



Opening doors to the future®

To My Fellow Shareholders:

Over the course of my 24 years at UDR, Inc. (“UDR” or the “Company”) and more than 30 years in the multifamily industry, I have experienced numerous business and economic cycles, bouts of political uncertainty, and periods of volatility. The last five years are a perfect example of how external factors such as a pandemic, interest rate volatility, and the exponential rise in artificial intelligence can influence lifestyle preferences, investor perceptions, and the use of technology in our daily lives. Despite these macro influences on the economy, housing remains a needs-based business and one that is structurally undersupplied across the United States given high levels of demand. To help evolve our Company and better manage through factors outside of our control, we have reenvisioned how we conduct business by delivering a self-service model, dramatically re-thinking how to deliver superior customer experience, and marrying our best-in-class operational acumen with innovation and capital deployment to drive value for our associates, residents, and stakeholders.

To that end, 2024 was a strong year for UDR. Among our many accomplishments, the Company:

- Generated total shareholder return of 18.3%, which outperformed the NAREIT Equity REIT Index by 960 basis points.
- Increased our dividend for the 15th consecutive year. Since 2009, we have raised our dividend by approximately 6% on average each year, enhancing our already strong total return profile.
- Advanced our innovation efforts to deliver greater resident satisfaction, improve resident retention and length of stay, and enhance associate resources, thereby positioning the Company well for years to come. Since the first quarter of 2023, UDR has delivered the highest increase in resident retention among our apartment REIT peers. I thank Josh Gampp, Scott Wesson, Kristin Nicholson, and our Innovation Team for continually finding creative solutions to advance the way we conduct business and deliver a desirable living experience to our residents.
- Adhered to capital market signals and maintained disciplined capital allocation, growing the Company through the completion of two development projects totaling 415 apartment homes. Our business stands on solid ground, and we continue to source external growth investments to create value. I thank Andrew Cantor, Dan Campbell, Hilary Dowden, and their teams for their continual efforts to uncover attractive capital deployment opportunities across our target markets.
- Maintained a solid BBB+/Baa1 investment grade rating. I am grateful to Joe Fisher, Abe Claude, and their teams for positioning our balance sheet with minimal debt maturities through 2026 while enhancing liquidity to more than \$1 billion.
- Expanded our commitment to environmental, social, and governance (“ESG”) goals, as evidenced by UDR being named the 2024 Top Workplaces winner in the Real Estate industry, a LEED Homes Award recipient in the Outstanding Developer category, and being named to Newsweek’s list of America’s Most Responsible Companies for the third consecutive year. Chris Van Ens, Stephanie Marlin, Justin Rychlick, and our Sustainability team rightfully deserve credit for advancing our long-term environmental strategy.
- Extel¹ recognized UDR’s Board, Chairman and CEO, President and CFO, and Investor Relations team as being the best in their respective categories among large-cap U.S. REITs.

¹ Extel (formerly Institutional Investor) offers annual rankings on corporates, buy-side and sell-side research, hedge funds, fixed income and asset management. These rankings have become known as the benchmark for excellence and a published position is confirmation directly from investors and/or sell-side analysts of the quality and reliability of a company’s efforts.

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While the team and I are proud of our accomplishments, we continue to build the Company for the future and are excited for what lies ahead. Namely, our primary goals remain to innovate and drive durable competitive advantages across our diversified portfolio of apartment homes. Over time, these should generate attractive risk-adjusted returns for our stakeholders irrespective of the economic cycle. To accomplish this, we remain focused on executing in areas that we can control. These include continuous innovation, the quality of our customer service, growing the skill set of our associates, solidifying our balance sheet and improving liquidity, and actively engaging investors.

We start 2025 on relatively stronger footing than 2024 as multifamily supply completions that reached 50-year highs have been well absorbed over the last 12 to 15 months while employment growth remains resilient. Nevertheless, this is balanced by items outside of our control such as interest rate volatility, economic uncertainty, geopolitical risks, and regulatory risk, all of which could impact customer behavior. While the macro backdrop remains fluid, we remain confident in our abilities to navigate through a wide range of outcomes. Our success over time can be directly linked to four core attributes:

- 1) Always listening to associates, customers, and other stakeholders to guide long-term strategy and short-term tactics.
- 2) Continually evolving how we conduct our business through ongoing innovation.
- 3) Fostering an inclusive culture that empowers teams and associates to innovate while simultaneously affording opportunities for career growth and work-life balance.
- 4) Focusing on what we can control and creating strategies that mitigate risk from drivers of our business that are out of our control.

Looking to 2025, we have strategically positioned ourselves with industry-leading occupancy of over 97% to begin the year, with the intent of driving rental rate growth as supply pressures abate and the peak leasing season unfolds. Also in our favor are several underlying fundamental factors including:

- 1) Our consumer remains resilient, with rent-to-income ratios below the long-term average.
- 2) Relative affordability versus alternative housing options remains decidedly in our favor at roughly 60% less expensive to rent than own, a 25% improvement from pre-COVID, and supportive of a stable to declining homeownership rate.
- 3) The largest U.S. age cohorts remain in their prime renter years, according to the latest U.S. Census data, providing continued support for long-term rental demand.
- 4) Multifamily development starts activity has retreated by approximately 70% from recent highs and is now well below historical norms, which should lead to a favorable demand versus supply dynamic and benefit future rental rate growth.

