stated maturity date of the note.

Certain limited partners of the Operating Partnership have provided guarantees or reimbursement agreements related to these notes payable. The guarantees were provided by the limited partners in conjunction with their contribution of properties to the Operating Partnership. The Operating Partnership recognized interest expense on the notes payable of $28.0 million, $14.1 million and $12.2 million for the years ended December 31, 2019, 2018, and 2017, respectively.

8. FAIR VALUE OF DERIVATIVES AND FINANCIAL INSTRUMENTS

Fair value is based on the price that would be received to sell an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-level valuation hierarchy prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy consists of three broad levels, which are described below:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 — Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The estimated fair values of the Operating Partnership's financial instruments either recorded or disclosed on a recurring basis as of December 31, 2019 and 2018 are summarized as follows *(dollars in thousands)*:

			Fair Value at December 31, 2019, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2019	Fair Value Estimate at December 31, 2019	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Secured debt instrument - fixed rate: (a)					
Mortgage note payable	**$ 72,500**	**$ 71,976**	**$ —**	**$ —**	**$ 71,976**
Secured debt instrument - variable rate: (a)					
Tax-exempt secured note payable	**27,000**	**27,000**	**—**	**—**	**27,000**
Total liabilities	**$ 99,500**	**$ 98,976**	**$ —**	**$ —**	**$ 98,976**

			Fair Value at December 31, 2018, Using		
	Total Carrying Amount in Statement of Financial Position at December 31, 2018	Fair Value Estimate at December 31, 2018	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Description:					
Secured debt instrument - variable rate: (a)					
Tax-exempt secured note payable	$ 27,000	$ 27,000	$ —	$ —	$ 27,000
Total liabilities	$ 27,000	$ 27,000	$ —	$ —	$ 27,000

(a) See Note 6, *Debt, Net*.

There were no transfers into or out of each of the levels of the fair value hierarchy during the year ended December 31, 2019.

Financial Instruments Carried at Fair Value

The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate options are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

The General Partner, on behalf of the Operating Partnership, incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Operating Partnership has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the General Partner, on behalf of the Operating Partnership, has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2019 and 2018, the Operating Partnership has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Operating Partnership has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy. In conjunction with the FASB's fair value measurement guidance, the Operating Partnership made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Financial Instruments Not Carried at Fair Value

As of December 31, 2019, the fair values of cash and cash equivalents, restricted cash, accounts receivable, prepaids, real estate taxes payable, accrued interest payable, security deposits and prepaid rent, distributions payable and accounts payable approximated their carrying values because of the short term nature of these instruments. The estimated fair values of other financial instruments, which includes debt instruments, are classified in Level 3 of the fair value hierarchy due to the significant unobservable inputs that are utilized in their respective valuations.

The Operating Partnership records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the future operation and disposition of those assets are less than the net book value of those assets. Cash flow estimates are based upon historical results adjusted to reflect management's best estimate of future market and operating conditions and our estimated holding periods. The net book value of impaired assets is reduced to fair value. The General Partner's estimates of fair value represent management's estimates based upon Level 3 inputs such as industry trends and reference to market rates and transactions. The Operating Partnership did not incur any other-than-temporary impairments in the value of its investments in unconsolidated entities during the years ended December 31, 2019 and 2018.

9. DERIVATIVES AND HEDGING ACTIVITY

Risk Management Objective of Using Derivatives

The Operating Partnership is exposed to certain risks arising from both its business operations and economic conditions. The General Partner principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The General Partner manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and through the use of derivative financial instruments. Specifically, the General Partner enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The General Partner's and the Operating Partnership's derivative financial instruments are used to manage differences in the amount, timing, and duration of the General Partner's known or expected cash payments principally related to the General Partner's borrowings.

Cash Flow Hedges of Interest Rate Risk

The General Partner's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the General Partner primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the General Partner making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up-front premium.

The changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in *Accumulated other comprehensive income/(loss), net* on the Consolidated Balance Sheets and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the year ended

December 31, 2017, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. As of and during the years ended December 31, 2019 and 2018, no derivatives designated as cash flow hedges were held by the Operating Partnership.

During the year ended December 31, 2017, the Operating Partnership recognized a loss of $0.1 million reclassified from *Accumulated other comprehensive income/(loss), net* to *Interest expense* due to the de-designation of a cash flow hedge. No amounts were de-designated during the years ended December 31, 2019 and 2018.

Amounts reported in *Accumulated other comprehensive income/(loss), net* related to derivatives will be reclassified to interest expense as interest payments are made on the General Partner's variable-rate debt that is owed by the Operating Partnership. As of December 31, 2019, no derivatives designated as cash flow hedges were held by the Operating Partnership and, as a result, no amounts are anticipated to be reclassified as an increase to interest expense through December 31, 2020.

Derivatives not designated as hedges are not speculative and are used to manage the Operating Partnership's exposure to interest rate movements and other identified risks but do not meet the strict hedge accounting requirements of GAAP. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and resulted in no gain or loss for the years ended December 31, 2019 and 2018 and a loss of less than $0.1 million for the year ended December 31, 2017.

As of December 31, 2019, we had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships (*dollars in thousands*):

Product	Number of Instruments	Notional
Interest rate caps	1	$ 19,880

Tabular Disclosure of Fair Values of Derivative Instruments on the Consolidated Balance Sheets

As of December 31, 2019 and December 31, 2018, the fair value of the Operating Partnership's derivative financial instruments was zero.

Tabular Disclosure of the Effect of Derivative Instruments on the Consolidated Statements of Operations

The tables below present the effect of the derivative financial instruments on the Consolidated Statements of Operations for the years ended December 31, 2019, 2018, and 2017 (*dollars in thousands*):

Derivatives in Cash Flow Hedging Relationships	***Unrealized holding gain/(loss)* Recognized in OCI**			**Gain/(Loss) Reclassified from Accumulated OCI into *Interest expense***			**Gain/(Loss) Recognized in *Interest expense* (Amount Excluded from Effectiveness Testing)**		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Interest rate products	**$ —**	$ —	$ —	**$ —**	$ —	$ —	**$ —**	$ —	$ (106)

	Year Ended December 31,		
	2019	**2018**	**2017**
Total amount of *Interest expense* presented on the Consolidated Statements of Operations (a)	**$ 1,639**	$ 8,733	18,156

(a) Excludes *Interest expense on notes payable due to the General Partner* for the years ended December 31, 2019, 2018, and 2017.

Derivatives Not Designated as Hedging Instruments	Gain/(Loss) Recognized in *Interest income and other income/(expense), net* 2019	2018	2017
Interest rate products	$ —	$ —	$ (1)

Credit-risk-related Contingent Features

The General Partner has agreements with its derivative counterparties that contain a provision where the General Partner could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the General Partner's default on the indebtedness.

The General Partner has certain agreements with some of its derivative counterparties that contain a provision where, in the event of default by the General Partner or the counterparty, the right of setoff may be exercised. Any amount payable to one party by the other party may be reduced by its setoff against any amounts payable by the other party. Events that give rise to default by either party may include, but are not limited to, the failure to pay or deliver payment under the derivative agreement, the failure to comply with or perform under the derivative agreement, bankruptcy, a merger without assumption of the derivative agreement, or in a merger, a surviving entity's creditworthiness is materially weaker than the original party to the derivative agreement.

10. CAPITAL STRUCTURE

General Partnership Units

The General Partner has complete discretion to manage and control the operations and business of the Operating Partnership, which includes but is not limited to the acquisition and disposition of real property, construction of buildings and making capital improvements, and the borrowing of funds from outside lenders or UDR and its subsidiaries to finance such activities. The General Partner can generally authorize, issue, sell, redeem or purchase any OP Unit or securities of the Operating Partnership without the approval of the limited partners. The General Partner can also approve, with regard to the issuances of OP Units, the class or one or more series of classes, with designations, preferences, participating, optional or other special rights, powers and duties including rights, powers and duties senior to limited partnership interests without approval of any limited partners except holders of Class A Limited Partnership Units. There were 0.1 million General Partnership units outstanding at December 31, 2019 and 2018, all of which were held by UDR.

Limited Partnership Units

As of December 31, 2019 and 2018, there were 184.0 million and 183.5 million, respectively, of limited partnership units outstanding, of which 1.9 million were Class A Limited Partnership Units for both periods. UDR owned 176.1 million, or 95.7%, and 174.1 million, or 94.9%, of OP Units outstanding at December 31, 2019 and 2018, respectively, of which 0.1 million were Class A Limited Partnership Units for both periods. The remaining 7.9 million, or 4.3%, and 9.4 million, or 5.1%, of OP Units outstanding were held by outside limited partners at December 31, 2019 and 2018, respectively, of which 1.8 million were Class A Limited Partnership Units for both periods.

Subject to the terms of the Operating Partnership Agreement, the limited partners have the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the Operating Partnership Agreement), provided that such OP Units have been outstanding for at least one year. UDR, as general partner of the Operating Partnership, may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Share Amount (generally one share of common stock of UDR for each OP Unit), as defined in the Operating Partnership Agreement.

The outside limited partners' capital is adjusted to redemption value at the end of each reporting period with the corresponding offset against UDR's limited partner capital account based on the redemption rights noted above. The aggregate value upon redemption of the then-outstanding OP Units held by outside limited partners was $366.4 million and $371.9 million as of December 31, 2019 and 2018, respectively, based on the value of UDR's common stock at each period end. A limited partner has no right to receive any distributions from the Operating Partnership on or after the date of redemption of its OP Units.

Class A Limited Partnership Units

Class A Limited Partnership Units have a cumulative, annual, non-compounded preferred return, which is equal to 8% based on a value of $16.61 per Class A Limited Partnership Unit.

Holders of the Class A Limited Partnership Units exclusively possess certain voting rights. The Operating Partnership may not do the following without approval of the holders of the Class A Limited Partnership Units: (i) increase the authorized or issued amount of Class A Limited Partnership Units, (ii) reclassify any other partnership interest into Class A Limited Partnership Units, (iii) create, authorize or issue any obligations or security convertible into or the right to purchase Class A Limited Partnership Units, (iv) enter into a merger or acquisition, or (v) amend or modify the Operating Partnership Agreement in a manner that adversely affects the relative rights, preferences or privileges of the Class A Limited Partnership Units.

The following table shows OP Units outstanding and OP Unit activity as of and for the years ended December 31, 2019, 2018, and 2017 (*units in thousands*):

			UDR, Inc.			
	Class A Limited Partners	**Limited Partners**	**Limited Partner**	**Class A Limited Partner**	**General Partner**	**Total**
Ending balance at December 31, 2016	1,752	7,297	173,998	121	111	183,279
Vesting of LTIP Units	—	72	—	—	—	72
OP redemptions for UDR stock	—	(8)	8	—	—	—
Ending balance at December 31, 2017	1,752	7,361	174,006	121	111	183,351
Vesting of LTIP Units	—	286	—	—	—	286
OP redemptions for UDR stock	—	(11)	11	—	—	—
Ending balance at December 31, 2018	1,752	7,636	174,017	121	111	183,637
Vesting of LTIP Units	—	427	—	—	—	427
OP redemptions for UDR stock	—	(1,969)	1,969	—	—	—
Ending balance at December 31, 2019	**1,752**	**6,094**	**175,986**	**121**	**111**	**184,064**

LTIP Units

UDR grants short-term and long-term incentive plan units (“LTIP Units”) to certain employees and non-employee directors. The LTIP Units represent an ownership interest in the Operating Partnership and have voting and distribution rights consistent with OP Units. The LTIP Units are subject to the terms of UDR’s long-term incentive plan.

Two classes of LTIP Units are granted, Class 1 LTIP Units and Class 2 LTIP Units. Class 1 LTIP Units are granted to certain employees and non-employee directors and vest over a period of up to four years. Class 2 LTIP Units are granted to certain employees and vest over a period from one to three years subject to certain performance and market conditions being achieved. Vested LTIP Units may be converted into OP Units provided that such LTIP Units have been outstanding for at least two years from the date of grant.

Allocation of Profits and Losses

Profit of the Operating Partnership is allocated in the following order: (i) to the General Partner and the Limited Partners in proportion to and up to the amount of cash distributions made during the year, and (ii) to the General Partner and Limited Partners in accordance with their percentage interests. Losses and depreciation and amortization expenses, non-recourse liabilities are allocated to the General Partner and Limited Partners in accordance with their percentage interests. Losses allocated to the Limited Partners are capped to the extent that such an allocation would not cause a deficit in the Limited Partners’ capital account. Such losses are, therefore, allocated to the General Partner. If any Partner’s capital balance were to fall into a deficit, any income and gains are allocated to each Partner sufficient to eliminate its negative capital balance.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

11. COMMITMENTS AND CONTINGENCIES

Commitments

Real Estate Commitments

The following summarizes the Operating Partnership’s real estate commitments at December 31, 2019 (*dollars in thousands*):

	Number Properties	Investment	Operating Partnership's Remaining Commitment
Real estate communities - redevelopment	1	$ 8,073	$ 16,927

Contingencies

Litigation and Legal Matters

The Operating Partnership is subject to various legal proceedings and claims arising in the ordinary course of business. The Operating Partnership cannot determine the ultimate liability with respect to such legal proceedings and claims at this time. The General Partner believes that such liability, to the extent not provided for through insurance or otherwise, will not have a material adverse effect on the Operating Partnership’s financial condition, results of operations or cash flows.

12. REPORTABLE SEGMENTS

GAAP guidance requires that segment disclosures present the measure(s) used by the Chief Operating Decision Maker to decide how to allocate resources and for purposes of assessing such segments’ performance. The Operating Partnership has the same Chief Operating Decision Maker as that of its parent, the General Partner. The Chief Operating Decision Maker consists of several members of UDR’s executive management team who use several generally accepted industry financial measures to assess the performance of the business for our reportable operating segments.

The Operating Partnership owns and operates multifamily apartment communities throughout the United States that generate rental and other property related income through the leasing of apartment homes to a diverse base of tenants. The primary financial measures of the Operating Partnership’s apartment communities are rental income and net operating income (“NOI”), and are included in the Chief Operating Decision Maker’s assessment of the Operating Partnership’s performance on a consolidated basis. Rental income represents gross market rent less adjustments for concessions, vacancy loss and bad debt. NOI is defined as total revenues less direct property operating expenses. Rental expenses include real estate taxes, insurance, personnel, utilities, repairs and maintenance, administrative and marketing. Excluded from NOI are property management costs, which are the Operating Partnership’s allocable share of costs incurred by the General Partner for shared services of corporate level property management employees and related support functions and costs. The Chief Operating Decision Maker of the General Partner utilizes NOI as the key measure of segment profit or loss.

The Operating Partnership’s two reportable segments are *Same-Store Communities* and *Non-Mature Communities/Other*:

- *Same-Store Communities* represent those communities acquired, developed, and stabilized prior to January 1, 2018 and held as of December 31, 2019. A comparison of operating results from the prior year is meaningful as 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. A community is considered to have stabilized occupancy once it achieves 90% occupancy for at least three consecutive months.

- *Non-Mature Communities/Other* represent those communities that do not meet the criteria to be included in *Same-Store Communities*, including, but not limited to, recently acquired, developed and redeveloped communities, and the non-apartment components of mixed use properties.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

Management of the General Partner evaluates the performance of each of the Operating Partnership's apartment communities on a *Same-Store Community* and *Non-Mature Community/Other* basis, as well as individually and geographically. This is consistent with the aggregation criteria under GAAP as each of our apartment communities generally has similar economic characteristics, facilities, services, and tenants. Therefore, the Operating Partnership's reportable segments have been aggregated by geography in a manner identical to that which is provided to the Chief Operating Decision Maker.

All revenues are from external customers and no single tenant or related group of tenants contributed 10% or more of the Operating Partnership's total revenues during the years ended December 31, 2019, 2018, and 2017.

The following is a description of the principal streams from which the Operating Partnership generates its revenue:

Lease Revenue

Lease revenue related to leases is recognized on an accrual basis when due from residents or tenants in accordance with ASC 842, *Leases*. Rental payments are generally due on a monthly basis and recognized on a straight-line basis over the noncancellable lease term because collection of the lease payments was probable at lease commencement, inclusive of any periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. In addition, in circumstances where a lease incentive is provided to tenants, the incentive is recognized as a reduction of lease revenue on a straight-line basis over the lease term.

Lease revenue also includes all pass-through revenue from retail and residential leases and common area maintenance reimbursements from retail leases. These services represent non-lease components in a contract as the Operating Partnership transfers a service to the lessee other than the right to use the underlying asset. The Operating Partnership has elected the practical expedient under the leasing standard to not separate lease and non-lease components from its resident and retail lease contracts as the timing and pattern of revenue recognition for the non-lease component and related lease component are the same and the combined single lease component would be classified as an operating lease.

Other Revenue

Other revenue is generated by services provided by the Operating Partnership to its retail and residential tenants and other unrelated third parties. These fees are generally recognized as earned.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

The following table details rental income and NOI for the Operating Partnership's reportable segments for the years ended December 31, 2019, 2018, and 2017, and reconciles NOI to *Net income/(loss) attributable to OP unitholders* on the Consolidated Statements of Operations *(dollars in thousands)*:

	Year Ended December 31,		
	2019	**2018**	**2017**
Reportable apartment home segment lease revenue			
Same-Store Communities (a)			
West Region	**$ 248,474**	$ 238,886	$ 228,027
Mid-Atlantic Region	**59,530**	58,624	57,275
Southeast Region	**50,795**	49,132	46,946
Northeast Region	**32,224**	31,693	31,387
Non-Mature Communities/Other	**36,735**	40,547	43,127
Total segment and consolidated lease revenue	**$ 427,758**	$ 418,882	$ 406,762
Reportable apartment home segment other revenue			
Same-Store Communities (a)			
West Region	**$ 7,873**	$ 7,161	$ 6,996
Mid-Atlantic Region	**1,975**	1,765	1,730
Southeast Region	**2,925**	2,764	2,640
Northeast Region	**646**	622	589
Non-Mature Communities/Other	**596**	726	660
Total segment and consolidated other revenue	**$ 14,015**	13,038	$ 12,615
Total reportable apartment home segment rental income			
Same-Store Communities (a)			
West Region	**$ 256,347**	$ 246,047	$ 235,023
Mid-Atlantic Region	**61,505**	60,389	59,005
Southeast Region	**53,720**	51,896	49,586
Northeast Region	**32,870**	32,315	31,976
Non-Mature Communities/Other	**37,331**	41,273	43,787
Total segment and consolidated rental income	**$ 441,773**	431,920	$ 419,377
Reportable apartment home segment NOI			
Same-Store Communities (a)			
West Region	**$ 196,302**	$ 187,664	$ 177,228
Mid-Atlantic Region	**42,413**	41,642	40,292
Southeast Region	**37,340**	35,948	34,182
Northeast Region	**24,103**	24,578	24,510
Non-Mature Communities/Other	**22,848**	27,548	30,629
Total segment and consolidated NOI	**$ 323,006**	$ 317,380	$ 306,841
Reconciling items:			
Property management	**(12,701)**	(11,878)	(11,533)
Other operating expenses	**(9,488)**	(8,864)	(6,833)
Real estate depreciation and amortization	**(139,975)**	(143,481)	(152,473)
General and administrative	**(18,014)**	(16,889)	(17,875)
Casualty-related (charges)/recoveries, net	**(853)**	(951)	(1,922)
Gain/(loss) on sale of real estate owned	**—**	75,507	41,272
Income/(loss) from unconsolidated entities	**(8,313)**	43,496	(19,256)
Interest expense	**(29,667)**	(22,835)	(30,366)
Net (income)/loss attributable to noncontrolling interests	**(1,832)**	(1,722)	(1,548)
Net income/(loss) attributable to OP unitholders	**$ 102,163**	$ 229,763	$ 106,307

(a) *Same-Store Community* population consisted of 15,723 apartment homes.

