

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2026

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.

(Exact name of registrant as specified in its charter)

Maryland

*(State or other jurisdiction of
incorporation of organization)*

54-0857512

*(I.R.S. Employer
Identification No.)*

1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129

(Address of principal executive offices) (zip code)

(720) 283-6120

(Registrant's telephone number, including area code)

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, par value \$0.01	UDR	New York Stock Exchange

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. 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). 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.

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). Yes ☐ No ☒

The number of shares of UDR, Inc.'s common stock, \$0.01 par value, outstanding as of July 24, 2026 was 321,264,222.

UDR, INC.

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

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
ASSETS		
Real estate owned:		
Real estate held for investment	\$ 16,114,220	\$ 16,415,000
Less: accumulated depreciation	(7,439,163)	(7,374,546)
Real estate held for investment, net	8,675,057	9,040,454
Real estate under development (net of accumulated depreciation of \$0 and \$0, respectively)	147,617	72,885
Real estate held for disposition (net of accumulated depreciation of \$79,664 and \$0, respectively)	54,384	—
Total real estate owned, net of accumulated depreciation	8,877,058	9,113,339
Cash and cash equivalents	1,193	1,222
Restricted cash	34,936	35,710
Notes receivable, net	171,667	149,979
Investment in and advances to unconsolidated joint ventures, net	728,837	886,492
Operating lease right-of-use assets	185,647	187,624
Other assets	266,010	231,308
Total assets	\$ 10,265,348	\$ 10,605,674
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt, net	\$ 933,063	\$ 961,180
Unsecured debt, net	4,880,769	4,860,189
Operating lease liabilities	181,016	182,963
Real estate taxes payable	41,847	45,640
Accrued interest payable	51,419	51,698
Security deposits and prepaid rent	58,473	61,205
Distributions payable	150,913	151,934
Accounts payable, accrued expenses, and other liabilities	128,549	142,102
Total liabilities	6,426,049	6,456,911
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	900,280	859,966
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized at June 30, 2026 and December 31, 2025:		
8.00% Series E Cumulative Convertible; 2,600,678 and 2,600,678 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	43,192	43,192
Series F; 9,778,769 and 10,105,845 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	1	1
Common stock, \$0.01 par value; 450,000,000 shares authorized at June 30, 2026 and December 31, 2025:		
321,266,356 and 328,273,044 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	3,213	3,283
Additional paid-in capital	7,216,484	7,480,594
Distributions in excess of net income	(4,327,138)	(4,240,268)
Accumulated other comprehensive income/(loss), net	2,931	1,660
Total stockholders' equity	2,938,683	3,288,462
Noncontrolling interests	336	335
Total equity	2,939,019	3,288,797
Total liabilities and equity	\$ 10,265,348	\$ 10,605,674

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
REVENUES:				
Rental income	\$ 422,933	\$ 423,001	\$ 846,254	\$ 842,837
Joint venture management and other fees	2,466	2,398	4,994	4,510
Total revenues	425,399	425,399	851,248	847,347
OPERATING EXPENSES:				
Property operating and maintenance	76,331	75,613	157,063	151,603
Real estate taxes and insurance	56,846	57,008	116,705	115,753
Property management	13,745	13,747	27,503	27,392
Other operating expenses	12,966	7,753	22,381	15,812
Real estate depreciation and amortization	160,120	163,191	321,388	324,585
General and administrative	18,714	19,929	38,078	39,424
Casualty-related charges/(recoveries), net	3,073	3,382	8,802	6,679
Other depreciation and amortization	3,451	7,387	6,786	14,454
Total operating expenses	345,246	348,010	698,706	695,702
Gain/(loss) on sale of real estate owned	35,704	—	193,120	47,939
Operating income	115,857	77,389	345,662	199,584
Income/(loss) from unconsolidated entities	3,271	3,629	22,967	9,443
Interest expense	(47,640)	(48,665)	(96,216)	(96,366)
Interest income and other income/(expense), net	2,596	8,134	5,030	10,055
Income/(loss) before income taxes	74,084	40,487	277,443	122,716
Tax (provision)/benefit, net	(429)	(258)	(884)	(416)
Net income/(loss)	73,655	40,229	276,559	122,300
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	(4,609)	(2,545)	(17,670)	(7,884)
Net (income)/loss attributable to noncontrolling interests	(11)	(11)	(23)	(23)
Net income/(loss) attributable to UDR, Inc.	69,035	37,673	258,866	114,393
Distributions to preferred stockholders — Series E (Convertible)	(1,225)	(1,211)	(2,445)	(2,417)
Net income/(loss) attributable to common stockholders	\$ 67,810	\$ 36,462	\$ 256,421	\$ 111,976
Income/(loss) per weighted average common share:				
Basic	\$ 0.21	\$ 0.11	\$ 0.79	\$ 0.34
Diluted	\$ 0.21	\$ 0.11	\$ 0.79	\$ 0.34
Weighted average number of common shares outstanding:				
Basic	322,958	330,778	325,117	330,703
Diluted	323,287	331,715	325,387	331,717

