

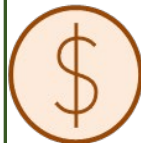


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To My Fellow Shareholders:

Throughout UDR, Inc.'s ("UDR" or the "Company") 50-year history, and my 21 years serving as Chief Executive Officer, I have been a firm believer that long-term successful businesses must do three things exceptionally well. They must,

- 1) Continuously listen to their associates, customers, and other stakeholders to determine where they are exceling or falling short,
- 2) Continually innovate while also appropriately managing the risks that come with trying new things, and
- 3) Develop, and consistently reinforce, an inclusive, results-oriented culture that provides opportunities, but also stresses personal accountability.

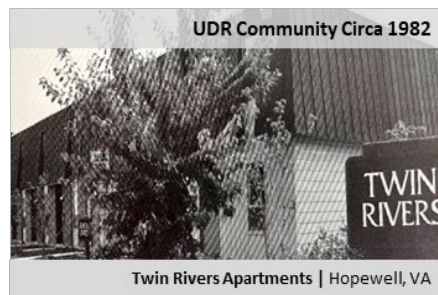


50 Years of Growth

- Founded in 1972
- Owned five apartment communities and one shopping center = ~\$50 million in enterprise value
- Historically diversified portfolio owning apartments, shopping centers, industrial, and office properties primarily in Southeastern U.S. markets
- Listed on the NYSE in May 1990
- Transitioned to internal management in 1990

UDR Today

- **Enterprise Value:** \$25 billion
- **# of Markets:** 21
- **# of Communities:** 178
- **# of Apartment Homes:** ~57,500
- **S&P 500 Apartment REIT** with a diversified portfolio by market mix, price point, and location within market
- **Full-Cycle Investment** with best-in-class operations
- **Last 38-Year Annual Average TSR: 13.1%**
- **50 Straight Years of Paying a Dividend**



Over the years, and throughout numerous real estate cycles, UDR's senior management has remained focused on these three principles to help guide our strategy and actions. I am proud to say that adherence to these principles has greatly benefited our associates, residents, and other stakeholders over time in the form of an industry-leading customer experience, strong bottom-line results, and robust total shareholder return ("TSR").

2021 was no different as we again overcame the widespread challenges to our business stemming from COVID, while also successfully implementing innovative advancements such as our Next Generation Operating Platform (“NextGen Platform” or “Platform”) and its foundational, customer-oriented self-service components which are revolutionizing how we conduct business. Trying new things is not without risk, and our track record of implementing profit-enhancing ideas, while robust, is not perfect. But, we have a very high winning percentage over our long history and expect this to persist as long as our passionate desire to innovate remains front and center at UDR.

Moving on, this letter is intended to highlight our 2021 accomplishments, but also provide the reader with a sense of the challenges we face, the opportunities we can benefit from, and how we intend to capitalize on both in the years ahead.

2021 Highlights

- Generated Funds From Operations as Adjusted (“FFOA”) per share of -1.5%; 3rd best amongst our peer group¹ (of 7 large public apartment REITs);
- Generated same-store revenue and net operating income (“NOI”) growth, as reported on a straight-line basis, of -0.4% and -2.2%, respectively; each the 4th best amongst our peer group;
- Generated TSR of 61%; 4th highest amongst our peer group;
- Further transformed how we operate our Company and how we interact with our current and prospective residents (i.e., self-service) through the ongoing implementation of our NextGen Platform;
- Continued to utilize our durable operating and capital allocation competitive advantages versus public peers and private market participants to accretively grow the Company (Enterprise Value of ~\$25 billion with ~57,500 homes) by \$1.5 billion in acquisitions primarily funded with new equity issued at an average 11% premium to consensus net asset value (“NAV”);
- Maintained a solid BBB+/Baa1 investment grade balance sheet with minimal maturities scheduled through 2025 due to actively extending duration and reducing our overall debt cost of capital over the past two years;
- Engaged in our biennial Associate Engagement Survey which confirmed that a very high percentage of UDR associates are engaged and feel they can excel at their jobs. In addition, the vast majority of UDR associates find that people with diverse backgrounds can succeed at UDR and feel they are treated fairly and with respect, and;
- Advanced our sector-leading commitment to sustainability and other environmental, social, and governance (“ESG”) goals. UDR was named as the #1 listed residential real estate ESG performer worldwide by GRESB².

2022 Outlook

Initial indications are that 2022 could be one of the best years of same-store and FFOA per share growth in our Company’s history. At the macro level, (1) demand for apartments remains as strong as we have ever seen, (2) new supply continues to look manageable, (3) demographics drivers remain beneficial, and (4) relative affordability versus single-family housing is as favorable as it has been in over a decade.