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

The following table details the assets of the Operating Partnership's reportable segments as of December 31, 2019 and 2018 *(dollars in thousands)*:

	December 31, 2019	December 31, 2018
Reportable apartment home segment assets		
Same-Store Communities (a):		
West Region	**$ 2,011,495**	$ 1,981,007
Mid-Atlantic Region	**669,417**	663,083
Southeast Region	**352,790**	340,722
Northeast Region	**408,703**	406,149
Non-Mature Communities/Other	**432,755**	421,024
Total segment assets	**3,875,160**	3,811,985
Accumulated depreciation	**(1,796,568)**	(1,658,161)
Total segment assets - net book value	**2,078,592**	2,153,824
Reconciling items:		
Cash and cash equivalents	**24**	125
Restricted cash	**13,998**	13,563
Investment in unconsolidated entities	**76,222**	103,026
Operating lease right-of-use assets	**205,668**	—
Other assets	**24,241**	34,052
Total consolidated assets	**$ 2,398,745**	$ 2,304,590

(a) *Same-Store Community* population consisted of 15,723 apartment homes.

Markets included in the above geographic segments are as follows:

i. West Region — Orange County, San Francisco, Seattle, Los Angeles, Monterey Peninsula, Other Southern California and Portland

ii. Mid-Atlantic Region — Metropolitan, D.C. and Baltimore

iii. Southeast Region — Nashville, Tampa and Other Florida

iv. Northeast Region — New York and Boston

UNITED DOMINION REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
DECEMBER 31, 2019

13. UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY FINANCIAL DATA

Selected consolidated quarterly financial data for the years ended December 31, 2019 and 2018 is summarized in the table below (*dollars in thousands, except per unit amounts*):

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
2019				
Rental income	**$ 108,334**	**$ 110,350**	**$ 111,700**	**$ 111,389**
Income/(loss)	**24,334**	**27,810**	**27,283**	**24,568**
Income/(loss) attributable to OP unitholders	**23,946**	**27,394**	**26,835**	**23,988**
Income/(loss) attributable to OP unitholders per weighted average OP Unit — basic and diluted (a)	**$ 0.13**	**$ 0.15**	**$ 0.15**	**$ 0.13**
2018				
Rental income	$ 106,592	$ 107,266	$ 109,539	$ 108,523
Income/(loss)	91,845	25,181	28,135	86,324
Income/(loss) attributable to OP unitholders	91,427	24,761	27,695	85,880
Income/(loss) attributable to OP unitholders per weighted average OP Unit — basic and diluted (a)	$ 0.50	$ 0.13	$ 0.15	$ 0.47

(a) Quarterly net income/(loss) per weighted average OP Unit amounts may not total to the annual amounts.

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UDR, INC.
SCHEDULE III — REAL ESTATE OWNED
DECEMBER 31, 2019
(In thousands)

		Initial Costs				Gross Amount at Which Carried at Close of Period					
	Encumbrances	Land and Land Improvements	Buildings and Improvements	Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
WEST REGION											
Harbor at Mesa Verde	$ —	$ 20,476	$ 28,538	$ 49,014	$ 22,350	$ 22,175	$ 49,189	$ 71,364	$ 35,561	1965/2003	Jun-03
27 Seventy Five Mesa Verde	—	99,329	110,644	209,973	104,036	114,820	199,189	314,009	137,814	1979/2013	Oct-04
Huntington Vista	—	8,055	22,486	30,541	14,117	9,277	35,381	44,658	25,545	1970	Jun-03
Missions at Back Bay	—	229	14,129	14,358	3,822	10,990	7,190	18,180	5,486	1969	Dec-03
Eight 80 Newport Beach - North	—	62,516	46,082	108,598	45,252	69,131	84,719	153,850	60,216	1968/2000/2016	Oct-04
Eight 80 Newport Beach - South	—	58,785	50,067	108,852	35,651	60,953	83,550	144,503	56,092	1968/2000/2016	Mar-05
Foxborough	—	12,071	6,187	18,258	4,701	12,528	10,431	22,959	7,409	1969	Sep-04
1818 Platinum Triangle	—	16,663	51,905	68,568	4,031	17,074	55,525	72,599	30,618	2009	Aug-10
Beach & Ocean	—	12,878	—	12,878	39,374	13,114	39,138	52,252	12,871	2014	Aug-11
The Residences at Bella Terra	—	25,000	—	25,000	129,030	25,476	128,554	154,030	50,709	2013	Oct-11
Los Alisos at Mission Viejo	—	17,298	—	17,298	71,351	16,674	71,975	88,649	26,850	2014	Jun-04
The Residences at Pacific City	—	78,085	—	78,085	276,247	78,143	276,189	354,332	37,475	2018	Jan-14
Parallel	—	15,181	100,595	115,776	705	15,184	101,297	116,481	7,003	2018	Jan-19
ORANGE COUNTY, CA	**—**	**426,566**	**430,633**	**857,199**	**750,667**	**465,539**	**1,142,327**	**1,607,866**	**493,649**		
2000 Post Street	—	9,861	44,578	54,439	36,423	14,406	76,456	90,862	43,622	1987/2016	Dec-98
Birch Creek	—	4,365	16,696	21,061	9,895	1,376	29,580	30,956	17,725	1968	Dec-98
Highlands Of Marin	—	5,996	24,868	30,864	28,751	7,995	51,620	59,615	37,583	1991/2010	Dec-98
Marina Playa	—	6,224	23,916	30,140	13,977	1,242	42,875	44,117	24,745	1971	Dec-98
River Terrace	—	22,161	40,137	62,298	7,850	22,911	47,237	70,148	32,060	2005	Aug-05
CitySouth	—	14,031	30,537	44,568	38,610	16,545	66,633	83,178	48,737	1972/2012	Nov-05
Bay Terrace	—	8,545	14,458	23,003	7,231	11,637	18,597	30,234	12,278	1962	Oct-05
Highlands of Marin Phase II	—	5,353	18,559	23,912	11,287	5,777	29,422	35,199	20,313	1968/2010	Oct-07
Edgewater	—	30,657	83,872	114,529	12,736	30,804	96,461	127,265	57,547	2007	Mar-08
Almaden Lake Village	27,000	594	42,515	43,109	9,265	963	51,411	52,374	31,947	1999	Jul-08
388 Beale	—	14,253	74,104	88,357	13,993	14,643	87,707	102,350	42,629	1999	Apr-11
Channel @ Mission Bay	—	23,625	—	23,625	131,471	23,983	131,113	155,096	48,635	2014	Sep-10
SAN FRANCISCO, CA	**27,000**	**145,665**	**414,240**	**559,905**	**321,489**	**152,282**	**729,112**	**881,394**	**417,821**		
Crowne Pointe	—	2,486	6,437	8,923	9,323	3,177	15,069	18,246	10,776	1987	Dec-98
Hilltop	—	2,174	7,408	9,582	6,365	3,030	12,917	15,947	9,216	1985	Dec-98
The Hawthorne	—	6,474	30,226	36,700	8,473	7,101	38,072	45,173	26,389	2003	Jul-05
The Kennedy	—	6,179	22,307	28,486	3,261	6,300	25,447	31,747	17,028	2005	Nov-05
Hearthstone at Merrill Creek	—	6,848	30,922	37,770	7,368	7,302	37,836	45,138	23,317	2000	May-08
Island Square	—	21,284	89,389	110,673	7,672	21,667	96,678	118,345	58,376	2007	Jul-08
Borgata	—	6,379	24,569	30,948	5,542	6,452	30,038	36,490	18,943	2001/2016	May-07
elements too	—	27,468	72,036	99,504	19,466	30,331	88,639	118,970	64,466	2010	Feb-10
989elements	—	8,541	45,990	54,531	5,009	8,679	50,861	59,540	28,277	2006	Dec-09
Lightbox	—	6,449	38,884	45,333	1,235	6,474	40,094	46,568	13,689	2014	Aug-14
Waterscape	—	9,693	65,176	74,869	3,222	9,784	68,307	78,091	20,951	2014	Sep-14
Ashton Bellevue	44,594	8,287	124,939	133,226	2,631	8,368	127,489	135,857	23,100	2009	Oct-16
TEN20	26,337	5,247	76,587	81,834	3,635	5,292	80,177	85,469	14,496	2009	Oct-16
Milehouse	—	5,976	63,041	69,017	741	5,995	63,763	69,758	12,863	2016	Nov-16
CityLine	—	11,220	85,787	97,007	348	11,228	86,127	97,355	16,232	2016	Jan-17
CityLine II	—	3,723	56,843	60,566	435	3,723	57,278	61,001	3,947	2018	Jan-19
SEATTLE, WA	**70,931**	**138,428**	**840,541**	**978,969**	**84,726**	**144,903**	**918,792**	**1,063,695**	**362,066**		
Rosebeach	—	8,414	17,449	25,863	5,903	8,855	22,911	31,766	16,642	1970	Sep-04
Tierra Del Rey	—	39,586	36,679	76,265	8,415	39,857	44,823	84,680	27,165	1998	Dec-07
The Westerly	—	48,182	102,364	150,546	41,493	50,887	141,152	192,039	83,909	1993/2013	Sep-10
Jefferson at Marina del Rey	—	55,651	—	55,651	94,053	61,580	88,124	149,704	52,782	2008	Sep-07
LOS ANGELES, CA	**—**	**151,833**	**156,492**	**308,325**	**149,864**	**161,179**	**297,010**	**458,189**	**180,498**		
Boronda Manor	—	1,946	8,982	10,928	11,332	3,330	18,930	22,260	11,809	1979	Dec-98
Garden Court	—	888	4,188	5,076	6,546	1,613	10,009	11,622	6,382	1973	Dec-98
Cambridge Court	—	3,039	12,883	15,922	18,449	5,695	28,676	34,371	18,243	1974	Dec-98
Laurel Tree	—	1,304	5,115	6,419	7,657	2,449	11,627	14,076	7,337	1977	Dec-98
The Pointe At Harden Ranch	—	6,388	23,854	30,242	33,268	10,345	53,165	63,510	32,804	1986	Dec-98
The Pointe At Northridge	—	2,044	8,028	10,072	12,096	3,623	18,545	22,168	11,851	1979	Dec-98
The Pointe At Westlake	—	1,329	5,334	6,663	7,960	2,361	12,262	14,623	7,544	1975	Dec-98

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	Encumbrances	Land and Land Improvements	Buildings and Improvements	Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
MONTEREY PENINSULA, CA	**—**	**16,938**	**68,384**	**85,322**	**97,308**	**29,416**	**153,214**	**182,630**	**95,970**		
Verano at Rancho Cucamonga Town Square	—	13,557	3,645	17,202	57,985	23,633	51,554	75,187	42,170	2006	Oct-02
Windemere at Sycamore Highland	—	5,810	23,450	29,260	4,934	6,271	27,923	34,194	21,136	2001	Nov-02
Strata	42,698	14,278	84,242	98,520	85	14,278	84,327	98,605	468	2010	Nov-19
OTHER SOUTHERN CA	**42,698**	**33,645**	**111,337**	**144,982**	**63,004**	**44,182**	**163,804**	**207,986**	**63,774**		
Tualatin Heights	—	3,273	9,134	12,407	9,090	4,141	17,356	21,497	12,657	1989	Dec-98
Hunt Club	—	6,014	14,870	20,884	8,014	6,516	22,382	28,898	17,520	1985	Sep-04
PORTLAND, OR	**—**	**9,287**	**24,004**	**33,291**	**17,104**	**10,657**	**39,738**	**50,395**	**30,177**		
TOTAL WEST REGION	**140,629**	**922,362**	**2,045,631**	**2,967,993**	**1,484,162**	**1,008,158**	**3,443,997**	**4,452,155**	**1,643,955**		
MID-ATLANTIC REGION											
Dominion Middle Ridge	—	3,311	13,283	16,594	11,745	4,054	24,285	28,339	16,308	1990	Jun-96
Dominion Lake Ridge	—	2,366	8,387	10,753	9,611	3,163	17,201	20,364	12,846	1987	Feb-96
Presidential Greens	—	11,238	18,790	30,028	13,019	11,826	31,221	43,047	24,563	1938	May-02
The Whitmore	—	6,418	13,411	19,829	24,170	7,564	36,435	43,999	28,764	1962/2008	Apr-02
Ridgewood -apts side	—	5,612	20,086	25,698	10,801	6,362	30,137	36,499	24,033	1988	Aug-02
DelRay Tower	—	297	12,786	13,083	116,038	9,652	119,469	129,121	40,394	2014	Jan-08
Waterside Towers	—	13,001	49,657	62,658	31,372	50,603	43,427	94,030	29,028	1971	Dec-03
Wellington Place at Olde Town	—	13,753	36,059	49,812	20,955	14,885	55,882	70,767	41,845	1987/2008	Sep-05
Andover House	—	183	59,948	60,131	6,813	317	66,627	66,944	39,795	2004	Mar-07
Sullivan Place	—	1,137	103,676	104,813	12,102	1,775	115,140	116,915	72,629	2007	Dec-07
Delancey at Shirlington	—	21,606	66,765	88,371	5,930	21,713	72,588	94,301	43,905	2006/2007	Mar-08
View 14	—	5,710	97,941	103,651	5,174	5,780	103,045	108,825	49,727	2009	Jun-11
Signal Hill Apartments	—	13,290	—	13,290	72,169	25,576	59,883	85,459	41,319	2010	Mar-07
Capitol View on 14th	—	31,393	—	31,393	96,501	31,471	96,423	127,894	40,878	2013	Sep-07
Domain College Park	—	7,300	—	7,300	60,095	7,508	59,887	67,395	22,856	2014	Jun-11
1200 East West	—	9,748	68,022	77,770	3,289	9,888	71,171	81,059	16,873	2010	Oct-15
Courts at Huntington Station	—	27,749	111,878	139,627	4,526	28,085	116,068	144,153	31,845	2011	Oct-15
Eleven55 Ripley	—	15,566	107,539	123,105	4,111	15,838	111,378	127,216	26,234	2014	Oct-15
Arbor Park of Alexandria	80,664	50,881	159,728	210,609	5,571	51,347	164,833	216,180	44,595	1969/2015	Oct-15
Courts at Dulles	—	14,697	83,834	98,531	10,035	14,767	93,799	108,566	26,917	2000	Oct-15
Newport Village	127,600	55,283	177,454	232,737	20,485	55,708	197,514	253,222	54,930	1968	Oct-15
1301 Thomas Circle	—	27,836	128,191	156,027	144	27,836	128,335	156,171	2,892	2006	Aug-19
Crescent Falls Church	43,803	13,687	88,692	102,379	27	13,687	88,719	102,406	577	2010	Nov-19
METROPOLITAN, D.C.	**252,067**	**352,062**	**1,426,127**	**1,778,189**	**544,683**	**419,405**	**1,903,467**	**2,322,872**	**733,753**		
Gayton Pointe Townhomes	—	826	5,148	5,974	31,396	3,598	33,772	37,370	30,959	1973/2007	Sep-95
Waterside At Ironbridge	—	1,844	13,239	15,083	9,922	2,575	22,430	25,005	16,763	1987	Sep-97
Carriage Homes at Wyndham	—	474	30,997	31,471	10,475	4,056	37,890	41,946	28,644	1998	Nov-03
Legacy at Mayland	—	1,979	11,524	13,503	33,902	5,451	41,954	47,405	37,420	1973/2007	Dec-91
RICHMOND, VA	**—**	**5,123**	**60,908**	**66,031**	**85,695**	**15,680**	**136,046**	**151,726**	**113,786**		
Calvert's Walk	—	4,408	24,692	29,100	9,266	4,996	33,370	38,366	25,052	1988	Mar-04
20 Lambourne	—	11,750	45,590	57,340	10,667	12,428	55,579	68,007	34,852	2003	Mar-08
Domain Brewers Hill	—	4,669	40,630	45,299	2,279	4,808	42,770	47,578	22,704	2009	Aug-10
Rodgers Forge	—	15,392	67,958	83,350	3,001	15,392	70,959	86,351	3,367	1945	Apr-19
Towson Promenade	58,600	12,599	78,847	91,446	29	12,599	78,876	91,475	501	2009	Nov-19
BALTIMORE, MD	**58,600**	**48,818**	**257,717**	**306,535**	**25,242**	**50,223**	**281,554**	**331,777**	**86,476**		
TOTAL MID-ATLANTIC REGION	**310,667**	**406,003**	**1,744,752**	**2,150,755**	**655,620**	**485,308**	**2,321,067**	**2,806,375**	**934,015**		
SOUTHEAST REGION											
Seabrook	—	1,846	4,155	6,001	10,276	3,018	13,259	16,277	11,396	1984/2004	Feb-96
Altamira Place	—	1,533	11,076	12,609	22,790	3,887	31,512	35,399	28,929	1984/2007	Apr-94
Regatta Shore	—	757	6,608	7,365	18,177	2,301	23,241	25,542	20,424	1988/2007	Jun-94
Alafaya Woods	—	1,653	9,042	10,695	12,841	2,860	20,676	23,536	16,273	1989/2006	Oct-94
Los Altos	—	2,804	12,349	15,153	13,797	4,710	24,240	28,950	19,347	1990/2004	Oct-96
Lotus Landing	—	2,185	8,639	10,824	12,182	3,050	19,956	23,006	15,091	1985/2006	Jul-97
Seville On The Green	—	1,282	6,498	7,780	8,635	1,872	14,543	16,415	11,259	1986/2004	Oct-97
Ashton @ Waterford	—	3,872	17,538	21,410	6,886	4,406	23,890	28,296	16,848	2000	May-98