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income/(loss)	\$ 73,655	\$ 40,229	\$ 276,559	\$ 122,300
Other comprehensive income/(loss), including portion attributable to noncontrolling interests:				
Other comprehensive income/(loss) - derivative instruments:				
Unrealized holding gain/(loss)	756	(27)	1,764	81
(Gain)/loss reclassified into earnings from other comprehensive income/(loss)	(195)	(1,379)	(407)	(2,746)
Other comprehensive income/(loss), including portion attributable to noncontrolling interests	561	(1,406)	1,357	(2,665)
Comprehensive income/(loss)	74,216	38,823	277,916	119,635
Comprehensive (income)/loss attributable to noncontrolling interests	(4,656)	(2,462)	(17,779)	(7,720)
Comprehensive income/(loss) attributable to UDR, Inc.	\$ 69,560	\$ 36,361	\$ 260,137	\$ 111,915

See accompanying notes to consolidated financial statements.

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

	Preferred Stock	Common Stock	Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss), net	Noncontrolling Interests	Total
Balance at March 31, 2026	\$ 43,193	\$ 3,259	\$ 7,384,029	\$ (4,147,206)	\$ 2,405	\$ 335	\$ 3,286,015
Net income/(loss) attributable to UDR, Inc.	—	—	—	69,035	—	—	69,035
Other comprehensive income/(loss)	—	—	—	—	526	—	526
Issuance/(forfeiture) of common and restricted shares, net	—	—	3,479	—	—	—	3,479
Issuance of common shares through public offering, net	—	—	(36)	—	—	—	(36)
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	9	29,240	—	—	—	29,249
Contribution from non-controlling interest	—	—	—	—	—	1	1
Common stock distributions declared (\$0.435 per share)	—	—	—	(139,640)	—	—	(139,640)
Repurchase of common shares	—	(55)	(200,228)	—	—	—	(200,283)
Preferred stock distributions declared-Series E (\$0.471 per share)	—	—	—	(1,225)	—	—	(1,225)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	(108,102)	—	—	(108,102)
Balance at June 30, 2026	\$ 43,193	\$ 3,213	\$ 7,216,484	\$ (4,327,138)	\$ 2,931	\$ 336	\$ 2,939,019

	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, 2025	\$ 43,193	\$ 3,283	\$ 7,480,594	\$ (4,240,268)	\$ 1,660	\$ 335	\$ 3,288,797
Net income/(loss) attributable to UDR, Inc.	—	—	—	258,866	—	—	258,866
Other comprehensive income/(loss)	—	—	—	—	1,271	—	1,271
Issuance/(forfeiture) of common and restricted shares, net	—	3	3,976	—	—	—	3,979
Issuance of common shares through public offering, net	—	—	(473)	—	—	—	(473)
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	10	32,587	—	—	—	32,597
Contribution from non-controlling interest	—	—	—	—	—	1	1
Common stock distributions declared (\$0.87 per share)	—	—	—	(281,513)	—	—	(281,513)
Repurchase of common shares	—	(83)	(300,200)	—	—	—	(300,283)
Preferred stock distributions declared-Series E (\$0.942 per share)	—	—	—	(2,445)	—	—	(2,445)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	(61,778)	—	—	(61,778)
Balance at June 30, 2026	\$ 43,193	\$ 3,213	\$ 7,216,484	\$ (4,327,138)	\$ 2,931	\$ 336	\$ 2,939,019