1) Peer group includes AIRC, AVB, CPT, EQR, ESS, and MAA.

2) GRESB is a leading global ESG benchmark for real assets including real estate.

Widespread, and more persistent than anticipated, inflation remains a two-edged sword. On balance, we view it as a net positive as it helps wage growth, increases replacement cost, and boosts single-family home prices and mortgage rates, all of which underpin rent growth and asset values for shorter-duration lease sectors like apartments. We also understand that inflation also increases financing costs and pressures expenses.

For UDR specifically, we continue to innovate across all levels of our business and believe this will contribute to further relative outperformance versus peers over time, irrespective of the macro environment. As is the case every year, we intend to fully capitalize on all opportunities available to us in 2022 in our never-ending pursuit to continue to create value for all of UDR's stakeholders.

A heartfelt thank you to all my fellow UDR associates for your continued dedication during these challenging times and for continually helping to position the Company for future success. Our achievements are not possible without your enthusiasm, dedication, and perseverance.

UDR's Strategy

UDR is in the midst of executing its 4th Strategic Plan over the past 21 years, but our primary core strategic objective has remained consistent: to generate robust relative TSR over time while appropriately managing risk and engaging in activities that improve our corporate citizenry. Realizing these objectives demands that we continuously weigh the trade-offs between FFOA per share growth, portfolio quality, and balance sheet strength, or as we refer to it "balancing the 3-legged stool," all within the context of our ongoing ESG efforts.

Each "leg" of our stool needs to actively support the attainment of our primary strategic objective. They must be balanced because there are often inherent puts and takes when favoring one leg over the others. For example, improving our balance sheet metrics would typically involve issuing equity or selling assets to pay down debt, which could adversely impact FFOA per share growth. With our balance sheet solidly investment grade rated and our portfolio de-risked through widespread diversification, we have primarily focused on driving FFOA per share growth over the past decade. This has resulted in UDR producing better-than-peer average FFOA per share growth in seven of the past nine years, primarily driven by better same-store NOI growth, disciplined capital allocation, and innovation.

Strong relative FFOA per share growth is a key component of our overarching strategy. Simply put, we believe that outsized FFOA per share growth, coupled with dividend and NAV per share growth, typically drives equity multiple expansion. A higher relative multiple equates to a lower relative cost of equity which makes external growth more accretive. Our repeatable operating and capital allocation competitive advantages can then enhance yield expansion on our external growth activities which should translate into outsized relative FFOA per share growth. This creates a repeatable cycle of value creation whereby better relative FFOA per share growth drives a relatively higher multiple/lower cost of equity, which in turn drives outsized FFOA per share growth. Over time, this positive feedback loop should result in sustainable, long-term TSR outperformance.

On the corporate citizenry front, accretively improving our ESG strategy has always been on our mind and reflected in our actions as outlined in our annual [ESG Reports](#). With the emergence of ESG as an increasingly important topic amongst all our stakeholders, we have more actively memorialized our efforts in transparent ways over the past several years by improving how we report our accomplishments. I am proud to say that this led to UDR being recognized [as #1 in ESG amongst all listed residential companies worldwide by GRESB](#) in 2021. We are not finished. In 2022, we will continue to examine how we can more effectively combat climate change with our investments, address important social issues by shining a brighter spotlight on our Diversity, Equity, and Inclusion (“DEI”) efforts, and continue to enhance our already robust governance framework. I look forward to sharing our progress in future communications.

UDR’s Competitive Advantages

Our repeatable and durable competitive advantages are foundational to achieving a repeatable cycle of value creation. These include,

1) Continuously Innovating and Evolving Our Operations:

In 2021, we made significant progress implementing our industry leading NextGen Platform which began rolling out in 2018. The Platform entailed moving to a resident self-service business model and rationalizing our controllable expenses, similar to what has worked well for leading companies across a variety of forward-thinking industries including e-commerce, hotel management, banks, etc. This has resulted in,

- approximately \$20 million in additional run-rate NOI;
- a nearly 40% reduction in on-site staffing;
- 30% more touring traffic through our properties;
- improved resident satisfaction as measured by net promoter scores, and therefore better customer service;
- controllable expense growth well below the peer average since 2018;
- bigger and better jobs for our associates in the field, and;
- a sustainable controllable margin advantage of 250 basis points versus comparable apartment companies with similar rents.

In addition to the clear benefits we garnered on our existing portfolio, these advantages also serve to boost yield expansion on external growth activities above what the market alone can provide.

So, what is next? The simple answer is further innovation. We have identified a variety of big-picture operating initiatives with a maximum potential incremental NOI contribution of \$100-\$125 million (or +10%-15% growth) on our current portfolio. Of this, approximately \$20 million in near-term initiatives are in process and expected to add to our bottom-line over the next 12-24 months. Achieving the remaining \$80-\$105 million is dependent on us successfully monetizing the broader initiatives outlined below over time.