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	Encumbrances	Land and Land Improvements	Buildings and Improvements	Total Initial Acquisition Costs	Costs of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction(a)	Date Acquired
Arbors at Lee Vista	—	6,692	12,860	19,552	16,125	7,669	28,008	35,677	21,670	1992/2007	Aug-06
ORLANDO, FL	**—**	**22,624**	**88,765**	**111,389**	**121,709**	**33,773**	**199,325**	**233,098**	**161,237**		
Legacy Hill	—	1,148	5,867	7,015	11,083	2,026	16,072	18,098	13,203	1977	Nov-95
Hickory Run	—	1,469	11,584	13,053	14,126	2,592	24,587	27,179	16,915	1989	Dec-95
Carrington Hills	—	2,117	—	2,117	39,283	4,925	36,475	41,400	26,945	1999	Dec-95
Brookridge	—	708	5,461	6,169	7,396	1,492	12,073	13,565	9,211	1986	Mar-96
Breckenridge	—	766	7,714	8,480	6,998	1,539	13,939	15,478	10,241	1986	Mar-97
Colonnade	—	1,460	16,015	17,475	8,865	2,317	24,023	26,340	16,356	1998	Jan-99
The Preserve at Brentwood	—	3,182	24,674	27,856	11,163	4,145	34,874	39,019	26,346	1998	Jun-04
Polo Park	—	4,583	16,293	20,876	18,611	6,140	33,347	39,487	27,026	1987/2008	May-06
NASHVILLE, TN	**—**	**15,433**	**87,608**	**103,041**	**117,525**	**25,176**	**195,390**	**220,566**	**146,243**		
Summit West	—	2,176	4,710	6,886	12,423	3,688	15,621	19,309	13,431	1972	Dec-92
The Breyley	—	1,780	2,458	4,238	18,948	3,811	19,375	23,186	19,088	1977/2007	Sep-93
Lakewood Place	—	1,395	10,647	12,042	13,457	3,257	22,242	25,499	17,883	1986	Mar-94
Cambridge Woods	—	1,791	7,166	8,957	12,591	3,514	18,034	21,548	14,194	1985	Jun-97
Inlet Bay	—	7,702	23,150	30,852	19,716	10,421	40,147	50,568	32,988	1988/1989	Jun-03
MacAlpine Place	—	10,869	36,858	47,727	11,770	12,194	47,303	59,497	35,105	2001	Dec-04
The Vintage Lofts at West End	—	6,611	37,663	44,274	21,768	15,826	50,216	66,042	33,876	2009	Jul-09
Peridot Palms	—	6,293	89,752	96,045	1,002	6,301	90,746	97,047	5,481	2017	Feb-19
The Preserve at Gateway	—	4,467	43,723	48,190	961	4,467	44,684	49,151	1,828	2013	May-19
TAMPA, FL	**—**	**43,084**	**256,127**	**299,211**	**112,636**	**63,479**	**348,368**	**411,847**	**173,874**		
The Reserve and Park at Riverbridge	—	15,968	56,401	72,369	15,149	16,840	70,678	87,518	50,001	1999/2001	Dec-04
OTHER FLORIDA	**—**	**15,968**	**56,401**	**72,369**	**15,149**	**16,840**	**70,678**	**87,518**	**50,001**		
TOTAL SOUTHEAST REGION	**—**	**97,109**	**488,901**	**586,010**	**367,019**	**139,268**	**813,761**	**953,029**	**531,355**		
NORTHEAST REGION											
10 Hanover Square	—	41,432	218,983	260,415	24,465	41,765	243,115	284,880	103,344	2005	Apr-11
21 Chelsea	—	36,399	107,154	143,553	14,695	36,529	121,719	158,248	55,758	2001	Aug-11
View 34	—	114,410	324,920	439,330	112,238	116,021	435,547	551,568	203,215	1985/2013	Jul-11
95 Wall Street	—	57,637	266,255	323,892	10,474	58,063	276,303	334,366	139,677	2008	Aug-11
Leonard Pointe	—	38,010	93,204	131,214	1,169	38,014	94,369	132,383	5,661	2015	Feb-19
One William	—	6,422	75,527	81,949	151	6,422	75,678	82,100	2,029	2018	Aug-19
NEW YORK, NY	**—**	**294,310**	**1,086,043**	**1,380,353**	**163,192**	**296,814**	**1,246,731**	**1,543,545**	**509,684**		
Garrison Square	—	6,475	91,027	97,502	23,062	6,613	113,951	120,564	54,270	1887/1990	Sep-10
Ridge at Blue Hills	25,000	6,039	34,869	40,908	4,884	6,420	39,372	45,792	20,913	2007	Sep-10
Inwood West	80,000	20,778	88,096	108,874	13,326	19,799	102,401	122,200	52,250	2006	Apr-11
14 North	72,500	10,961	51,175	62,136	12,621	11,404	63,353	74,757	33,733	2005	Apr-11
100 Pier 4	—	24,584	—	24,584	202,433	24,689	202,328	227,017	51,639	2015	Dec-15
345 Harrison	—	32,938	—	32,938	326,016	44,889	314,065	358,954	25,913	2018	Nov-11
Currents on the Charles	—	12,580	70,149	82,729	285	12,580	70,434	83,014	2,431	2015	Jun-19
The Commons at Windsor Gardens	—	34,609	225,515	260,124	1,126	34,611	226,639	261,250	7,205	1969	Aug-19
Charles River Landing	69,315	17,068	112,777	129,845	51	17,068	112,828	129,896	722	2010	Nov-19
Lenox Farms	94,050	17,692	115,898	133,590	70	17,692	115,968	133,660	754	2009	Nov-19
Lodge at Ames Pond	48,774	12,645	70,653	83,298	76	12,645	70,729	83,374	466	2010	Nov-19
BOSTON, MA	**389,639**	**196,369**	**860,159**	**1,056,528**	**583,950**	**208,410**	**1,432,068**	**1,640,478**	**250,296**		
Park Square	—	10,365	96,050	106,415	935	10,416	96,934	107,350	4,483	2018	May-19
PHILADELPHIA, PA	**—**	**10,365**	**96,050**	**106,415**	**935**	**10,416**	**96,934**	**107,350**	**4,483**		
TOTAL NORTHEAST REGION	**389,639**	**501,044**	**2,042,252**	**2,543,296**	**748,077**	**515,640**	**2,775,733**	**3,291,373**	**764,463**		
SOUTHWEST REGION											
Thirty377	25,000	24,036	32,951	56,987	20,627	26,207	51,407	77,614	33,450	1999/2007	Aug-06
Legacy Village	90,000	16,882	100,102	116,984	22,641	21,394	118,231	139,625	74,746	2005/06/07	Mar-08
Addison Apts at The Park	—	22,041	11,228	33,269	11,058	30,969	13,358	44,327	10,768	1977/78/79	May-07
Addison Apts at The Park II	—	7,903	554	8,457	3,718	8,442	3,733	12,175	2,664	1970	May-07
Addison Apts at The Park I	—	10,440	634	11,074	4,158	11,055	4,177	15,232	3,270	1975	May-07
Savoye	32,575	8,432	50,482	58,914	47	8,432	50,529	58,961	331	2009	Nov-19
Savoye 2	36,023	6,451	56,616	63,067	11	6,451	56,627	63,078	365	2011	Nov-19

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Fiori on Vitruvian Park	50,609	7,934	78,574	86,508	59	7,934	78,633	86,567	519	2013	Nov-19
Vitruvian West 1	41,317	6,273	61,418	67,691	86	6,273	61,504	67,777	427	2018	Nov-19
DALLAS, TX	**275,524**	**110,392**	**392,559**	**502,951**	**62,405**	**127,157**	**438,199**	**565,356**	**126,540**		
Barton Creek Landing	—	3,151	14,269	17,420	24,444	5,358	36,506	41,864	29,696	1986/2012	Mar-02
Residences at the Domain	—	4,034	55,256	59,290	14,140	4,524	68,906	73,430	41,561	2007	Aug-08
Red Stone Ranch	—	5,084	17,646	22,730	4,740	5,656	21,814	27,470	11,697	2000	Apr-12
Lakeline Villas	—	4,148	16,869	21,017	3,436	4,625	19,828	24,453	10,429	2002	Apr-12
AUSTIN, TX	**—**	**16,417**	**104,040**	**120,457**	**46,760**	**20,163**	**147,054**	**167,217**	**93,383**		
Steele Creek	—	8,586	130,402	138,988	5,264	8,614	135,638	144,252	17,097	2015	Oct-17
DENVER, CO	**—**	**8,586**	**130,402**	**138,988**	**5,264**	**8,614**	**135,638**	**144,252**	**17,097**		
TOTAL SOUTHWEST REGION	**275,524**	**135,395**	**627,001**	**762,396**	**114,429**	**155,934**	**720,891**	**876,825**	**237,020**		
TOTAL OPERATING COMMUNITIES	1,116,459	2,061,913	6,948,537	9,010,450	3,369,307	2,304,308	10,075,449	12,379,757	4,110,808		
REAL ESTATE UNDER DEVELOPMENT											
Vitruvian West Phase 2	—	6,451	15,798	22,249	2,558	6,451	18,356	24,807	23		
Cirrus	—	13,853	—	13,853	12,759	13,853	12,759	26,612	—		
Dublin	—	8,922	—	8,922	9,436	8,922	9,436	18,358	—		
TOTAL REAL ESTATE UNDER DEVELOPMENT	**—**	**29,226**	**15,798**	**45,024**	**24,753**	**29,226**	**40,551**	**69,777**	**23**		
LAND											
Vitruvian Park®	—	39,609	4,997	44,606	9,543	46,666	7,483	54,149	2,489		
500 Penn	—	27,135	—	27,135	6,331	27,135	6,331	33,466	—		
TOTAL LAND	**—**	**66,744**	**4,997**	**71,741**	**15,874**	**73,801**	**13,814**	**87,615**	**2,489**		
COMMERCIAL											
Brookhaven Shopping Center	—				29,808	7,793	22,015	29,808	14,297		
TOTAL COMMERCIAL	**—**	**—**	**—**	**—**	**29,808**	**7,793**	**22,015**	**29,808**	**14,297**		
Other (b)	—	—	—	—	9,581	—	9,581	9,581	—		
1745 Shea Center I	—	3,034	20,534	23,568	1,995	3,094	22,469	25,563	3,736		
TOTAL CORPORATE	**—**	**3,034**	**20,534**	**23,568**	**11,576**	**3,094**	**32,050**	**35,144**	**3,736**		
TOTAL COMMERCIAL & CORPORATE	**—**	**3,034**	**20,534**	**23,568**	**41,384**	**10,887**	**54,065**	**64,952**	**18,033**		
Deferred Financing Costs and Other Non-Cash Adjustments	**32,982**										
TOTAL REAL ESTATE OWNED	**$ 1,149,441**	**$ 2,160,917**	**$ 6,989,866**	**$ 9,150,783**	**$ 3,451,318**	**$ 2,418,222**	**$ 10,183,879**	**$ 12,602,101**	**$ 4,131,353**		

(a) Date of original construction/date of last major renovation, if applicable.
(b) Includes unallocated accruals and capital expenditures.

The aggregate cost for federal income tax purposes was approximately $11.7 billion at December 31, 2019 (*unaudited*).

The estimated depreciable lives for all buildings in the latest Consolidated Statements of Operations are 30 to 55 years.

UDR, INC.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2019
(In thousands)

3-YEAR ROLLFORWARD OF REAL ESTATE OWNED AND ACCUMULATED DEPRECIATION

The following is a reconciliation of the carrying amount of total real estate owned at December 31, (*in thousands)*:

	2019	2018	2017
Balance at beginning of the year	**$ 10,196,159**	$ 10,177,206	$ 9,615,753
Real estate acquired	**2,241,163**	—	235,993
Capital expenditures and development	**195,981**	214,898	369,029
Real estate sold	**(31,202)**	(195,945)	(43,569)
Balance at end of the year	**$ 12,602,101**	$ 10,196,159	$ 10,177,206

The following is a reconciliation of total accumulated depreciation for real estate owned at December 31, (*in thousands*):

	2019	2018	2017
Balance at beginning of the year	**$ 3,654,160**	$ 3,330,166	$ 2,923,625
Depreciation expense for the year	**477,193**	426,006	424,772
Accumulated depreciation on sales	—	(102,012)	(18,231)
Balance at end of year	**$ 4,131,353**	$ 3,654,160	$ 3,330,166

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED
DECEMBER 31, 2019
(In thousands)

		Initial Costs				Gross Amount at Which Carried at Close of Period					
	Encumbrances	Land and Land Improvements	Building and Improvements	Total Initial Acquisition Costs	Cost of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction (a)	Date Acquired
WEST REGION											
Harbor at Mesa Verde	$ —	$ 20,476	$ 28,538	$ 49,014	$ 22,350	$ 22,175	$ 49,189	$ 71,364	$ 35,561	1965/2003	Jun-03
27 Seventy Five Mesa Verde	—	99,329	110,644	209,973	104,036	114,820	199,189	314,009	137,814	1979/2013	Oct-04
Huntington Vista	—	8,055	22,486	30,541	14,117	9,277	35,381	44,658	25,545	1970	Jun-03
Missions at Back Bay	—	229	14,129	14,358	3,822	10,990	7,190	18,180	5,486	1969	Dec-03
Eight 80 Newport Beach - North	—	62,516	46,082	108,598	45,252	69,131	84,719	153,850	60,216	1968/2000/2016	Oct-04
Eight 80 Newport Beach - South	—	58,785	50,067	108,852	35,651	60,953	83,550	144,503	56,092	1968/2000/2016	Mar-05
ORANGE COUNTY, CA	**—**	**249,390**	**271,946**	**521,336**	**225,228**	**287,346**	**459,218**	**746,564**	**320,714**		
2000 Post Street	—	9,861	44,578	54,439	23,836	11,115	67,160	78,275	36,216	1987/2016	Dec-98
Birch Creek	—	4,365	16,696	21,061	9,895	1,376	29,580	30,956	17,725	1968	Dec-98
Highlands Of Marin	—	5,996	24,868	30,864	28,751	7,995	51,620	59,615	37,583	1991/2010	Dec-98
Marina Playa	—	6,224	23,916	30,140	13,977	1,242	42,875	44,117	24,745	1971	Dec-98
River Terrace	—	22,161	40,137	62,298	7,850	22,911	47,237	70,148	32,060	2005	Aug-05
CitySouth	—	14,031	30,537	44,568	38,610	16,545	66,633	83,178	48,737	1972/2012	Nov-05
Bay Terrace	—	8,545	14,458	23,003	7,231	11,637	18,597	30,234	12,278	1962	Oct-05
Highlands of Marin Phase II	—	5,353	18,559	23,912	11,287	5,777	29,422	35,199	20,313	1968/2010	Oct-07
Edgewater	—	30,657	83,872	114,529	12,736	30,804	96,461	127,265	57,547	2007	Mar-08
Almaden Lake Village	27,000	594	42,515	43,109	9,265	963	51,411	52,374	31,947	1999	Jul-08
SAN FRANCISCO, CA	**27,000**	**107,787**	**340,136**	**447,923**	**163,438**	**110,365**	**500,996**	**611,361**	**319,151**		
Crowne Pointe	—	2,486	6,437	8,923	9,323	3,177	15,069	18,246	10,776	1987	Dec-98
Hilltop	—	2,174	7,408	9,582	6,365	3,030	12,917	15,947	9,216	1985	Dec-98
The Kennedy	—	6,179	22,307	28,486	3,261	6,300	25,447	31,747	17,028	2005	Nov-05
Hearthstone at Merrill Creek	—	6,848	30,922	37,770	7,368	7,302	37,836	45,138	23,317	2000	May-08
Island Square	—	21,284	89,389	110,673	7,672	21,667	96,678	118,345	58,376	2007	Jul-08
SEATTLE, WA	**—**	**38,971**	**156,463**	**195,434**	**33,989**	**41,476**	**187,947**	**229,423**	**118,713**		
Rosebeach	—	8,414	17,449	25,863	5,903	8,855	22,911	31,766	16,642	1970	Sep-04
Tierra Del Rey	—	39,586	36,679	76,265	8,415	39,857	44,823	84,680	27,165	1998	Dec-07
LOS ANGELES, CA	**—**	**48,000**	**54,128**	**102,128**	**14,318**	**48,712**	**67,734**	**116,446**	**43,807**		
Boronda Manor	—	1,946	8,982	10,928	11,332	3,330	18,930	22,260	11,809	1979	Dec-98
Garden Court	—	888	4,188	5,076	6,546	1,613	10,009	11,622	6,382	1973	Dec-98
Cambridge Court	—	3,039	12,883	15,922	18,449	5,695	28,676	34,371	18,243	1974	Dec-98
Laurel Tree	—	1,304	5,115	6,419	7,657	2,449	11,627	14,076	7,337	1977	Dec-98
The Pointe At Harden Ranch	—	6,388	23,854	30,242	33,268	10,345	53,165	63,510	32,804	1986	Dec-98
The Pointe At Northridge	—	2,044	8,028	10,072	12,096	3,623	18,545	22,168	11,851	1979	Dec-98
The Pointe At Westlake	—	1,329	5,334	6,663	7,960	2,361	12,262	14,623	7,544	1975	Dec-98
MONTEREY PENINSULA, CA	**—**	**16,938**	**68,384**	**85,322**	**97,308**	**29,416**	**153,214**	**182,630**	**95,970**		
Verano at Rancho Cucamonga Town Square	—	13,557	3,645	17,202	57,985	23,633	51,554	75,187	42,170	2006	Oct-02
OTHER SOUTHERN CA	**—**	**13,557**	**3,645**	**17,202**	**57,985**	**23,633**	**51,554**	**75,187**	**42,170**		
Tualatin Heights	—	3,273	9,134	12,407	9,090	4,141	17,356	21,497	12,657	1989	Dec-98
Hunt Club	—	6,014	14,870	20,884	8,014	6,516	22,382	28,898	17,520	1985	Sep-04
PORTLAND, OR	**—**	**9,287**	**24,004**	**33,291**	**17,104**	**10,657**	**39,738**	**50,395**	**30,177**		
TOTAL WEST REGION	**27,000**	**483,930**	**918,706**	**1,402,636**	**609,370**	**551,605**	**1,460,401**	**2,012,006**	**970,702**		
MID-ATLANTIC REGION											
Ridgewood -apts side	—	5,612	20,086	25,698	10,801	6,362	30,137	36,499	24,033	1988	Aug-02
DelRay Tower	—	297	12,786	13,083	116,038	9,652	119,469	129,121	40,394	2014	Jan-08
Wellington Place at Olde Town	—	13,753	36,059	49,812	20,955	14,885	55,882	70,767	41,845	1987/2008	Sep-05
Andover House	—	183	59,948	60,131	6,813	317	66,627	66,944	39,795	2004	Mar-07
Sullivan Place	—	1,137	103,676	104,813	12,037	1,775	115,075	116,850	72,564	2007	Dec-07
Courts at Huntington Station	—	27,749	111,878	139,627	4,526	28,085	116,068	144,153	31,845	2011	Oct-15
METROPOLITAN D.C.	**—**	**48,731**	**344,433**	**393,164**	**171,170**	**61,076**	**503,258**	**564,334**	**250,476**		
Calvert's Walk	—	4,408	24,692	29,100	9,266	4,996	33,370	38,366	25,052	1988	Mar-04
20 Lambourne	—	11,750	45,590	57,340	10,667	12,428	55,579	68,007	34,852	2003	Mar-08
BALTIMORE, MD	**—**	**16,158**	**70,282**	**86,440**	**19,933**	**17,424**	**88,949**	**106,373**	**59,904**		
TOTAL MID-ATLANTIC REGION	**—**	**64,889**	**414,715**	**479,604**	**191,103**	**78,500**	**592,207**	**670,707**	**310,380**		