	Preferred Stock	Common Stock	Paid-in Capital	Distributions in Excess of Net Income	Accumulated Other Comprehensive Income/(Loss), net	Noncontrolling Interests	Total
Balance at March 31, 2025	\$ 43,193	\$ 3,312	\$ 7,575,098	\$ (4,293,032)	\$ 2,473	\$ 335	\$ 3,331,379
Net income/(loss) attributable to UDR, Inc.	—	—	—	37,673	—	—	37,673
Other comprehensive income/(loss)	—	—	—	—	(1,313)	—	(1,313)
Issuance/(forfeiture) of common and restricted shares, net	—	—	3,050	—	—	—	3,050
Issuance of common shares through public offering, net	—	—	(9)	—	—	—	(9)
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	1	4,713	—	—	—	4,714
Common stock distributions declared (\$0.43 per share)	—	—	—	(142,495)	—	—	(142,495)
Preferred stock distributions declared-Series E (\$0.465 per share)	—	—	—	(1,211)	—	—	(1,211)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	93,363	—	—	93,363
Balance at June 30, 2025	\$ 43,193	\$ 3,313	\$ 7,582,852	\$ (4,305,702)	\$ 1,160	\$ 335	\$ 3,325,151

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	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, 2024	\$ 43,193	\$ 3,309	\$ 7,572,480	\$ (4,179,415)	\$ 3,638	\$ 335	\$ 3,443,540
Net income/(loss) attributable to UDR, Inc.	—	—	—	114,393	—	—	114,393
Other comprehensive income/(loss)	—	—	—	—	(2,478)	—	(2,478)
Issuance/(forfeiture) of common and restricted shares, net	—	2	3,904	—	—	—	3,906
Issuance of common shares through public offering, net	—	—	(463)	—	—	—	(463)
Adjustment for conversion of noncontrolling interest of unitholders in the Operating Partnership and DownREIT Partnership	—	2	6,931	—	—	—	6,933
Common stock distributions declared (\$0.86 per share)	—	—	—	(285,014)	—	—	(285,014)
Preferred stock distributions declared-Series E (\$0.93 per share)	—	—	—	(2,417)	—	—	(2,417)
Adjustment to reflect redemption value of redeemable noncontrolling interests	—	—	—	46,751	—	—	46,751
Balance at June 30, 2025	\$ 43,193	\$ 3,313	\$ 7,582,852	\$ (4,305,702)	\$ 1,160	\$ 335	\$ 3,325,151

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2026	2025
Operating Activities		
Net income/(loss)	\$ 276,559	\$ 122,300
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	328,174	339,039
(Gain)/loss on sale of real estate owned	(193,120)	(47,939)
(Income)/loss from unconsolidated entities	(22,967)	(9,443)
Return on investment in unconsolidated joint ventures and partnerships	14,303	23,486
Amortization of share-based compensation	16,430	16,260
Other	20,930	17,541
Changes in operating assets and liabilities:		
(Increase)/decrease in operating assets	(11,616)	(9,223)
Increase/(decrease) in operating liabilities	(37,775)	(45,476)
Net cash provided by/(used in) operating activities	390,918	406,545
Investing Activities		
Acquisition of real estate assets	(53,423)	—
Proceeds from sales of real estate investments, net	353,365	203,565
Development of real estate assets	(52,955)	(15,265)
Capital expenditures and other major improvements — real estate assets	(104,184)	(113,247)
Capital expenditures — non-real estate assets	(6,593)	(28,628)
Investment in unconsolidated joint ventures and partnerships	(2,801)	(21,490)
Distributions received from unconsolidated joint ventures and partnerships	142,748	46,127
Repayment/(issuance) of notes receivable, net	(50,358)	(112,000)
Net cash provided by/(used in) investing activities	225,799	(40,938)
Financing Activities		
Payments on secured debt	(28,320)	(3,231)
Net proceeds/(repayment) of commercial paper	35,000	(69,900)
Net proceeds/(repayment) of revolving bank debt	(15,413)	20,854
Repurchase of common shares	(300,283)	—
Distributions paid to redeemable noncontrolling interests	(19,803)	(19,801)
Distributions paid to preferred stockholders	(2,436)	(2,408)
Distributions paid to common stockholders	(282,919)	(283,174)
Other	(3,346)	(8,265)
Net cash provided by/(used in) financing activities	(617,520)	(365,925)
Net increase/(decrease) in cash, cash equivalents, and restricted cash	(803)	(318)
Cash, cash equivalents, and restricted cash, beginning of year	36,932	35,427
Cash, cash equivalents, and restricted cash, end of period	\$ 36,129	\$ 35,109
Supplemental Information:		
Interest paid during the period, net of amounts capitalized	\$ 93,260	\$ 96,670
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	6,378	6,251
Cash paid/(refunds received) for income taxes	1,255	1,274
Non-cash transactions:		
Net proceeds from sale of real estate investment held by qualified intermediary	\$ 40,832	\$ —
Preferred equity investment settled in exchange for acquisition of real estate owned	27,409	—
Notes receivable settled in exchange for real estate owned	34,757	180,700
Conversion of note receivable to equity securities	—	42,807
Development costs and capital expenditures incurred, but not yet paid	33,260	23,433
Conversion of Operating Partnership and DownREIT Partnership noncontrolling interests to common stock (956,845 shares and 155,453 shares, respectively)	32,597	6,933
Dividends declared, but not yet paid	150,913	153,662
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	\$ 1,222	\$ 1,326
Restricted cash	35,710	34,101
Total cash, cash equivalents, and restricted cash as shown above	\$ 36,932	\$ 35,427
Cash, cash equivalents, and restricted cash, end of period:		
Cash and cash equivalents	\$ 1,193	\$ 1,532
Restricted cash	34,936	33,577
Total cash, cash equivalents, and restricted cash as shown above	\$ 36,129	\$ 35,109