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Our next phase of innovation can best be defined as “the intersection of data and decisions.” It uses the immense amount of data we collect and source to influence daily operating decisions through large-scale data analytics and machine learning. At its core it is improving our customers’ UDR experience by identifying critical trigger points throughout the lifecycle of a resident and then changing a potential negative outcome (i.e., choosing not to renew a lease) to a positive outcome (i.e., getting a renewal). We believe this will extend the average length of stay among our residents and help us focus our marketing efforts on prospective customers that are more likely to renew their leases. Improving the customer experience, and thereby increasing retention, should benefit UDR and its stakeholders in a variety of ways including,

- 1) higher renewal rental rates;
- 2) lower turnover and vacancy loss;
- 3) higher new lease rates due to less availability (i.e., lower days vacant);
- 4) the ability to sell more amenities and services to our residents in low-friction ways (e.g., dog walking, furnishing services, WI-FI, etc.), and;
- 5) turning “shoppers” into “buyers” by better linking our pricing, sales, and marketing functions.

In addition, our continued innovation is expected to further curtail our controllable expense growth through improved procurement processes, increasing the number of UDR properties with no associates onsite (to 27 from 19 over the next 12-24 months), and expanding our use of advanced artificial intelligence to communicate with our residents. We are excited about what innovation will do for UDR over the coming years as we continue to listen to our associates, customers, and other stakeholders to drive our business forward.

I would like to thank Mike Lacy, Matt Cozad, Kristen Nicholson, Scott Wesson, Josh Gampp, their teams at corporate, and our teams in the field for dedicating themselves to our innovation goals. Without you, UDR’s innovation would not be possible.

2) Capital Allocation:

In addition to the operating efficiencies described above, our repeatable capital allocation competitive advantage versus public and private peers is driven by,

- integrating historical, value-add operating initiatives;
- clustering the operations of UDR communities proximate to one another to gain efficiencies;
- improving core operations;
- creating NOI upside from targeted renovations and capital expenditures;
- enhancing market selection through predictive analytics and qualitative analyses, and;
- having access to and utilizing diverse sources of capital.

Big picture, UDR operates in 21 markets nationwide with a portfolio diversified by price point and urban/suburban mix. We intend to remain diversified as we continue to grow and see ample

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opportunities for further expansion within our current geographic footprint should accretive funding sources be available.

The past three years provides a strong example of how we tactically execute on this big picture strategy. Aside from mid-to-late 2020, during the height of the COVID pandemic, our equity has traded at an average 8% premium to NAV during this period and we have taken advantage by accretively acquiring approximately \$2.7 billion of third-party communities, of which \$1.5 billion occurred in 2021. These acquisitions are loaded with the upside attributes described previously and were targeted to generate NOI growth 10%-15% above market growth over the first three years of ownership. I am pleased to say that our 2019-2021 investments are well on their way to attaining, and beating, our underlying NOI expectations.

Last, while the excess value creation we have produced through external growth has been primarily acquisition-based over the past three years, our relative competitive advantage also holds true for new development. In 2022, we intend to grow our development pipeline from approximately \$500 million to \$1 billion to monetize our operating and capital allocation competitive advantages and generate robust FFOA upside. All our stakeholders should continue to benefit from our accretive external growth in the years to come.

A sincere thank you goes out to Harry Alcock, Joe Fisher, Andrew Cantor, Bob McCullough, Dave Thatcher, Chris Van Ens, their teams at corporate, and our teams in the field for continuing to monetize our capital allocation competitive advantages and drive accretive growth for all of our stakeholders.

UDR's Culture

Our innovation and enduring competitive advantages stem primarily from our culture. Taking on new challenges and being willing to experiment across all of our business areas are in our DNA and are the driving forces behind our differentiation in the multifamily space. Our associates are constantly asking "what's next?" and I am thankful for their eagerness, as without their personal investment, none of our advances or successes would be possible.

I am also proud to write that through our Associate Engagement Survey, with a 97% participation rate, we know that a very high percentage of UDR associates are engaged and feel they can excel at their jobs. In addition, the vast majority of UDR associates find that people with diverse backgrounds can succeed at UDR and feel they are treated fairly and with respect. These results have significance, as a happier workforce will always produce better results than the antithesis. UDR has a strong, innovative culture that all associates at our Company will continue to cultivate in the years ahead.

ESG Update

Much of this letter has been dedicated to why we believe UDR will continue to generate the strong relative performance we have become known for, and our industry leading ESG pursuits are no different. However, given what we accomplished on the ESG front during 2021, I would like to take a quick lap down memory lane.