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2019
(In thousands)

		Initial Costs				Gross Amount at Which Carried at Close of Period					
	Encumbrances	Land and Land Improvements	Building and Improvements	Total Initial Acquisition Costs	Cost of Improvements Capitalized Subsequent to Acquisition Costs	Land and Land Improvements	Buildings & Buildings Improvements	Total Carrying Value	Accumulated Depreciation	Date of Construction (a)	Date Acquired
SOUTHEAST REGION											
Legacy Hill	—	1,148	5,867	7,015	11,083	2,026	16,072	18,098	13,203	1977	Nov-95
Hickory Run	—	1,469	11,584	13,053	14,126	2,592	24,587	27,179	16,915	1989	Dec-95
Carrington Hills	—	2,117	—	2,117	39,283	4,925	36,475	41,400	26,945	1999	Dec-95
Brookridge	—	708	5,461	6,169	7,396	1,492	12,073	13,565	9,211	1986	Mar-96
Breckenridge	—	766	7,714	8,480	6,998	1,539	13,939	15,478	10,241	1986	Mar-97
Polo Park	—	4,583	16,293	20,876	18,611	6,140	33,347	39,487	27,026	1987/2008	May-06
NASHVILLE, TN	**—**	**10,791**	**46,919**	**57,710**	**97,497**	**18,714**	**136,493**	**155,207**	**103,541**		
Inlet Bay	—	7,702	23,150	30,852	19,716	10,421	40,147	50,568	32,988	1988/1989	Jun-03
MacAlpine Place	—	10,869	36,858	47,727	11,770	12,194	47,303	59,497	35,105	2001	Dec-04
TAMPA, FL	**—**	**18,571**	**60,008**	**78,579**	**31,486**	**22,615**	**87,450**	**110,065**	**68,093**		
The Reserve and Park at Riverbridge	—	15,968	56,401	72,369	15,149	16,840	70,678	87,518	50,001	1999/2001	Dec-04
OTHER FLORIDA	**—**	**15,968**	**56,401**	**72,369**	**15,149**	**16,840**	**70,678**	**87,518**	**50,001**		
TOTAL SOUTHEAST REGION	**—**	**45,330**	**163,328**	**208,658**	**144,132**	**58,169**	**294,621**	**352,790**	**221,635**		
NORTHEAST REGION											
10 Hanover Square	—	41,432	218,983	260,415	24,465	41,765	243,115	284,880	103,344	2005	Apr-11
95 Wall Street	—	57,637	266,255	323,892	10,474	58,063	276,303	334,366	139,677	2008	Aug-11
NEW YORK, NY	**—**	**99,069**	**485,238**	**584,307**	**34,939**	**99,828**	**519,418**	**619,246**	**243,021**		
14 North	72,500	10,961	51,175	62,136	12,621	11,404	63,353	74,757	33,733	2005	Apr-11
BOSTON, MA	**72,500**	**10,961**	**51,175**	**62,136**	**12,621**	**11,404**	**63,353**	**74,757**	**33,733**		
TOTAL NORTHEAST REGION	**72,500**	**110,030**	**536,413**	**646,443**	**47,560**	**111,232**	**582,771**	**694,003**	**276,754**		
SOUTHWEST REGION											
Steele Creek	—	8,586	130,400	138,986	5,266	8,614	135,638	144,252	17,097	2015	Oct-17
DENVER, CO	**—**	**8,586**	**130,400**	**138,986**	**5,266**	**8,614**	**135,638**	**144,252**	**17,097**		
TOTAL SOUTHWEST REGION	**—**	**8,586**	**130,400**	**138,986**	**5,266**	**8,614**	**135,638**	**144,252**	**17,097**		
TOTAL OPERATING COMMUNITIES	**99,500**	**712,765**	**2,163,562**	**2,876,327**	**997,431**	**808,120**	**3,065,638**	**3,873,758**	**1,796,568**		
Other (b)	—	—	—	—	1,402	—	1,402	1,402	—		
TOTAL CORPORATE	—	—	—	—	**1,402**	—	**1,402**	**1,402**	—		
Deferred Financing Costs	**(429)**										
TOTAL REAL ESTATE OWNED	**$ 99,071**	**$ 712,765**	**$ 2,163,562**	**$ 2,876,327**	**$ 998,833**	**$ 808,120**	**$ 3,067,040**	**$ 3,875,160**	**$ 1,796,568**		

(a) Date of original construction/date of last major renovation, if applicable.
(b) Includes unallocated accruals and capital expenditures.

The aggregate cost for federal income tax purpose was approximately $3.2 billion at December 31, 2019 (*unaudited*).

The estimated depreciable lives for all buildings in the latest Consolidated Statements of Operations are 30 to 55 years.

UNITED DOMINION REALTY, L.P.
SCHEDULE III — REAL ESTATE OWNED - (Continued)
DECEMBER 31, 2019
(In thousands)

3-YEAR ROLLFORWARD OF REAL ESTATE OWNED AND ACCUMULATED DEPRECIATION

The following is a reconciliation of the carrying amount of total real estate owned at December 31, (*in thousands*):

	2019	2018	2017
Balance at beginning of the year	**$ 3,811,985**	$ 3,816,956	$ 3,674,704
Real estate acquired	**—**	—	138,986
Capital expenditures and development	**63,175**	44,353	45,211
Real estate sold	**—**	(49,324)	(41,945)
Balance at end of year	**$ 3,875,160**	$ 3,811,985	$ 3,816,956

The following is a reconciliation of total accumulated depreciation for real estate owned at December 31, (*in thousands*):

	2019	2018	2017
Balance at beginning of the year	**$ 1,658,161**	$ 1,543,652	$ 1,408,815
Depreciation expense for the year	**138,407**	141,683	153,068
Accumulated depreciation on sales	**—**	(27,174)	(18,231)
Balance at end of year	**$ 1,796,568**	$ 1,658,161	$ 1,543,652

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. 1	CUSIP No.: 90265EAS9	PRINCIPAL AMOUNT: $300,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR MORE
FROM DATE OF ISSUE, FULLY AND
UNCONDITIONALLY GUARANTEED
BY UNITED DOMINION REALTY,
L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: October 11, 2019	INTEREST RATE: 3.100%	STATED MATURITY DATE: November 1, 2034
INTEREST PAYMENT DATE(S) [X] May 1 and November 1, commencing May 1, 2020 [ ] Other:	[ ] CHECK IF DISCOUNT NOTE Issue Price: 99.557% plus accrued interest from October 11, 2019	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $2,000 and $1,000 integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of THREE HUNDRED MILLION DOLLARS ($300,000,000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided, however, that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the April 15 or October 15 (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided, however, that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date

("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided, however, that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided, however, that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: _/s/ Joseph D. Fisher______________
Name: Joseph D. Fisher

Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: _/s/ Deborah J. Shannon___
Name: Deborah J. Shannon

Title: Assistant Secretary

Dated: October 11, 2019

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _/s/ K. Wendy Kumar_____ Authentication Date: October 11, 2019

Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the "Debt Securities") of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as supplemented by the first supplemental indenture thereto, dated as of May 3, 2011, as further amended, modified or supplemented from time to time (the "Indenture"), between the Company (successor by merger to United Dominion Realty Trust, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association (formerly known as First Union National Bank of Virginia), as trustee (the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as "Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P." (the "Notes"). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 45 nor less than 15 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

> "The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.
>
> The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.
>
> 'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- ________ Custodian ______
TEN ENT	- as tenants by the entireties		(Cust) (Minor)
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act ____________________ (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated: ____________________ ____________________________________

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal to the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after August 1, 2034 (three months prior to the maturity date) (the “Par Call Date”), the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

“Make-Whole Amount” means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the Par Call Date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

“Adjusted Treasury Rate” means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated “H.15” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.250%.

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of this Note (assuming, for this purpose, that this Note matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note (assuming, for this purpose, that this Note matured on the Par Call Date).

“Comparable Treasury Price” means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained, or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Wells Fargo Securities, LLC, BofA Securities, Inc., Jefferies LLC, a nationally recognized investment banking firm selected by U.S. Bancorp Investments, Inc. and one other nationally recognized investment banking firm selected by the Company that is a primary U.S. Government securities dealer and their respective successors and assigns.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Exhibit 4.23

UDR, INC.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (THE "DEPOSITARY") (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER HEREOF OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

REGISTERED No. 2	CUSIP No.: 90265EAQ3	PRINCIPAL AMOUNT: $100,000,000

UDR, INC.

MEDIUM-TERM NOTE
SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

ORIGINAL ISSUE DATE: July 2, 2019	INTEREST RATE: 3.200%	STATED MATURITY DATE: January 15, 2030
INTEREST PAYMENT DATE(S) [X] January 15 and July 15, commencing January 15, 2020 [ ] Other:	[ ] CHECK IF DISCOUNT NOTE Issue Price: 103.319% plus accrued interest from July 2, 2019	
INITIAL REDEMPTION DATE: See Addendum	INITIAL REDEMPTION PERCENTAGE: See Addendum	ANNUAL REDEMPTION PERCENTAGE REDUCTION: See Addendum
OPTIONAL REPAYMENT DATE(S): See Addendum		
SPECIFIED CURRENCY: [X] United States dollars [ ] Other:	AUTHORIZED DENOMINATION: [X] $2,000 and $1,000 integral multiples thereof [ ] Other:	EXCHANGE RATE AGENT: N/A
ADDENDUM ATTACHED [X] Yes [ ] No	DEFAULT INTEREST RATE: N/A	OTHER/ADDITIONAL PROVISIONS: N/A

UDR, INC., a Maryland corporation (the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & Co., as nominee for The Depository Trust Company, or registered assigns, the Principal Amount of ONE HUNDRED MILLION DOLLARS ($100,000,000), on the Stated Maturity Date specified above (or any Redemption Date or Repayment Date, each as defined on the reverse hereof, or any earlier date of acceleration of maturity) (each such date being hereinafter referred to as the "Maturity Date" with respect to the principal repayable on such date) and to pay interest thereon (and on any overdue principal, premium and/or interest to the extent legally enforceable) at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment. The Company will pay interest in arrears on each Interest Payment Date, if any, specified above (each, an "Interest Payment Date"), commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above, and on the Maturity Date; provided, however, that if the Original Issue Date occurs between a Record Date (as defined below) and the next succeeding Interest Payment Date, interest payment will commence on the Interest Payment Date immediately following the next succeeding Record Date to the registered holder (the "Holder") of this Note on the next succeeding Record Date. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

United Dominion Realty, L.P., a Delaware limited partnership (the "Operating Partnership"), as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the "Guarantee"). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company's rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

Interest on this Note will accrue from, and including, the immediately preceding Interest Payment Date to which interest has been paid or duly provided for (or from, and including, the Original Issue Date if no interest has been paid or duly provided for) to, but excluding, the applicable Interest Payment Date or the Maturity Date, as the case may be (each, an "Interest Period"). The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions described herein, be paid to the person in whose name this Note (or one or more predecessor Notes, as defined on the reverse hereof) is registered at the close of business on the January 1 or July 1 (whether or not a Business Day, as defined below) immediately preceding such Interest Payment Date (the "Record Date"); provided, however, that interest payable on the Maturity Date will be payable to the person to whom the principal hereof and premium, if any, hereon shall be payable. Any such interest not so punctually paid or duly provided for on any Interest Payment Date other than the Maturity Date

("Defaulted Interest") shall forthwith cease to be payable to the Holder on the close of business on any Record Date and, instead, shall be paid to the person in whose name this Note is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Note by the Trustee not less than 10 calendar days prior to such Special Record Date or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture.

Payment of principal, premium, if any, and interest in respect of this Note due on the Maturity Date will be made in immediately available funds upon presentation and surrender of this Note (and, with respect to any applicable repayment of this Note, upon delivery of instructions as contemplated on the reverse hereof) at the office or agency maintained by the Company for that purpose in the Borough of Manhattan, The City of New York, currently the corporate trust office of the Trustee located at 40 Broad Street, 5th Floor, New York, New York 10004, or at such other paying agency in the Borough of Manhattan, The City of New York, as the Company may determine; provided, however, that if the Specified Currency (as defined below) is other than United States dollars and such payment is to be made in the Specified Currency in accordance with the provisions set forth below, such payment will be made by wire transfer of immediately available funds to an account with a bank designated by the Holder hereof at least 15 calendar days prior to the Maturity Date, provided that such bank has appropriate facilities therefor and that this Note is presented and surrendered and, if applicable, instructions are delivered at the aforementioned office or agency maintained by the Company in time for the Trustee to make such payment in such funds in accordance with its normal procedures. Payment of interest due on any Interest Payment Date other than the Maturity Date will be made at the aforementioned office or agency maintained by the Company or, at the option of the Company, by check mailed to the address of the person entitled thereto as such address shall appear in the Security Register maintained by the Trustee; provided, however, that a Holder of U.S.$10,000,000 (or, if the Specified Currency is other than United States dollars, the equivalent thereof in the Specified Currency) or more in aggregate principal amount of Notes (whether having identical or different terms and provisions) will be entitled to receive interest payments on such Interest Payment Date by wire transfer of immediately available funds if such Holder has delivered appropriate wire transfer instructions in writing to the Trustee not less than 15 calendar days prior to such Interest Payment Date. Any such wire transfer instructions received by the Trustee shall remain in effect until revoked by such Holder.

If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the required payment of principal, premium, if any, and/or interest shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or the Maturity Date, as the case may be, to the date of such payment on the next succeeding Business Day.

As used herein, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York; provided, however, that if the Specified Currency is other than United States dollars, such day must also not be a day on which commercial banks are authorized or required by law, regulation or executive order to close in the

Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, if the Specified Currency is Euro, such day must also be a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open). "Principal Financial Center" means the capital city of the country issuing the Specified Currency, except that with respect to United States dollars, Australian dollars, Canadian dollars, Euros, South African rands and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Johannesburg and Zurich, respectively.

The Company is obligated to make payment of principal, premium, if any, and interest in respect of this Note in the currency in which this Note is denominated above (or, if such currency is not at the time of such payment legal tender for the payment of public and private debts in the country issuing such currency or, if such currency is Euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, then the currency which is at the time of such payment legal tender in the related country or in the adopting member states of the European Union, as the case may be) (the "Specified Currency"). If the Specified Currency is other than United States dollars, except as otherwise provided below, any such amounts so payable by the Company will be converted by the Exchange Rate Agent specified above into United States dollars for payment to the Holder of this Note.

Any United States dollar amount to be received by the Holder of this Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for United States dollars for settlement on such payment date in the aggregate amount of the Specified Currency payable to all Holders of Notes scheduled to receive United States dollar payments and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the Holder of this Note by deductions from such payments. If three such bid quotations are not available, payments on this Note will be made in the Specified Currency.

If the Specified Currency is other than United States dollars, the Holder of this Note may elect to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency by submitting a written request for such payment to the Trustee at its corporate trust office in The City of New York on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be. Such written request may be mailed or hand delivered or sent by cable, telex or other form of facsimile transmission. The Holder of this Note may elect to receive all or a specified portion of all future payments in the Specified Currency in respect of such principal, premium, if any, and/or interest, if any, and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice delivered to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the applicable Record Date or at least 15 calendar days prior to the Maturity Date, as the case may be.

If the Specified Currency is other than United States dollars and the Holder of this Note shall have duly made an election to receive all or a specified portion of any payment of principal, premium, if any, and/or interest, if any, in respect of this Note in the Specified Currency, but the Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to the Holder of this Note by making such payment in United States dollars on the basis of the Market Exchange Rate (as defined below) determined by the Exchange Rate Agent on the second Business Day prior to such payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate. The "Market Exchange Rate" for the Specified Currency other than United States dollars means the noon dollar buying rate in The City of New York for cable transfers for the Specified Currency as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York. Any payment made in United States dollars under such circumstances shall not constitute an Event of Default (as defined in the Indenture).

All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holder of this Note.