Beyond the financial results we report are the structural enhancements we have been making to drive improved outcomes for all UDR stakeholders. The best example of this is our Customer Experience Project, which helps to improve our residents' UDR experience, improve resident retention over time, and better capture the lifetime value of a UDR resident. In essence, we are creating a home for our residents for which they are prideful and want to live. We have developed sentiment indicators from the interactions we have with our residents, which help inform us of events that are pleasing, frustrating, or could otherwise be changed to enhance the living experience at a UDR apartment community. From this, we are able to measure, map, and orchestrate improved engagement and targeted actions that enhance the likelihood a resident will renew their lease and extend their residency with UDR. The potential financial upside from this approach is material. For every 1% decrease in resident turnover our net operating income ("NOI") increases by approximately \$3.5 million. Since implementing our Customer Experience Project in 2023, annualized resident turnover has improved by more than 4%. UDR's approach to customer experience is unique among our peers, and we believe we can create a sustainable advantage that results in 5% to 10% better relative turnover, which equates to approximately \$20 to \$35 million of higher run rate cash flow. I would like to thank Mike Lacy, Matt Cozad, Cesar Armendariz, Jacob Wesson, and our approximately 1,400 associates across the country for your continued passion to deliver success as we turn data into actions that drive enhanced cash flow.

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Culturally, we continue to increase the frequency, depth, and breadth of associate engagement. Nearly 90% of UDR associates provide open and honest comments through various discussions, surveys, and townhall-style forums. I am encouraged by our industry-leading response rate and feedback that shows an overwhelming majority of our associates enjoy working for, and believe they can succeed at, UDR. This is best evidenced by achieving an all-time Company low associate turnover rate of 20% in 2024, which is materially better than the industry average of 33%. While I am pleased with these results, Shezelle Krei, Breanne Bell, and our Human Resources teams continue to improve our frameworks for engagement and growth. Based on what we have heard from our associates, we are taking actions for our collective best interests through the implementation of individual development plans and enhanced cross-functional collaboration. We have already engendered a philosophy of collaboration, trust, and innovation where individuals feel welcomed, valued, proud, and empowered to do their best work. With our additional actions, we are solidifying UDR's status as a USA Today Top Workplace that associates are proud to represent.

Active investor engagement remains a cornerstone of our business, which enables proper communication of our strategy and creates a channel for real-time feedback. In 2024 and early 2025, we conducted more than 700 conversations with investors through a variety of formats including industry conferences, property tours, and virtual meetings. Investors have appreciated our responsiveness, transparency, and thoroughness, which resulted in UDR's Investor Relations Team, Investor Relations Officer, and Investor Relations Program being recognized by Extel as the best among large-cap U.S. REITs. I thank Trent Trujillo and his team for all they do to maintain an open dialogue between the Company and our stakeholders.

Management Update

At the beginning of 2025, we made two notable changes among executive management. First, Mike Lacy was promoted to Chief Operating Officer after having served as Senior Vice President of Operations since 2019. It is rewarding to see Mike make such material progress in his career, which started 18 years ago at UDR and has spanned a variety of roles across the Company. Second, following the retirement of Harry Alcock, UDR's longtime Chief Investment Officer, Joe Fisher was appointed to the position of Chief Investment Officer in addition to his roles as President and Chief Financial Officer. The Company has initiated an executive search process to recruit a new Chief Financial Officer, and upon his or her hire Mr. Fisher will relinquish his responsibilities in that capacity while retaining the roles of President and Chief Investment Officer.

Both Joe and Mike have demonstrated exemplary leadership and have made countless contributions to our culture and the Company's growth. These new roles reflect a natural expansion of their leadership skills and ability to innovate and drive value creation across the organization.

Board Update

On a bittersweet note, James "Jim" Klingbeil has decided not to seek re-election to the Company's Board and will relinquish his role as Lead Independent Director. Jim, who joined the Board in 1998 and has overseen multiple strategic plans through UDR's transformation into a blue-chip company, has blessed UDR with his knowledge, experience, and guidance. I am thankful that UDR and its investors will continue to benefit from his insights in his new role as Chairman Emeritus.

With change comes opportunity, and we are fortunate to name Jon Grove as the Company's next Lead Independent Director. Similar to Jim, Jon has deep institutional knowledge and shares a commitment to innovation that drives value creation. Together with the rest of our talented Directors, we have created an exceptional group of stewards to oversee our continued growth as a leading real estate company.

Reflection

When considering our long-term growth trajectory, we will continue to focus on our customers, associates, and stakeholders.

- 1) Customers. Our residents have healthy rent-to-income ratios and relative affordability continues to favor apartments over other forms of housing. With the 50-year high in supply completions now in the rearview mirror, the demand versus supply dynamic is reverting to our favor.
- 2) Associates. Through frequent dialogue, we have created a strong and engaging culture that empowers our associates to constantly innovate and help grow the Company.
- 3) Stakeholders. We are highly engaged and understand what stakeholders believe we are doing well and where we can and will improve.

From these interactions, we have created a company that is a full cycle investment and maximizes value creation for our stakeholders regardless of the economic environment. In 2025 and beyond, we will lean into what we can control and execute on. This means leveraging our operating platform, adjusting our tactics to combat the ever-changing economic landscape, taking an opportunistic approach to capital allocation to ensure accretive deployment while maintaining liquidity and balance sheet flexibility, and continuing to invest in our associates and culture. Taken together, I believe these tactics will continue UDR's proven history of success, as demonstrated by 11% average annual total shareholder return over the course of my 24 years with the Company.

Finally, my and Senior Management's thanks go out to our associates, the Company's trusted partners, and our Board. These groups drive success, and I look forward to seeing how our innovation will propel UDR forward in the years to come.

Best,



Thomas W. Toomey
Chairman and Chief Executive Officer