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During 2021, we,

- Scored an 86 in the annual GRESB survey, the highest amongst our multifamily peers and the highest amongst all listed residential companies worldwide. This is a phenomenal achievement. We will work to maintain our advantage in the coming years.
- Published our 3rd annual ESG Report which included updated ESG targets, goals, and successes. For “E”, we are progressing well on our long-term targets for reduced energy consumption, water consumption, and carbon emissions, and we increased our renewable energy usage and recycling diversion targets after reaching previous targets five years early. For “S”, we continued to support our associates and residents through these trying times and actively sourced over \$28 million in rental assistance for residents in need through December 31, 2021. For “G”, we maintained a robust framework of engagement across a variety of stakeholder groups, enhanced our Board’s diversity, and formally adopted a “Rooney Rule” for Board and other management searches a couple of years ago. I am proud of these accomplishments. Please see our [ESG website](#) for additional information and to access our [latest ESG Report](#).
- Performed an extensive DEI deep dive whereby a third-party consultant engaged UDR associates at all levels in surveys, interviews, and focus groups with the goal of continuing to improve. I can personally attest to senior management’s and our Board’s commitment to further improving DEI at UDR and look forward to sharing our progress moving forward.

Looking ahead, the ESG landscape continues to evolve at a rapid pace. As such, we will stay nimble and flexible in our ESG pursuits, continue to confer with stakeholders to better understand how they view ESG, and identify “win-win” opportunities that advance our ESG goals and generate strong returns. Already, we have performed climate change analyses on all of our markets and assets as well as assessed our carbon footprint at the community-level. These will come in handy during 2022 as we adopt Science Based Targets to map out our longer-term “E” strategy and reduce emissions.

A special thank you goes out to Matt Cozad, Nathan Johnson, Chris Van Ens, Ken Balcerzak, David Lowrey, their teams at corporate, and our teams in the field for pushing our ESG efforts forward. They are integral to our future success.

Management Team Update

On a somewhat bittersweet note, long-time UDR associates Jerry Davis and Mari Akers retired at year-end 2021. Jerry, our former President, and Mari, our former Senior Vice President – Organizational Development and Engagement, have both transitioned to consulting roles. For this I am grateful, as we will still be able to tap their experience and knowledge. A sincere and heartfelt thanks to Jerry and Mari for their years of dedicated service to UDR and its stakeholders. They remain long-term partners who will continue to mentor current UDR associates and help to build a deep, long-term pool of talent.

Board of Directors Update

UDR asked [Kevin Nickelberry](#) to join our Board in 2021, and he gracefully accepted. Mr. Nickelberry is Managing Director and Co-Head of Private Equity Co-Investments at GCM Grosvenor and has over 25 years of private equity origination, execution, and post-acquisition experience. We look forward to

utilizing Kevin's valuable skillset, and his addition again reaffirms UDR's commitment to broadening our diversity at all levels.

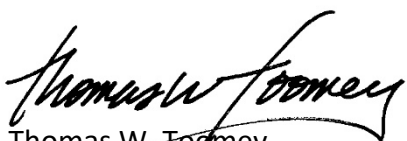
Reflection and 2022 Outlook

Entering 2021, COVID vaccination was still in its infancy, cities and offices were still largely shut down, there was no rental assistance in place to help residents in need, and we did not know how COVID may impact our lives over the long-term, let alone the next 12 months. While the U.S. made progress on many of these unknowns in 2021, it is likely that COVID variants will remain with us for the foreseeable future, but we are better learning to adapt to, and overcome, these challenges.

Despite these lingering uncertainties, 2022 may turn out to be one of the best growth years in our history. Apartment fundamentals are as strong as we have ever seen, relative affordability versus single-family housing remains in our favor, and UDR's operating and capital allocation competitive advantages continue to run at a high level. But risks do remain. These largely revolve around regulatory responses to new COVID variants at all levels of government and hold-over regulatory measures from earlier in the pandemic such as eviction moratoriums. As such, we will remain nimble, continue to capitalize on the opportunities presented to us and, above all, continue to innovate how we operate and grow our business. I remain thankful that apartments are a dynamic business and that UDR has been able to consistently capitalize on the opportunities presented to us, and overcome the inevitable challenges over the years, via our repeatable competitive advantages and innovative culture.

With that, I would like to again express sincere gratitude to my fellow UDR associates for their hard work, compassion, and willingness to think outside the box, which has been the norm over our 50-year history. We at UDR appreciate your trust in our people, processes, and strategy, which has been critical in enabling us to build and continue to deliver on our vision. I look forward to many more years of continued success.

Best,



Thomas W. Toomey
Chairman and Chief Executive Officer