The Company agrees to indemnify the Holder of any Note against any loss incurred by such Holder as a result of any judgment or order being given or made against the Company for any amount due hereunder and such judgment or order requiring payment in a currency (the "Judgment Currency") other than the Specified Currency, and as a result of any variation between (i) the rate of exchange at which the Specified Currency amount is converted into the Judgment Currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such Holder, on the date of payment of such judgment or order, is able to purchase the Specified Currency with the amount of the Judgment Currency actually received by such Holder, as the case may be. The foregoing indemnity constitutes a separate and independent obligation of the Company and continues in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof and, if so specified on the face hereof, in an Addendum hereto, which further provisions shall have the same force and effect as if set forth on the face hereof.

Notwithstanding the foregoing, if an Addendum is attached hereto or "Other/Additional Provisions" apply to this Note as specified above, this Note shall be subject to the terms set forth in such Addendum or such "Other/Additional Provisions".

Unless the Certificate of Authentication hereon has been executed by the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, UDR, Inc. has caused this Note to be duly executed by one of its duly authorized officers.

UDR, INC.

By: _/s/ Joseph D. Fisher_____
Name: Joseph D. Fisher

Title: Senior Vice President and Chief Financial Officer

ATTEST:

By: _/s/ Deborah J. Shannon___
Name: Deborah J. Shannon

Title: Assistant Secretary

Dated: October 11, 2019

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Debt Securities of
the series designated therein referred
to in the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

By: _/s/ K. Wendy Kumar_____ Authentication Date: October 11, 2019

Authorized Signatory

[REVERSE OF NOTE]

UDR, INC.

MEDIUM-TERM NOTE, SERIES A
DUE NINE MONTHS OR MORE FROM DATE OF ISSUE, FULLY AND UNCONDITIONALLY GUARANTEED BY UNITED DOMINION REALTY, L.P.
(Fixed Rate)

This Note is one of a duly authorized series of Debt Securities (the “Debt Securities”) of the Company issued and to be issued under an Indenture, dated as of November 1, 1995, as supplemented by the first supplemental indenture thereto, dated as of May 3, 2011, as further amended, modified or supplemented from time to time (the “Indenture”), between the Company (successor by merger to United Dominion Realty Trust, Inc., a Virginia corporation) and U.S. Bank National Association, successor trustee to Wachovia Bank, National Association (formerly known as First Union National Bank of Virginia), as trustee (the “Trustee”, which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Debt Securities, and of the terms upon which the Debt Securities are, and are to be, authenticated and delivered. This Note is one of the series of Debt Securities designated as “Medium-Term Notes, Series A Due Nine Months or More From Date of Issue, Fully and Unconditionally Guaranteed by United Dominion Realty, L.P.” (the “Notes”). All terms used but not defined in this Note or in an Addendum hereto shall have the meanings assigned to such terms in the Indenture or on the face hereof, as the case may be.

United Dominion Realty, L.P., a Delaware limited partnership (the “Operating Partnership”), as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees to the Holder and to the Trustee and their successors and assigns (a) the full and punctual payment when due, whether at the Maturity Date, by acceleration or otherwise, of all obligations of the Company now or hereafter existing under the Indenture whether for principal of or interest on the Notes (and premium and Make-Whole Amount, if applicable) and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within the applicable grace periods of all other obligations of the Company under the Indenture and the Notes (all such obligations guaranteed hereby by the Operating Partnership being the “Guarantee”). The Holder of this Note may enforce its rights under the Guarantee directly against the Operating Partnership without first making a demand or taking action against the Company or any other person or entity. The Operating Partnership may, without the consent of the Holder of this Note, assume all of the Company’s rights and obligations under this Note and, upon such assumption, the Company will be released from its liabilities under the Indenture and this Note.

This Note is issuable only in registered form without coupons in minimum denominations of U.S. $1,000 and integral multiples thereof or other Authorized Denomination specified on the face hereof.

This Note will not be subject to any sinking fund and, unless otherwise specified on the face hereof in accordance with the provisions of the following two paragraphs, will not be redeemable or repayable prior to the Stated Maturity Date.

This Note will be subject to redemption at the option of the Company on any date on or after the Initial Redemption Date, if any, specified on the face hereof, in whole or from time to time in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at the Redemption Price (as defined below), together with unpaid interest accrued thereon to the date fixed for redemption (the "Redemption Date"), on written notice given to the Holder hereof (in accordance with the provisions of the Indenture) not more than 60 nor less than 30 calendar days prior to the Redemption Date. The "Redemption Price" shall be an amount equal to the Initial Redemption Percentage specified on the face hereof (as adjusted by the Annual Redemption Percentage Reduction, if any, specified on the face hereof) multiplied by the unpaid principal amount of this Note to be redeemed. The Initial Redemption Percentage, if any, shall decline at each anniversary of the Initial Redemption Date by the Annual Redemption Percentage Reduction, if any, until the Redemption Price is 100% of unpaid principal amount to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

This Note will be subject to repayment by the Company at the option of the Holder hereof on the Optional Repayment Date(s), if any, specified on the face hereof, in whole or in part in increments of U.S. $1,000 or other integral multiple of an Authorized Denomination (provided that any remaining principal amount hereof shall be at least U.S. $1,000 or such other minimum Authorized Denomination), at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued thereon to the date fixed for repayment (the "Repayment Date"). For this Note to be repaid, the Trustee must receive at its corporate trust office in the Borough of Manhattan, The City of New York, not more than 60 nor less than 30 calendar days prior to the Repayment Date, such Note and instructions to such effect forwarded by the Holder hereof. Exercise of such repayment option by the Holder hereof shall be irrevocable. In the event of repayment of this Note in part only, a new Note of like tenor for the unrepaid portion hereof and otherwise having the same terms and provisions as this Note shall be issued by the Company in the name of the Holder hereof upon the presentation and surrender hereof.

If this Note is specified on the face hereof to be a Discount Note, the amount payable to the Holder of this Note in the event of redemption, repayment or acceleration of maturity will be equal to the sum of (1) the Issue Price specified on the face hereof (increased by any accruals of the Discount, as defined below) and, in the event of any redemption of this Note (if applicable), multiplied by the Initial Redemption Percentage (as adjusted by the Annual Redemption Percentage Reduction, if applicable) and (2) any unpaid interest accrued thereon to the Redemption Date, Repayment Date or date of acceleration of maturity, as the case may be. The difference between the Issue Price and 100% of the principal amount of this Note is referred to herein as the "Discount".

For purposes of determining the amount of Discount that has accrued as of any Redemption Date, Repayment Date or date of acceleration of maturity of this Note, such Discount will be accrued so as to cause the yield on the Note to be constant. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the Initial Period (as defined below), corresponds to the shortest period between Interest Payment Dates (with ratable accruals within a compounding period) and an assumption that the maturity of this Note will not be accelerated. If the period from the Original Issue Date to the initial Interest Payment Date (the "Initial Period") is shorter than the compounding period for this Note, a proportionate amount of the yield for an entire compounding period will be accrued. If the Initial Period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period, with the short period being treated as provided in the preceding sentence.

The covenants set forth in Section 1004(a) and Section 1007 of the Indenture shall not apply to this Note, and the following covenants shall instead apply to this Note in place of the covenants set forth in Section 1004(a) and Section 1007 of the Indenture:

> "The Trust will, and will cause the Subsidiaries to, have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all of the Trust's outstanding Unsecured Debt and the outstanding Unsecured Debt of the Subsidiaries, determined on a consolidated basis in accordance with GAAP.
>
> The Trust will not, and will not permit any Subsidiary to, incur any Debt if, immediately after giving effect to the incurrence of such additional Debt and the application of the proceeds thereof, the aggregate principal amount of all outstanding Debt of the Trust and its Subsidiaries on a consolidated basis determined in accordance with GAAP is greater than 65% of the sum of (without duplication) (i) the Trust's Total Assets as of the end of the calendar quarter covered in the Trust's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as the case may be, most recently filed with the Commission (or, if such filing is not permitted under the Exchange Act, with the Trustee) prior to the incurrence of such additional Debt and (ii) the purchase price of any real estate assets or mortgages receivable acquired, and the amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by the Trust or any Subsidiary since the end of such calendar quarter, including those proceeds obtained in connection with the incurrence of such additional Debt.
>
> 'Total Unencumbered Assets' means the sum of, without duplication, those Undepreciated Real Estate Assets which are not subject to a lien securing Debt and all other assets, excluding accounts receivable and intangibles, of the Trust and the Subsidiaries not subject to a lien securing Debt, all determined on a consolidated basis in accordance with GAAP; provided, however, that all investments by the Trust and the Subsidiaries in unconsolidated joint ventures, unconsolidated limited partnerships, unconsolidated limited liability

companies and other unconsolidated entities shall be excluded from Total Unencumbered Assets to the extent that such investments would have otherwise been included."

If an Event of Default shall occur and be continuing, the principal of the Notes may, and in certain cases shall, be accelerated in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance of (i) the entire indebtedness of the Notes or (ii) certain covenants and Events of Default with respect to the Notes, in each case upon compliance with certain conditions set forth therein, which provisions apply to the Notes.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Debt Securities at any time by the Company and the Trustee with the consent of the Holders of a majority of the aggregate principal amount of all Debt Securities at the time outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, on behalf of the Holders of all such Debt Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority of the aggregate principal amount of the outstanding Debt Securities of any series, in certain instances, to waive, on behalf of all of the Holders of Debt Securities of such series, certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and other Notes issued upon the registration of transfer hereof or in exchange heretofore or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay principal, premium, if any, and interest in respect of this Note at the times, places and rate or formula, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein and herein set forth, the transfer of this Note is registrable in the Security Register of the Company upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal hereof and any premium or interest hereon are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes having the same terms and provisions, of Authorized Denominations and for the same aggregate principal amount, will be issued by the Company to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein and herein set forth, this Note is exchangeable for a like aggregate principal amount of Notes of different Authorized Denominations but otherwise having the same terms and provisions, as requested by the Holder hereof surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary, except as required by law.

THE INDENTURE AND THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	- as tenants in common	UNIF GIFT MIN ACT	- ________ Custodian ______ (Cust) (Minor)
TEN ENT	- as tenants by the entireties		under Uniform Gifts to Minors Act
JT TEN	- as joint tenants with right of survivorship and not as tenants in common		____________________ (State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(Please print or typewrite name and address including postal zip code of assignee)

this Note and all rights thereunder hereby irrevocably constituting and appointing

Attorney to transfer this Note on the books of the Company, with full power of substitution in the premises.

Dated:

Notice: The signature(s) on this Assignment must correspond with the name(s) as written upon the face of this Note in every particular, without alteration or enlargement or any change whatsoever.

UDR, INC.

ADDENDUM TO MEDIUM-TERM NOTE
(Fixed Rate)

The Company may redeem all or part of this Note at any time at its option at a redemption price equal to the greater of (1) the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date or (2) the Make-Whole Amount for the principal amount of this Note being redeemed. If this Note is redeemed on or after October 15, 2029 (three months prior to the maturity date) (the "Par Call Date"), the redemption price will equal the principal amount of this Note being redeemed plus accrued and unpaid interest to the redemption date.

"Make-Whole Amount" means, as determined by the Quotation Agent, the sum of the present values of the principal amount of this Note to be redeemed, together with the scheduled payments of interest (exclusive of interest to the redemption date) from the redemption date to the Par Call Date of this Note being redeemed, in each case discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate, plus accrued and unpaid interest on the principal amount of this Note being redeemed to the redemption date.

"Adjusted Treasury Rate" means, with respect to any redemption date, the sum of (x) either (1) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week, appearing in the most recent published statistical release designated "H.15" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" (provided, if no maturity is within three months before or after the remaining term of this Note, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounded to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third business day preceding the redemption date, and (y) 0.200%.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of this Note (assuming, for this purpose, that this Note matured on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of this Note (assuming, for this purpose, that this Note matured on the Par Call Date).

"Comparable Treasury Price" means, with respect to any redemption date, (x) the average of three Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations so obtained, or (y) if fewer than five Reference Treasury Dealer Quotations are so obtained, the average of all such Reference Treasury Dealer Quotations so obtained.

"Quotation Agent" means the Reference Treasury Dealer selected by the indenture trustee after consultation with the Company.

"Reference Treasury Dealer" means any of Wells Fargo Securities, LLC, J.P. Morgan Securities LLC and three other nationally recognized investment banking firms selected by the Company that are primary U.S. Government securities dealers and their respective successors and assigns.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the indenture trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the indenture trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2019, UDR, Inc. ("we," "our" or "us") had one class of securities, our common stock, par value $0.01 per share ("common stock"), registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The following is a description of the rights and privileges of our common stock and related provisions of our Articles of Restatement, as amended (our "charter"), our Amended and Restated Bylaws, as amended (our "bylaws") and applicable Maryland law. This description is qualified in its entirety by, and should be read in conjunction with, our charter and bylaws and the applicable provisions of Maryland law.

DESCRIPTION OF COMMON STOCK

General. Our authorized capital stock consists of 350,000,000 shares of common stock, par value $0.01 per share, 50,000,000 shares of preferred stock, without par value, and 300,000,000 shares of excess stock, par value $0.01 per share. We have one class of common stock. All of the outstanding shares of our common stock are fully paid and nonassessable. All holders of our common stock are entitled to the same rights and privileges, as described below.

Voting Rights. Holders of our common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote and do not have cumulative voting rights. In any uncontested election of directors, directors will be elected by a majority of total votes cast for and against such director nominees. In any contested election, directors will be elected by a plurality of the votes cast by the stockholders entitled to vote on the election.

Dividends. Holders of our common stock are entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of our common stock are entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Limitations on Rights of Holders of Common Stock. The rights, preferences and privileges of holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. Set forth below is a description of our authority to issue preferred stock and the possible terms of that stock.

Our charter authorizes our board of directors, without further stockholder action, to provide for the issuance of up to 50,000,000 shares of preferred stock, in one or more series, and to fix the designations, terms, and relative rights and preferences, including the dividend rate, voting rights, conversion rights, redemption and sinking fund provisions and liquidation preferences of each of these series. As of December 31, 2019, we had designated 2,803,812 shares of preferred stock as Series E Cumulative Convertible Preferred Stock, of which 2,780,994 shares were outstanding, and designated 20,000,000 shares of preferred stock as Series F Preferred Stock, of which 14,691,274 shares were outstanding. We may amend our charter from time to time to increase the number of authorized shares of preferred stock.

The particular terms of any series of preferred stock that we offer may include:

- the title and liquidation preference per share of the preferred stock and the number of shares offered;
- the purchase price of the preferred stock;
- the dividend rate (or method of calculation), the dates on which dividends will be payable, whether dividends shall be cumulative and, if so, the date from which dividends will begin to accumulate;
- any redemption or sinking fund provisions of the preferred stock;
- any conversion, redemption or exchange provisions of the preferred stock;
- the voting rights, if any, of the preferred stock; and
- any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the preferred stock.

Other Rights. Holders of our common stock have no preemptive, subscription, redemption or conversion rights.

Restrictions on Ownership and Transfer. Our charter contains ownership and transfer restrictions relating to our stock that are designed primarily to preserve our status as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). These restrictions include but are not limited to the following:

- no person may beneficially own or constructively own shares of our outstanding "equity stock" (defined as stock that is either common stock or preferred stock) with a value in excess of 9.9% of the value of all outstanding equity stock unless our board of directors exempts the person from such ownership limitation, provided that any such exemption shall not allow the person to exceed 13% of the value of our outstanding equity stock;
- any transfer that, if effective, would result in any person beneficially owning or constructively owning equity stock with a value in excess of 9.9% of the value of all outstanding equity stock (or such higher value not to exceed 13% as determined pursuant to an exemption from our board of directors) shall be void as to the transfer of that number of shares of equity stock which would otherwise be beneficially owned or constructively owned by such person in excess of such ownership limit; and the intended transferee shall acquire no rights in such excess shares of equity stock;
- except as provided in the charter, any transfer that, if effective, would result in the equity stock being beneficially owned by fewer than 100 persons shall be void as to the transfer of that number of shares which would be otherwise beneficially owned or constructively owned by the transferee; and the intended transferee shall acquire no rights in such excess shares of equity stock; and
- any transfer of shares of equity stock that, if effective, would result in us being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code shall be void as to the transfer of that number of shares of equity stock which would cause us to be "closely held" within the meaning of Section 856(h) of the Internal Revenue Code; and the intended transferee shall acquire no rights in such excess shares of equity stock.

Listing. Our common stock is listed on the New York Stock Exchange under the symbol "UDR."

Anti-takeover Effects of Our Bylaws and Maryland Law

Our bylaws and Maryland law contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

Bylaws. Our bylaws establish an advance written notice procedure for stockholders seeking to nominate candidates for election as directors at any annual meeting of stockholders and to bring business before an annual meeting of our stockholders. Our bylaws provide that only persons who are nominated by our board of directors or by a stockholder who has given timely written notice to our secretary before the meeting to elect directors will be eligible for election as our directors. Our bylaws also provide that any matter to be presented at any meeting of stockholders must be presented either by our board of directors or by a stockholder in compliance with the procedures in our bylaws. A stockholder must give timely written notice to our secretary of its intention to present a matter before an annual meeting of stockholders. Our board of directors then will consider whether the matter is one that is appropriate for consideration by our stockholders under the Maryland General Corporation Law and the Securities and Exchange Commission's rules. Our bylaws also include a provision which permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of the our outstanding common stock continuously for at least three years, to nominate and include in our proxy materials director candidates constituting up to 20% of the board of directors, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in the bylaws.

Certain Maryland Law Provisions. As a Maryland corporation, we are subject to certain restrictions concerning certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between us and an "interested stockholder." Interested stockholders are persons: (i) who beneficially own 10% or more of the voting power of our outstanding voting stock, or (ii) who are affiliates or associates of us who, at any time within the two-year period prior to the date in question, were the beneficial owners of 10% or more of the voting power of our outstanding stock. Such business combinations are prohibited for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors and approved by the affirmative vote of at least: (i) 80% of the votes entitled to be cast by holders of the outstanding voting shares voting together as a single voting group, and (ii) two-thirds of the votes entitled to be cast by holders of the outstanding voting shares other than voting shares held by the interested stockholder or an affiliate or associate of the interested stockholder with whom the business combination is to be effected, unless, among other things, the corporation's stockholders receive a minimum price for their shares and the consideration is received in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder.

Also under Maryland law, "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer or by officers or directors who are employees of the corporation. "Control shares" are shares of stock which, if aggregated with all other shares of stock owned by the acquirer or shares of stock for which the acquirer is able to exercise or direct the exercise of voting power except solely by virtue of a revocable proxy, would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means, subject to certain exceptions, the acquisition of, ownership of or the power to direct the exercise of voting power with respect to, control shares.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the control share acquisition statute any acquisitions by any person of shares of our stock.

Under Title 3, Subtitle 8 of the Maryland General Corporation Law, a Maryland corporation that has a class of equity securities registered under the Exchange Act and that has at least three directors who are not officers or employees of the corporation, are not acquiring persons, are not directors, officers, affiliates or associates of any acquiring person, or are not nominated or designated as a director by an acquiring person, may elect in its charter or bylaws or by resolution of its board of directors to be subject to certain provisions of Subtitle 8 that may have the effect of delaying or preventing a change in control of the corporation. These provisions relate to a classified board of directors, removal of directors, establishing the number of directors, filling vacancies on the board of directors and calling special meetings of the corporation's stockholders. We have not made the election to be governed by these provisions of Subtitle 8 of the Maryland General Corporation Law. However, our charter and our bylaws permit our board of directors to determine the number of directors subject to a minimum number and other provisions contained in such documents.

RESTRICTED STOCK AWARD AGREEMENT
under the
UDR, INC.
1999 LONG-TERM INCENTIVE PLAN

(AS AMENDED AND RESTATED FEBRUARY 2, 2017)

Grantee:

Number of Shares:

Date of Grant:

Share Price: $_____ per share

1. Grant of Shares. UDR, Inc. (the "Company") hereby grants to the Grantee named above (the "Grantee"), as additional compensation for services to be rendered, and subject to the restrictions and the other terms and conditions set forth in the Company's 1999 Long-Term Incentive Plan (the "Plan") and in this Restricted Stock Award Agreement (this "Agreement"), the number of shares indicated above of the Company's $0.01 par value common stock (the "Shares"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned such terms in the Plan.

2. Vesting of Restricted Stock. Unless the vesting under this Agreement is accelerated in accordance with Article 14 of the Plan, 100% of the Shares subject to this Agreement shall vest (become exercisable) under the following terms: .

3. Restrictions. The Shares are subject to each of the following restrictions. "Restricted Shares" means those Shares that are subject to the restrictions imposed hereunder which restrictions have not then expired or terminated. Restricted Shares may not be sold, transferred, exchanged, assigned, pledged, hypothecated or otherwise encumbered. If the Grantee's employment with the Company or any Parent or Subsidiary terminates for any reason other than as set forth in paragraph (a) or (b) of Section 4 hereof, then the Grantee shall forfeit all of the Grantee's right, title and interest in and to the Restricted Shares as of the date of employment termination and such Restricted Shares shall be re-conveyed to the Company without further consideration or any act or action by the Grantee.

The restrictions imposed under this Section 3 shall apply to all shares of the Company's stock or other securities issued with respect to Restricted Shares hereunder in connection with any merger, reorganization, consolidation, re-capitalization, stock dividend or other change in corporate structure affecting the common stock of the Company.

4. Expiration and Termination of Restrictions. The restrictions imposed under Section 3 will expire on the earliest to occur of the following:

(a) On the date of termination of the Grantee's employment with the Company or any Parent or Subsidiary because of his or her death or Disability; or

(b) On the date specified by the Committee or as otherwise established in the Plan in the event of an acceleration of vesting under Article 14 of the Plan (including, without limitation, upon the occurrence of a Change in Control, as defined in the Plan).

5. Delivery of Shares. The Shares will be registered in the name of the Grantee as Restricted Stock and may be held by the Company prior to the lapse of the restrictions thereon as provided in Section 4 hereof (the "Restricted Period"). Any certificate for Shares issued during the Restricted Period shall be registered in the name of the Grantee and shall bear a legend in substantially the following form:

> THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN A RESTRICTED STOCK AWARD AGREEMENT DATED ___________ BETWEEN THE REGISTERED OWNER OF THE SHARES REPRESENTED HEREBY AND UDR, INC. RELEASE FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENT, COPIES OF WHICH ARE ON FILE IN THE OFFICE OF UDR, INC.

If requested, the Grantee shall deposit with the Company, a stock power, or powers, executed in blank and sufficient to re-convey the Restricted Shares to the Company upon termination of the Grantee's employment during the Restricted Period, in accordance with the provisions of this Agreement. Stock certificates shall be delivered to the Grantee as soon as practicable after the lapse of the restrictions on the Shares, but delivery may be postponed for such period as may be required for the Company with reasonable diligence to comply if deemed advisable by the Company, with registration requirements under the 1933 Act, listing requirements under the rules of any stock exchange, and requirements under any other law or regulation applicable to the issuance or transfer of the Shares.

6. Voting and Dividend Rights. The Grantee, as beneficial owner of the Shares, shall have full voting rights with respect to the Shares and shall receive dividends on the Shares during the Restricted Period. Dividends on the Shares are not eligible for participation in the Company's Dividend Reinvestment Plan during the Restricted Period.

7. Restrictions on Transfer and Pledge. The Restricted Shares may not be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Parent or Subsidiary, or be subject to any lien, obligation, or liability of the Grantee to any other party other than the Company or a Parent or Subsidiary. The Restricted Shares are not assignable or transferable by the Grantee other than by will or the laws of descent and distribution.

8. Changes in Capital Structure. In the event a stock dividend is declared upon the Stock, the shares of Stock then subject to this Agreement shall be increased proportionately. In the event the Stock shall be changed into or exchanged for a different number or class of shares of stock or securities of the Company or of another corporation, whether through reorganization, re-capitalization, reclassification, share exchange, stock split-up, combination of shares, merger or consolidation, there shall be substituted for each such share of Stock then subject to this Agreement the number and class of shares into which each outstanding share of Stock shall be so exchanged, or there shall be made such other equitable adjustment as the Committee shall approve.

9. Stop Transfer Notices. In order to ensure compliance with the restrictions on transfer set forth in this Agreement or the Plan, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

10. Refusal to Transfer. The Company shall not be required (a) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Restricted Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Shares shall have been so transferred.

11. No Right of Continued Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Parent or Subsidiary to terminate the Grantee's employment at any time, nor confer upon the Grantee any right to continue in the employ of the Company or any Parent or Subsidiary.

12. Payment of Taxes.

(a) The Grantee upon issuance of the Shares hereunder, shall be authorized to make an election to be taxed upon such award under Section 83(b) of the Code. To effect such election, the Grantee may file an appropriate election with the Internal Revenue Service within thirty (30) days after award of the Shares and otherwise in accordance with applicable Treasury Regulations.

(b) The Grantee will, no later than the date as of which any amount related to the Shares first becomes includable in the Grantee's gross income for federal income tax purposes, pay to the Company, or make other arrangements satisfactory to the Committee regarding payment of, any federal, state and local taxes of any kind required or permitted by law to be withheld with respect to such amount. For the avoidance of doubt, the Grantee may satisfy such payment by permitting the Company to reduce the number of Shares issued. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company, and, where applicable, its Subsidiaries will, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Grantee.

13. Grantee's Covenant. The Grantee hereby agrees to use his best efforts to provide services to the Company in a workmanlike manner and to promote the Company's interests.

14. Amendment. The Committee may amend, modify or terminate this Agreement without approval of the Grantee; provided, however, that such amendment, modification or termination shall not, without the Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested on the date of such amendment or termination.

15. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Agreement and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Agreement, the provisions of the Plan shall be controlling and determinative.

16. Successors. This Agreement shall be binding upon any successor of the Company, in accordance with the terms of this Agreement and the Plan.

17. Severability. If any one or more of the provisions contained in this Agreement is invalid, illegal or unenforceable, the other provisions of this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

18. Notice. Notices and communications under this Agreement must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to:

UDR, Inc.
1745 Shea Center Dr., Suite 200
Highlands Ranch, Colorado 80129
Attn: Corporate Secretary

or any other address designated by the Company in a written notice to the Grantee. Notices to the Grantee will be directed to the address of the Grantee then currently on file with the Company, or at any other address given by the Grantee in a written notice to the Company.

19. Dispute Resolution. The provisions of this Section 19 shall be the exclusive means of resolving disputes arising out of or relating to the Plan and this Agreement. The Company, the Grantee, and the Grantee’s assignees (the “parties”) shall attempt in good faith to resolve any disputes arising out of or relating to the Plan and this Agreement by negotiation between individuals who have authority to settle the controversy. Negotiations shall be commenced by either party by notice of a written statement of the party’s position and the name and title of the individual who will represent the party. Within thirty (30) days of the written notification, the parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to resolve the dispute. If the dispute has not been resolved by negotiation, the parties agree that any suit, action, or proceeding arising out of or relating to the Plan or this Agreement shall be brought in the United States District Court for the District of Colorado (or should such court lack jurisdiction to hear such action, suit or proceeding, in a state court in Colorado) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES

ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 19 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement and agree that the Shares are to be governed by the terms and conditions of this Agreement and the Plan.

UDR, INC.

By: ______________________________
Name:
Title:

The Grantee acknowledges receipt of a copy of the Plan and this Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Shares subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement and the Plan. The Grantee hereby agrees that all disputes arising out of or relating to this Agreement and the Plan shall be resolved in accordance with Section 19 of this Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Agreement.

GRANTEE:

____
[Name]

Exhibit 10.16

UDR, INC.

1999 LONG-TERM INCENTIVE PLAN

NOTICE OF CLASS 2 LTIP UNIT AWARD

Grantee's Name and Address:__________________________________
____
____

In consideration of the agreement by the Grantee named above (the "Grantee") to provide services to or for the benefit of United Dominion Realty, L.P. (the "Partnership"), the Partnership hereby grants to the Grantee an award of Class 2 LTIP Units (the "Award"), subject to the terms and conditions of this Notice of Class 2 LTIP Unit Award (the "Notice"), the UDR, Inc. (the "Company") 1999 Long-Term Incentive Plan, as amended from time to time (the "Plan"), the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., as amended from time to time (the "Partnership Agreement"), and the Class 2 LTIP Unit Agreement (including Appendix A thereto) attached hereto (the "Agreement"). Unless otherwise provided herein, the capitalized terms in this Notice shall have the same meaning as those defined in the Plan, the Partnership Agreement and/or the Agreement, as applicable.

Award Number _______________________________

Date of Award _______________________________

Total Number of Class 2 LTIP Units
Awarded (the "Class 2 LTIP Units")_______________________________

Vesting Schedule:

Subject to the Grantee's continuing employment, except as set forth below, and other limitations set forth in this Notice, the Agreement, the Partnership Agreement and the Plan, the Class 2 LTIP Units will vest only to the extent the established metrics set forth in the Agreement are met for the applicable performance periods set forth in the Agreement. If the Grantee would become vested in a fraction of a Class 2 LTIP Unit, such Class 2 LTIP Unit shall not vest until the Grantee becomes vested in the entire Class 2 LTIP Unit.

The portions of the 20__ LTI Awards based upon the __________________ will vest on the date the Committee determines performance (the "Determination Date") in January or February 20__. The portion of the 20__ LTI Awards based upon the __________________ will be measured and vest 50% on the Determination Date in January or February 20__ and 50% on the one-year anniversary thereof. Employment through the applicable vesting date is generally required except as otherwise provided in the Plan (except for Section 14.9 thereof), the applicable award agreement or as determined by the Committee, in its sole discretion.

Except as otherwise set forth in the Plan, except Section 14.9 thereof, the Agreement or as determined by the Committee, in its sole discretion, vesting shall cease upon the date the Grantee's employment is terminated for any reason, and no Unvested Units shall thereafter become vested. In the event the Grantee's employment is terminated for any reason, and the Class 2 LTIP Units do not otherwise vest, then all Unvested Units held by the Grantee immediately upon such termination of the Grantee's employment shall automatically and without any further action thereupon be cancelled and forfeited without payment of any consideration therefor, and the Grantee shall have no further right, title or interest in or to the Unvested Units.

IN WITNESS WHEREOF, the Company, the Partnership and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, the Partnership Agreement and the Agreement.

UDR, Inc.,

a Maryland corporation

By: ________________________________

Date:

United Dominion Realty, L.P.,
a Delaware limited partnership

By: UDR, Inc., a Maryland corporation

By: ________________________________

Date:

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE CLASS 2 LTIP UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S EMPLOYMENT OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED OR BEING GRANTED THIS AWARD). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, THE PARTNERSHIP AGREEMENT NOR IN THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S EMPLOYMENT, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee:

____
[Name]

Award Number: __________________

UDR, INC.
1999 LONG-TERM INCENTIVE PLAN

CLASS 2 LTIP UNIT AGREEMENT

1. Issuance of Class 2 LTIP Units. In consideration of the agreement by the Grantee to provide services to or for the benefit of the Partnership, the Partnership hereby (a) issues to the Grantee an award (the "Award") of the Total Number of Class 2 LTIP Units set forth in the Notice of Class 2 LTIP Unit Award (the "Notice") to which this Class 2 LTIP Unit Agreement (this "Agreement") is attached (the "Class 2 LTIP Units"), subject to the terms and provisions of the Notice, this Agreement, the Partnership Agreement and the Plan, and (b) if not already a Partner, admits the Grantee as a Partner of the Partnership on the terms and conditions set forth in the Notice, this Agreement, the Partnership Agreement and the Plan. The Partnership and the Grantee acknowledge and agree that the Class 2 LTIP Units are hereby issued to the Grantee for the performance of services to or for the benefit of the Partnership in his or her capacity as a Partner or in anticipation of the Grantee becoming a Partner. To the extent not an existing Partner, the Grantee shall be admitted to the Partnership as an additional Limited Partner with respect to the Class 2 LTIP Units only upon the satisfactory completion of the applicable requirements set forth in the Partnership Agreement, including the requirements set forth in Section 4 of Exhibit H to the Partnership Agreement. At the request of the Partnership, the Grantee shall execute the Partnership Agreement or a joinder or counterpart signature page thereto. The Grantee acknowledges that the Partnership may from time to time issue or cancel (or otherwise modify) LTIP Units in accordance with the terms of the Partnership Agreement. The Class 2 LTIP Units shall have the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption and conversion set forth in the Notice, this Agreement, the Plan and the Partnership Agreement.

2. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Notice, the Plan, the Partnership Agreement and/or Appendix A, as applicable.

(a) "**Base Units**" means the number of Class 2 LTIP Units designated as Base Units on Appendix A attached hereto.

(b) "**Class 2 LTIP Distribution Participation Date**" means the applicable Determination Date.

(c) **_____________ Metric:**

(d) **_____________ Metric:**

(e) **_____________ Metric:**

(f) **_____________ Metric:**

3. Class 2 LTIP Units Subject to Partnership Agreement; Transfer Restrictions. The Class 2 LTIP Units are subject to the terms of the Plan and the terms of the Partnership Agreement, including, without limitation, the restrictions on transfer of Units (including, without limitation, Class 2 LTIP Units) set forth in Article 9 of the Partnership Agreement. Any permitted transferee of the Class 2 LTIP Units shall take such Class 2 LTIP Units subject to the terms of the Plan, this Agreement, the Notice and the Partnership Agreement. Any such permitted transferee must, upon the request of the Partnership, agree to be bound by the Plan, the Partnership Agreement, the Notice and this Agreement, and shall execute the same on request, and must agree to such other waivers, limitations, and restrictions as the Partnership or the Company may reasonably require. Any sale, transfer, exchange, redemption, assignment, pledge, hypothecation or other encumbrance (each, a "Transfer") of the Class 2 LTIP Units which is not made in compliance with the Plan, the Partnership Agreement, the Notice and this Agreement shall be null and void and of no effect. Notwithstanding any other provision of this Agreement, without the consent of the Committee (which it may give or withhold in its sole discretion), the Grantee shall not convert the Class 2 LTIP Units into Partnership Common Units, or Transfer the Class 2 LTIP Units (whether vested or unvested), including by means of a redemption of such Class 2 LTIP Units by the Partnership, until the earlier of (i) the occurrence of, and in connection with, a Change of Control (or such earlier time as is necessary in order for the Grantee to participate in such Change of Control transaction with respect to the Class 2 LTIP Units and receive the consideration payable with respect thereto in connection with such Change of Control) and (ii) the expiration of the two (2) year period following the Date of Award set forth in the Notice, other than by will or the laws of descent and distribution.

4. Performance Vesting.

(a) ____________ Units. As soon as reasonably practicable (but in no event more than 60 days) following the completion of the Performance Period, the Committee shall determine the _______________, the number of _____________ Metric Distribution Equivalent Units, and the number of Class 2 LTIP Units granted hereby that have become _______________ Metric Vested Base Units and ___________ Vested Units, in each case as of the completion of the ____________ Performance Period. Upon such determination by the Committee (the "FFO Determination Date"), the Restrictions set forth in the Notice and Section 3 above shall lapse with respect to fifty-percent (50%) of the ________Metric Performance Vested Units and such __________ Metric Performance Vested Units shall become fully vested subject to Grantee's continued employment through the Determination Date, except as provided in the Plan, except Section 14.9 thereof, this Agreement or as otherwise determined by the Committee, in its sole discretion. The Restrictions shall lapse with respect to the remaining fifty-percent (50%) of the ___________ Metric Performance Vested Units and such ___________ Metric Performance Vested Units shall become fully vested on the first anniversary of the FFO Determination Date, subject to Grantee's continued employment through such date, except as provided in the Plan, except Section 14.9 thereof, this Agreement or as otherwise determined by the Committee, in its sole discretion. Any __________ Metric Base Units granted hereby which have not become _______________ Metric Performance Vested Base Units as of the FFO Determination Date will automatically be cancelled and forfeited without payment of any consideration therefor, and the Grantee shall have no further right to or interest in such _________ Metric Base Units.

(b) _____________ Metric Units. As soon as reasonably practicable (but in no event more than 60 days) following the completion of the ____________ Performance Period, the Committee shall determine the Company's ______, the ___________________ Performance Vesting Percentage, the number of _______________Distribution Equivalent Units, and the number of Class 2 LTIP Units granted hereby that have become _______________ Metric Vested Base Units and _____________ Performance Vested Units, in each case as of the completion of the ______________ Performance Period. Upon such determination by the Committee (the "____________ Metric Determination Date"), the Restrictions shall lapse with respect to the _______________ Metric Performance Vested Units and such Relative Peer TSR Metric Performance Vested Units shall become fully vested subject to Grantee's continued employment through the _____________ Metric Determination Date, except as provided in the Plan, except Section 14.9 thereof, this Agreement or as otherwise determined by the Committee, in its sole discretion. Any ____________ Metric Base Units granted hereby which have not become ____________ Metric Performance Vested Base Units as of the ______________ Metric Determination Date will automatically be cancelled and forfeited without payment of any consideration therefor, and the Grantee shall have no further right to or interest in such ______________ Metric Base Units.

5. Delivery of Units. The Class 2 LTIP Units will be registered in the name of the Grantee and may be held by the Company or the Partnership prior to the vesting of such Class 2 LTIP Units as provided in the Notice and this Agreement (the "Restricted Period"). Any certificate for Class 2 LTIP Units issued during the Restricted Period shall be registered in the name of the Grantee and shall bear a legend in substantially the following form:

> THIS CERTIFICATE AND THE CLASS 2 LTIP UNITS REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE AND RESTRICTIONS AGAINST TRANSFER) CONTAINED IN A NOTICE OF CLASS 2 LTIP UNIT AWARD AND CLASS 2 LTIP UNIT AGREEMENT DATED JANUARY __, 20__ BETWEEN THE REGISTERED OWNER OF THE CLASS 2 LTIP UNITS REPRESENTED HEREBY, UDR, INC. AND UNITED DOMINION REALTY, L.P. RELEASE FROM SUCH TERMS AND CONDITIONS SHALL BE MADE ONLY IN ACCORDANCE WITH THE PROVISIONS OF SUCH AGREEMENTS, COPIES OF WHICH ARE ON FILE IN THE OFFICE OF UDR, INC.

At the Company's or the Partnership's request, the Grantee hereby agrees to promptly execute, deliver and return to the Partnership any and all documents or certificates that the Company or the Partnership deems necessary or desirable to effectuate the cancellation and forfeiture of the Unvested Units, or to effectuate the transfer or surrender of such Unvested Units to the Partnership. In addition, if requested, the Grantee shall deposit with the Company or the Partnership, a stock/unit power, or powers, executed in blank and sufficient to re-convey the Unvested Units to the Company or the Partnership upon termination of the Grantee's service during the Restricted Period, in accordance with the provisions of the Notice and this Agreement.

6. Determinations by Committee. Notwithstanding anything contained herein, all determinations, interpretations and assumptions relating to the vesting of the Award (including, without limitation, determinations, interpretations and assumptions with respect to the Company's

_________ Metric, ___________ Metric, ____________ Metric and ________________ Metric) shall be made by the Committee and shall be applied consistently and uniformly to all similar Awards granted under the Plan (including, without limitation, similar awards which provide for payment in the form of cash or shares of Stock). In making such determinations, the Committee may employ attorneys, consultants, accountants, appraisers, brokers, or other persons, and the Committee, the Board, the Company, the Partnership and their officers and directors shall be entitled to rely upon the advice, opinions or the valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith and absent manifest error shall be final and binding upon the Grantee, the Company and all other interested persons. In addition, the Committee, in its discretion, may adjust or modify the methodology for calculations relating to the vesting of the Award (including, without limitation, the methodology for calculating the Company's _________ Metric, __________ Metric, __________ Metric and _____________ Metric), other than the ___________ Metric Performance Vesting Percentage, the _______________ Performance Vesting Percentage, the _____________ Metric Performance Vesting Percentage and the ______________ Metric Performance Vesting Percentage, as necessary or desirable to account for events affecting the value of the Stock or Company __________ which, in the discretion of the Committee, are not considered indicative of Company performance, which may include events such as the issuance of new stock, stock repurchases, stock splits, issuances and/or exercises of stock grants or stock options, and similar events, all in order to properly reflect the Company's intent with respect to the performance objectives underlying the Award or to prevent dilution or enlargement of the benefits or potential benefits intended to be made available with respect to the Award.

7. Covenants, Representations and Warranties. The Grantee hereby represents, warrants, covenants, acknowledges and agrees on behalf of the Grantee and his or her spouse, if applicable, that:

(a) Investment. The Grantee is holding the Class 2 LTIP Units for the Grantee's own account, and not for the account of any other person or entity. The Grantee is holding the Class 2 LTIP Units for investment and not with a view to distribution or resale thereof except in compliance with applicable laws regulating securities.

(b) Relation to the Partnership. The Grantee is presently an executive officer of the Company, which is the sole general partner of the Partnership, or is otherwise providing services to or for the benefit of the Partnership, and in such capacity has become personally familiar with the business of the Partnership.

(c) Access to Information. The Grantee has had the opportunity to ask questions of, and to receive answers from, the Partnership with respect to the terms and conditions of the transactions contemplated hereby and with respect to the business, affairs, financial conditions, and results of operations of the Partnership.

(d) Registration. The Grantee understands that the Class 2 LTIP Units have not been registered under the 1933 Act, and the Class 2 LTIP Units cannot be transferred by the Grantee unless such transfer is registered under the 1933 Act or an exemption from such registration is available. The Partnership has made no agreements, covenants or undertakings whatsoever to register the transfer of the Class 2 LTIP Units under the 1933 Act. The Partnership has made no representations, warranties, or covenants whatsoever as to whether any exemption from the 1933 Act, including, without limitation, any exemption for limited sales in routine brokers' transactions pursuant to Rule 144 of the 1933 Act, will be available. If an exemption under Rule 144 is available at all, it will not be available until at least six (6) months after the grant of the Class 2 LTIP Units and then not unless the terms and conditions of Rule 144 have been satisfied.

(e) Public Trading. None of the Partnership's securities are presently publicly traded, and the Partnership has made no representations, covenants or agreements as to whether there will be a public market for any of its securities.

(f) Tax Advice. The Partnership has made no warranties or representations to the Grantee with respect to the income tax consequences of the transactions contemplated by this Agreement (including, without limitation, with respect to the decision of whether to make an election under Section 83(b) of the Code), and the Grantee is in no manner relying on the Partnership or its representatives for an assessment of such tax consequences. Grantee hereby recognizes that the Internal Revenue Service has proposed regulations under Sections 83 and 704 of the Code that may affect the proper treatment of the LTIP Units for federal income tax purposes. In the event that those proposed regulations or similar regulations become final or temporary regulations, the Grantee hereby agrees to cooperate with the Partnership in amending this Agreement and the Partnership Agreement, and to take such other action as may be required, to conform to such regulations. Grantee hereby further recognizes that the U.S. Congress is considering legislation that would change the federal tax consequences of acquiring, owning and disposing of LTIP Units. The Grantee is advised to consult with his or her own tax advisor with respect to such tax consequences and his or her ownership of the Class 2 LTIP Units.

8. Capital Account. The Grantee shall make no contribution of capital to the Partnership in connection with the issuance of the Class 2 LTIP Units and, as a result, the Grantee's Capital Account balance in the Partnership immediately after his or her receipt of the Class 2 LTIP Units shall be equal to zero, unless the Grantee was a Partner in the Partnership prior to such issuance, in which case the Grantee's Capital Account balance shall not be increased as a result of his or her receipt of the Class 2 LTIP Units.

9. Restrictions on Public Sale by the Grantee. To the extent not inconsistent with applicable law, the Grantee agrees not to effect any sale or distribution of the Class 2 LTIP Units or any similar security of the Company or the Partnership, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the 1933 Act, during the fourteen (14) days prior to, and for a period of up to 180-days beginning on, the date of the pricing of any public or private debt or equity securities offering by the Company or the Partnership (except as part of such offering), if and to the extent requested in writing by the Partnership or the Company in the case of a non-underwritten public or private offering or if and to the extent requested in writing by the managing underwriter or underwriters (or initial purchaser or initial purchasers, as the case may be) and consented to by the Partnership or the Company, which consent may be given or withheld in the Partnership's or the Company's sole and absolute discretion, in the case of an underwritten public or private offering (such agreement to be in the form of a lock-up agreement provided by the Company, the Partnership, managing underwriter or underwriters, or initial purchaser or purchasers as the case may be).

10. Conformity to Securities Laws. The Grantee acknowledges that the Plan, the Notice and this Agreement are intended to conform to the extent necessary with all provisions of all applicable federal and state laws, rules and regulations (including, but not limited to, the 1933 Act and the 1934 Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, including without limitation the applicable exemptive conditions of Rule 16b-3 of the 1934 Act) and to such approvals by any listing, regulatory or other governmental authority as may, in the opinion of counsel for the Partnership or the Company, be necessary or advisable in connection therewith. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the award of Class 2 LTIP Units is made, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan, this Agreement and this award of Class 2 LTIP Units shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

11. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Class 2 LTIP Units, the subsequent sale of any Class 2 LTIP Units and the receipt of any Partnership distributions. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability. For purposes of this Award, "Related Entity" shall mean a Parent or Subsidiary.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company.

(c) Section 83(b) Election. The Grantee covenants that the Grantee shall make a timely election under Section 83(b) of the Code (and any comparable election in the state of the Grantee's residence) with respect to the Class 2 LTIP Units, and the Partnership hereby consents to the making of such election(s). In connection with such election, the Grantee and the Grantee's spouse, if applicable, shall promptly provide a copy of such election to the Partnership. A form of election under Section 83(b) of the Code is attached hereto as Appendix B. The Grantee represents that the Grantee has consulted any tax advisor(s) that the Grantee deems advisable in connection with the filing of an election under Section 83(b) of the Code and similar state tax provisions. The Grantee acknowledges that it is the Grantee's sole responsibility and not the Company's or the Partnership's to timely file an election under Section 83(b) of the Code (and any comparable state election), even if the Grantee requests that the Company, the Partnership or any representative thereof make such filing on the Grantee's behalf. The Grantee should consult his or her tax advisor to determine if there is a comparable election to file in the state of his or her residence.

12. Profits Interests. The Partnership and the Grantee intend that (i) the Class 2 LTIP Units be treated as "profits interests" as defined in Internal Revenue Service Revenue Procedure 93-27, as

clarified by Revenue Procedure 2001-43, (ii) the issuance of such units not be a taxable event to the Partnership or the Grantee as provided in such revenue procedures, and (iii) the Partnership Agreement, the Plan, the Notice and this Agreement be interpreted consistently with such intent. In furtherance of such intent, effective immediately prior to the issuance of the Class 2 LTIP Units, the Partnership may revalue all Partnership assets to their respective gross fair market values, and make the resulting adjustments to the Capital Accounts of the Partners, in each case, as set forth in the Partnership Agreement.

13. Ownership Information. The Grantee hereby covenants that so long as the Grantee holds any Class 2 LTIP Units, at the request of the Partnership, the Grantee shall disclose to the Partnership in writing such information relating to the Grantee's ownership of the Class 2 LTIP Units as the Partnership reasonably believes to be necessary or desirable to ascertain in order to comply with the Code or the requirements of any other appropriate taxing authority.

14. Entire Agreement; Governing Law. The Notice, the Plan, the Partnership Agreement and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company, the Partnership and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company, the Partnership and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Maryland without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Maryland to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

15. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

16. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan, the Partnership Agreement or this Agreement shall be submitted by the Grantee, the Partnership or the Company to the Committee. The resolution of such question or dispute by the Committee shall be final and binding on all persons.

17. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan, the Partnership Agreement or this Agreement shall be brought exclusively in the United States District Court for Colorado (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Colorado state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 17 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

18. Plan Controls. The terms contained in the Plan are incorporated into and made a part of the Notice and this Agreement, and the Notice and this Agreement shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of the Notice and this Agreement, the provisions of the Plan shall be controlling and determinative.

19. Successors. The Notice and this Agreement shall be binding upon any successor of the Company or the Partnership, in accordance with the terms of the Notice, this Agreement and the Plan.

20. Severability. If any one or more of the provisions contained in the Notice or this Agreement is invalid, illegal or unenforceable, the other provisions of the Notice and this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

21. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

22. Amendment. The Committee may amend, modify or terminate this Agreement without approval of the Grantee; provided, however, that such amendment, modification or termination shall not, without the Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested on the date of such amendment or termination.

23. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

END OF AGREEMENT

APPENDIX A

Definitions

Capitalized terms not defined herein shall have the meanings set forth in the Class 2 LTIP Unit Agreement to which this Appendix is attached.

"**Base Units**" means [_______] Class 2 LTIP Units.[1]

"**Dividend Equivalent Payment**" means, except as set forth below, with respect to the Class 2 LTIP Units, each Grantee shall receive dividend equivalents on the awards during the restricted period, which dividend equivalents shall be automatically deemed reinvested into additional Class 2 LTIP Units through the vesting date. From and after the issuance of shares upon vesting, the Grantee shall receive cash dividends on the issued shares or Class 2 LTIP Units as and when paid.

With respect to any Class 2 LTIP Units granted to the Grantee, the Company shall pay a portion of the dividend equivalent described in the preceding paragraph to the Grantee as a distribution in the amount of 10 percent of any and all cash distributions ("Partial Distributions") paid on such Class 2 LTIP Units during the period from the grant date to the date of final determination and true-up of the Class 2 LTIP Units earned. Partial Distributions are non-forfeitable when paid, whether or not the underlying Class 2 LTIP Units are eventually earned or vested pursuant to the terms of the Class 2 LTIP Unit Award Agreement.

"____________ **Metric Base Units**" means [_______] Base Units.[2]

"____________ **Metric Base Units**" means [_______] Base Units.[3]

"____________ **Metric Base Units**" means [____________] Base Units.[4]

"____________ **Metric Base Units**" means [_______] Base Units.[5]

[1] Total number of Base Units will represent total base units (_________ Metric Base Units + ___________ Metric Base Units +_____________ Metric Base Units + ____________ Metric Base Units) at maximum performance, and will exclude the estimated number of units attributable to dividend value.
2 ______________ Metric Base Units will represent __% of the total Base Units.
3 ______________ Metric Base Units will represent __% of the total Base Units.
4 ______________ Metric Base Units will represent __% of the total Base Units.
5 ______________ Metric Base Units will represent __% of the total Base Units

APPENDIX B

FORM OF SECTION 83(b) ELECTION

[Attached]

ELECTION PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned hereby elects, pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, to include in the undersigned's gross income for the taxable year in which the property was transferred the excess (if any) of the fair market value of the property described below, over the amount the undersigned paid for such property, if any, and supplies herewith the following information in accordance with the Treasury regulations promulgated under Section 83(b):

1. The name, taxpayer identification number and address of the undersigned, and the taxable year for which this election is being made, are:

TAXPAYER'S NAME: ____

TAXPAYER'S SOCIAL SECURITY NUMBER: _________________________

ADDRESS: ____

TAXABLE YEAR: ____

The name, taxpayer identification number and address of the undersigned's spouse are (complete if applicable):

SPOUSE'S NAME: ____

SPOUSE'S SOCIAL SECURITY NUMBER: _____________________________

ADDRESS: ____

2. The property which is the subject of this election is <LTIPS_GRANTED> Class 2 LTIP Units (the "***Units***") of United Dominion Realty, L.P. (the "***Company***"), representing an interest in the future profits, losses and distributions of the Company.

3. The date on which the above property was transferred to the undersigned was <GRANT_DATE>.

4. The above property is subject to the following restrictions: The Units are subject to forfeiture to the extent unvested upon a termination of service with the Company under certain circumstances and/or to the extent that certain performance conditions are not satisfied. These restrictions lapse upon the satisfaction of certain conditions as set forth in an agreement between the taxpayer and the Company. In addition, the Units are subject to certain transfer restrictions pursuant to such agreement and the Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., as amended (or amended and restated) from time to time, should the taxpayer wish to transfer the Units.

5. The fair market value of the above property at the time of transfer (determined without regard to any restriction other than a nonlapse restriction as defined in § 1.83-3(h) of the Income Tax Regulations) was $0.

6. The amount paid for the above property by the undersigned was $0.

7. The amount to include in gross income is $0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of this election will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: _________________ ____________________________________

<GRANTEE NAME>

Dated: _________________ ____________________________________

<SPOUSE NAME>

Exhibit 10.17

UDR, INC.

1999 LONG-TERM INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address: ____

____

____

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the UDR, Inc. 1999 Long-Term Incentive Plan, as amended from time to time (the "Plan"), the Restricted Stock Unit Agreement (the "Agreement") attached hereto and the ________ Long-Term Incentive Program attached hereto as Appendix A, as follows. Unless otherwise provided herein, the capitalized terms in this Notice shall have the same meaning as those defined in the Plan or Appendix A hereto, as applicable.

Award Number ____

Date of Award ____

Vesting Commencement Date ____

Total Number of Restricted Stock
Units Awarded (the "Units")____

Vesting Schedule:

Subject to the Grantee's continuing employment, except as set forth below, and other limitations set forth in this Notice, the Agreement and the Plan, the Units will vest as set forth in Appendix A only to the extent the established metrics on Appendix A are met for the Performance Periods noted on Appendix A, as will be determined by the Company no later than 60 days after the end of the Performance Periods (the "Determination Date").

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall cease upon the date the Grantee terminates employment for any reason except as otherwise set forth in the Plan, except for Section 14.9 thereof, the Agreement or as determined by the Committee, in its sole discretion. In the event the Grantee terminates employment for any reason, and the Units do not otherwise vest, then any unvested Units held by the Grantee immediately upon such termination of the Grantee's employment shall be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

UDR, Inc.,

a Maryland corporation

By: ___________________________________

Title: ___________________________________

Date: ___________________________________

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S EMPLOYMENT OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S EMPLOYMENT, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE THE GRANTEE'S EMPLOYMENT AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Award Number: __________________

UDR, INC.
1999 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. UDR, Inc., a Maryland corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (this "Agreement"), the terms and provisions of the UDR, Inc. 1999 Long-Term Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference and the ______ Long-Term Incentive Program attached hereto as Appendix A. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred in any manner other than by will or by the laws of descent and distribution.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), one share of Common Stock shall be issuable for each Unit subject to the Award (the "Shares") upon vesting. Immediately thereafter, or as soon as administratively feasible, the Company will deliver the appropriate number of Shares to the Grantee after satisfaction of any required tax or other withholding obligations. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share. Notwithstanding the foregoing, the relevant number of Shares shall be delivered to the Grantee no later than fifteen (15) days after the Award vests.

(b) Delay of Conversion. The conversion of the Units into the Shares under Section 3(a) above, may be delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other Applicable Law. If the conversion of the Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other Applicable Law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of Applicable Law.

(c) Delay of Issuance of Shares. The Company shall delay the delivery of any Shares under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of "Continuous Service" within the meaning of Code Section 409A will be delivered on the first business day following the expiration of such six (6) month period.

4. Right to Shares; Dividend Equivalents. The Grantee shall not have any right in, to or with respect to any of the Shares (including any voting rights or rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee. However, on the settlement of Award in Shares, the Grantee shall receive an additional number of Shares reflecting the number of additional Shares implied by an assumed reinvestment since the Date of Award of all dividends that would have been payable on such number of Shares from the date of payment.

5. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the treatment of any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend equivalents. The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company.

(i) By Share Withholding. Unless the Grantee determines to satisfy the Tax Withholding Obligation by some other means in accordance with clause (ii) below, the Company shall withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

(ii) By Check, Wire Transfer or Other Means. At any time not less than five (5) business days (or such fewer number of business days as determined by the Committee) before any Tax Withholding Obligation arises (e.g., a vesting date), the Grantee may elect to satisfy the Grantee's Tax Withholding Obligation by delivering to the Company an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (x) wire transfer to such account as the Company may direct, (y) delivery of a certified check payable to the Company, or (z) such other means as specified from time to time by the Committee.

Notwithstanding the foregoing, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

For purposes of this Award, "Related Entity" shall mean a Parent or Subsidiary.

6. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of Maryland without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Maryland to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

7. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

8. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Committee. The resolution of such question or dispute by the Committee shall be final and binding on all persons.

9. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for Colorado (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Colorado state court) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 9 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

10. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail

by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

11. Successors. The Notice and this Agreement shall be binding upon any successor of the Company in accordance with the terms of the Notice, this Agreement and the Plan.

12. Severability. If any one or more of the provisions contained in the Notice or this Agreement is invalid, illegal or unenforceable, the other provisions of the Notice and this Agreement will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included.

13. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

14. Amendment. The Committee may amend, modify or terminate this Agreement without approval of the Grantee; provided, however, that such amendment, modification or termination shall not, without the Grantee's consent, reduce or diminish the value of this award determined as if it had been fully vested on the date of such amendment or termination.

15. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. In addition, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

END OF AGREEMENT

EXHIBIT 21

The Company has the following subsidiaries. Joint Venture entities are shown in italics. United Dominion Realty, L.P. is a limited partnership with outside limited partners holding minimal percentage interests. The Company owns general and limited partnership interests in United Dominion Realty, L.P. constituting 95.7% of the aggregate partnership interest. Entities marked with an asterisk are those entities in which United Dominion Realty, L.P. is either a member or a partner. UDR Lighthouse DownREIT L.P. is also a limited partnership with outside limited partners. The Company owns general and limited partnership interests in UDR Lighthouse DownREIT L.P. constituting 56.8% of the aggregate partnership interest. Entities marked with a double asterisk are those entities in which UDR Lighthouse DownREIT L.P. owns an interest. All other entities are wholly owned**.**

Subsidiary	State of Incorporation or Organization
1020 Tower GP LLC	Delaware
1020 Tower, LP	Delaware
1200 Broadway, LLC	*Delaware*
1211 S. Olive REIT GP LLC	*Delaware*
1211 & Olive REIT LP	*Delaware*
1211 S. Olive Street Development, L.P.	*California*
1211 S. Olive GP LLC	*Delaware*
13th And Market Properties LLC	*Delaware*
1300 Fairmount LLC	*Delaware*
1532 Harrison Owner, LLC	*Delaware*
1745 LLC	Delaware
24 Hundred Properties LLC	*Delaware*
2000 Post Owners Association	Delaware
345 Harrison LLC	Delaware
399 Fremont LLC	*Delaware*
AAC Funding II, Inc.	Delaware
AAC Funding III LLC**	Delaware
AAC Funding IV LLC*	California
AAC Funding Partnership II*	Delaware
AAC/FSC Crown Pointe Investors, LLC	Washington
AAC/FSC Hilltop Investors, LLC	Washington
AAC/FSC Seattle Properties, LLC*	Delaware
AmberGlen Development LLC	*Oregon*
Andover House LLC	Delaware
Andover Member 1 LLC	Delaware
Andover Member 2 LLC	Delaware
Apartments on Chestnut Limited Partnership	*Delaware*
Ashton at Dublin Station, LLC	Delaware
Ashwood Commons North LLC	Washington
Bella Terra Villas LLC	Delaware
CMP-1, LLC	Delaware
Cambridge Woods LLC	Delaware
Cedar Street High-Rise, L.P.	*Delaware*
Circle Towers LLC**	Delaware
CityLine Development Phase I LLC	Washington
CityLine Development Phase II, LLC	Washington
Coastal Monterey Properties, LLC*	Delaware
Columbia City Apartments REIT LP	Delaware
Columbia City Apartments REIT GP LLC	Delaware
Columbus Square 775 LLC	*Delaware*
Columbus Square 795 LLC	*Delaware*
Columbus Square 801 LLC	*Delaware*
Columbus Square 805 LLC	*Delaware*
Columbus Square 808 LLC	*Delaware*

Subsidiary	**State of Incorporation or Organization**
Consolidated-Hampton, LLC	Maryland
DCO 2400 14th Street LLC	Delaware
DCO 3033 Wilshire LLC	*Delaware*
DCO Addison at Brookhaven LP	Delaware
DCO Arbors at Lee Vista LLC	Delaware
DCO Beach Walk LLC	Delaware
DCO Borgata LLC	Delaware
DCO Caroline Development LLC	Delaware
DCO Market LLC	Delaware
DCO Mission Bay LP	Delaware
DCO Pacific City LLC	Delaware
DCO Realty, Inc.	Delaware
DCO Realty LP LLC	Delaware
DCO Talisker LP	Delaware
Domain Mountain View LLC	Delaware
Domus SPE General Partner, LLC	*Delaware*
Eastern Residential, Inc.	Delaware
Easton Partners I, LP	*Delaware*
Fiori LLC	*Delaware*
Foxborough Lodge Limited Partnership	*Delaware*
FP Essex Owner, LLC	*Delaware*
Garrison Harcourt Square LLC	Delaware
Governour's Square of Columbus Co. L.P.*	Ohio
HPI 2161 Sutter LP	Delaware
Hawthorne Apartments LLC	Delaware
Heritage Communities LLC**	Delaware
Ideal Lincoln LLC	*Delaware*
Inlet Bay at Gateway, LLC	Delaware
Jamestown of St. Matthews Limited Partnership*	Ohio
Jefferson at Marina del Rey, L.P.	Delaware
K/UDR Venture LLC	*Delaware*
Katella Grand II GP LLC	Delaware
Katella Grand II REIT LLC	Delaware
Kelvin and Jamboree Properties, LLC	*Delaware*
Kelvin Jamboree LLC	Delaware
L.A. Southpark High Rise, LP	*Delaware*
La Jolla Wilshire, LLC	Delaware
Lenox Farms Limited Partnership	Delaware
Lightbox LLC	Delaware
Lincoln 1641 LLC	*Delaware*
Lodge at Ames Pond Limited Partnership	Delaware
Lofts at Charles River Landing, LLC	Delaware
MacAlpine Place Apartment Partners, Ltd.*	Florida
Management Company Services, Inc.	Delaware
MCS Insurance Sub Producer Services LLC	Delaware
Ninety Five Wall Street LLC*	Delaware
Northbay Properties II, L.P.*	California
Olive Way High-Rise LP	*Delaware*
One William Urban Renewal LLC	Delaware
Pacific Los Alisos LLC	Delaware
Park Square KOP Owner LLC	Delaware
Park Square Mezzanine LLC	Delaware
Park Square Mezzanine Owner LLC	Delaware
Park Square Philly Owner LLC	Delaware
Park Square Subsidiary 1 LLC	Delaware

Subsidiary	State of Incorporation or Organization
Park Square Subsidiary 2 LLC	Delaware
Pier 4 LLC	Delaware
Platinum Vista Apartments, LP	*California*
Polo Park Apartments LLC*	Delaware
Rancho Cucamonga Town Square Owners Association	*California*
Real Estate Technology Ventures, L.P.	*Delaware*
Rodgers Forge Condominiums, Inc.	Maryland
Savoye LLC	Delaware
Savoye 2 LLC	Delaware
Strata Properties, LLC	Delaware
Tennessee Colonnade LLC*	Delaware
THC/UDR Domain College Park LLC	Delaware
The Domain Condominium Association, Inc.	*Texas*
Thomas Circle Properties LLC	*Delaware*
Town Square Commons, LLC	District of Columbia
Towson Promenade, LLC	Delaware
Trilon Townhouses, LLC	District of Columbia
TSTW LLC	Delaware
UDR 10 Hanover LLC*	Delaware
UDR 345 Harrison LLC	Delaware
UDR 500 Penn LLC	Delaware
UDR 1590 Grove LLC	Delaware
UDR 1818 Platinum LLC	Delaware
UDR 1200 East West LLC	Delaware
UDR Altamira Place LLC	Delaware
UDR AP Block 11 Investor LLC	Delaware
UDR Arbor Park LLC**	Delaware
UDR Barton Creek LLC**	Delaware
UDR California GP, LLC*	Delaware
UDR California GP II, LLC	Delaware
UDR California Properties, LLC	Virginia
UDR Calvert, LLC*	Delaware
UDR Calvert's Walk Associates Limited Partnership	Maryland
UDR Calverts Walk GP, LLC	Delaware
UDR Carriage Homes, LLC	Delaware
UDR Chelsea LLC	Delaware
UDR Courts at Dulles LLC**	Delaware
UDR Courts at Huntington LLC*	Delaware
UDR Crane Brook LLC*	Delaware
UDR Currents on the Charles LLC	Delaware
UDR Delancey at Shirlington LLC**	Delaware
UDR Developers, Inc.	Virginia
UDR Domain Brewers Hill LLC	Delaware
UDR EAS LLC	Delaware
UDR Eight80 I LP*	Delaware
UDR Eight80 II LP*	Delaware
UDR Eleven55 Ripley LLC**	Delaware
UDR Garrison Square LLC	Delaware
UDR Harbor Greens, L.P.*	Delaware
UDR Huntington Vista, L.P.*	Delaware
UDR Inwood LLC**	Delaware
UDR/K Venture Member LLC	Delaware
UDR Lakeline Villas LLC	Delaware
UDR Legacy at Mayland LLC	Delaware
UDR Legacy Village LLC**	Delaware

Subsidiary	State of Incorporation or Organization
UDR Leonard Pointe LLC	Delaware
UDR Lighthouse DownREIT L.P.*	Delaware
UDR Lighthouse EAS LLC**	Delaware
UDR Marina Pointe LLC	Delaware
UDR/MetLife GP II LLC	*Delaware*
UDR/MetLife Master Limited Partnership	*Delaware*
UDR/MetLife Master Limited Partnership II	*Delaware*
UDR Milehouse LLC	Delaware
UDR/ML Venture LLC	Delaware
UDR/ML Venture 2 LLC	Delaware
UDR Midlands Acquisition, LLC*	Delaware
UDR Newport Village LLC**	Delaware
UDR NYL Deals GP LLC	Delaware
UDR of Tennessee, L.P.*	Virginia
UDR Okeeheelee LLC*	Delaware
UDR Peridot Palms LLC	Delaware
UDR Pinebrook, L.P.*	Delaware
UDR Preserve at Gateway LLC	Delaware
UDR Presidential Greens, L.L.C.	Delaware
UDR Rancho Cucamonga, L.P.	Delaware
UDR Red Stone Ranch LLC	Delaware
UDR Ridgewood (II) Garden, LLC*	Virginia
UDR Ridge at Blue Hills LLC**	Delaware
UDR River Terrace LLC	Delaware
UDR Rivergate LLC	Delaware
UDR Rodgers Forge LLC	Delaware
UDR Slade LLC	Delaware
UDR Steele Creek LLC*	Delaware
UDR Texas Properties LLC	Delaware
UDR Towers By The Bay LLC	Delaware
UDR Valley Forge LLC	Delaware
UDR Virginia Properties, LLC	Virginia
UDR Wellington Place LLC	Delaware
UDR Whitmore LLC**	Delaware
UDR Windsor Gardens LLC	Delaware
UDR WJV Member LLC	Delaware
UDR Woodland Apartments II, L.P.	Delaware
UDR Woodland GP, LLC	Delaware
UDRLP EAS LLC*	Delaware
UDRT of Delaware 4 LLC*	Delaware
United Dominion Realty, L.P.	Delaware
View 14 Investments LLC	Delaware
VP West 1 LLC	Delaware
VP West 2 LLC	Delaware
VPDEV 1 LLC	Delaware
VPDEV 2 LLC	Delaware
Washington Vue LLC	Delaware
Waterscape Village LLC	Delaware
Waterside Towers, L.L.C.	Delaware
WCP II Portals Investor, LLC	*Delaware*
West El Camino Real, LLC	*Delaware*
Western Residential, Inc.	Delaware
Wilshire Crescent Heights, LLC	*Delaware*
Windemere at Sycamore Highlands, LLC	Delaware
Winterland San Francisco Partners*	California

Subsidiary	State of Incorporation or Organization
WREP II Non-REIT Investments, L.P.	*Delaware*
WREP II/UDR AmberGlen, L.P.	*Delaware*

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No 333-129743) pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan

(2) Shelf Registration Statement (Form S-3 No 333-217491), pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Depositary Shares, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units

(3) Registration Statement (Form S-3 No 333-167270) pertaining to the registration of 3,882,187 shares of Common Stock

(4) Registration Statement (Form S-3 No 333-180553) pertaining to the registration of 2,569,606 shares of Common Stock

(5) Registration Statement (Form S-3 No 333-183510) pertaining to the registration of 1,802,239 shares of Common Stock

(6) Registration Statement (Form S-3 No 333-212727) pertaining to the registration of 16,137,973 shares of Common Stock

(7) Registration Statement (Form S-8 No 333-160180) pertaining to the Company's 1999 Long-Term Incentive Plan

(8) Registration Statement (Form S-8 No 333-201192) pertaining to the Company's 1999 Long-Term Incentive Plan

(9) Registration Statement (Form S-8 No 333-75897) pertaining to the Company's 1999 Long-Term Incentive Plan

of our reports dated February 18, 2020**,** with respect to the consolidated financial statements and schedule of UDR, Inc. and the effectiveness of internal control over financial reporting of UDR, Inc. included in this Annual Report (Form 10-K) of UDR, Inc. for the year ended December 31, 2019.

/s/Ernst & Young LLP
Denver, Colorado
February 18, 2020

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No 333-129743) pertaining to the registration of 11,000,000 shares of Common Stock, including rights to purchase Series C Junior Participating Redeemable Preferred Stock, issuable under the Company's Dividend Reinvestment and Stock Purchase Plan

(2) Shelf Registration Statement (Form S-3 No 333-217491), pertaining to the registration of an indeterminate amount of Common Stock, Preferred Stock, Depositary Shares, Debt Securities, Guarantees of Debt Securities, Warrants, Subscription Rights, Purchase Contracts and Purchase Units

(3) Registration Statement (Form S-3 No 333-167270) pertaining to the registration of 3,882,187 shares of Common Stock

(4) Registration Statement (Form S-3 No 333-180553) pertaining to the registration of 2,569,606 shares of Common Stock

(5) Registration Statement (Form S-3 No 333-183510) pertaining to the registration of 1,802,239 shares of Common Stock

(6) Registration Statement (Form S-3 No 333-212727) pertaining to the registration of 16,137,973 shares of Common Stock

(7) Registration Statement (Form S-8 No 333-160180) pertaining to the Company's 1999 Long-Term Incentive Plan

(8) Registration Statement (Form S-8 No 333-201192) pertaining to the Company's 1999 Long-Term Incentive Plan

(9) Registration Statement (Form S-8 No 333-75897) pertaining to the Company's 1999 Long-Term Incentive Plan

of our report dated February 18, 2020**,** with respect to the consolidated financial statements and schedule of United Dominion Realty, L.P. included in this Annual Report (Form 10-K) of United Dominion Realty, L.P. for the year ended December 31, 2019.

/s/ Ernst & Young LLP
Denver, Colorado
February 18, 2020

EXHIBIT 31.1

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this Annual Report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2020

/s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Joseph D. Fisher, certify that:

1. I have reviewed this Annual Report on Form 10-K of UDR, Inc.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report, based on such evaluation; and

   (d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2020

/s/ Joseph D. Fisher
Joseph D. Fisher
Chief Financial Officer and Senior Vice President
(Principal Financial Officer)

EXHIBIT 31.3

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this Annual Report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   (d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2020

/s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer) of UDR, Inc.,
general partner of United Dominion Realty, L.P.

EXHIBIT 31.4

CERTIFICATION

I, Joseph D. Fisher, certify that:

1. I have reviewed this Annual Report on Form 10-K of United Dominion Realty, L.P.;

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report, based on such evaluation; and

   (d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2020

/s/ Joseph D. Fisher
Joseph D. Fisher
Chief Financial Officer and Senior Vice President
(Principal Financial Officer) of UDR, Inc.,
general partner of United Dominion Realty, L.P.

EXHIBIT 32.1

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chairman of the Board and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 18, 2020

/s/ Thomas W. Toomey

Thomas W. Toomey
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph D. Fisher, Senior Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: February 18, 2020

/s/ Joseph D. Fisher

Joseph D. Fisher
Chief Financial Officer and Senior Vice President
(Principal Financial Officer)

EXHIBIT 32.3

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the "Operating Partnership") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Thomas W. Toomey, Chairman of the Board and Chief Executive Officer of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 18, 2020

/s/ Thomas W. Toomey
Thomas W. Toomey
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer) of UDR, Inc.,
general partner of United Dominion Realty, L.P.

EXHIBIT 32.4

CERTIFICATION

In connection with the periodic report of United Dominion Realty, L.P. (the “Operating Partnership”) on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission (the “Report”), I, Joseph D. Fisher, Senior Vice President and Chief Financial Officer of UDR, Inc., the general partner of the Operating Partnership, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership at the dates and for the periods indicated.

Date: February 18, 2020

/s/ Joseph D. Fisher
Joseph D. Fisher
Chief Financial Officer and Senior Vice President
(Principal Financial Officer) of UDR, Inc.,
general partner of United Dominion Realty, L.P.