See accompanying notes to consolidated financial statements.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026

1. 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 in targeted markets located in the United States. At June 30, 2026, our consolidated apartment portfolio consisted of 162 communities with a total of 54,173 apartment homes located in 21 markets. In addition, the Company has an ownership interest in 8,720 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 3,319 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 Note 4, *Variable Interest Entities* and 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 June 30, 2026, there were 190.5 million units in the Operating Partnership (“OP Units”) outstanding, of which 177.2 million OP Units (including 0.1 million of general partnership units), or 93.0%, were owned by UDR and 13.3 million OP Units, or 7.0%, were owned by outside limited partners. As of June 30, 2026, there were 32.4 million units in the DownREIT Partnership (“DownREIT Units”) outstanding, of which 23.7 million, or 73.1%, were owned by UDR and its subsidiaries and 8.7 million, or 26.9%, 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. In July 2026, the DownREIT Partnership was liquidated. In connection with the liquidation, the assets of the DownREIT were acquired by the Operating Partnership and the outstanding DownREIT Units were exchanged for two new classes of units in the Operating Partnership. UDR and each of the outside limited partners of the DownREIT Partnership received a number of new Operating Partnership units equal to the number of DownREIT Units that UDR or such outside limited partner previously owned. The economic terms of the new Operating Partnership Units received by the former outside limited partners of the DownREIT Partnership are substantially the same as the economic terms of the DownREIT Units, including with respect to distributions and the right to redeem such units for either the Cash Amount or the REIT Share Amount (each as defined in the amended and restated partnership agreement of the Operating Partnership), subject to certain exceptions, as described in Note 9, *Noncontrolling Interests*. Because the Company already consolidated both entities, the transaction did not result in any changes to the Company's assets or liabilities.

The accompanying interim unaudited consolidated financial statements have been prepared according to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted according to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments and eliminations necessary for the fair presentation of our financial position as of June 30, 2026, and results of operations for the three and six months ended June 30, 2026 and 2025, have been included. Such adjustments are normal and recurring in nature. The interim results presented are not necessarily indicative of results that can be expected for a full year. The accompanying interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2025 appearing in UDR's Annual Report on Form 10-K, filed with the SEC on February 17, 2026.

The accompanying interim unaudited consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles (“GAAP”). 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 interim unaudited consolidated financial statements and the amounts of revenues and expenses during the reporting periods. Actual amounts realized or paid could differ from those estimates. All significant intercompany accounts and transactions have been eliminated in consolidation.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

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 described above, and in Note 3, *Real Estate Owned*, and Note 5, *Joint Ventures and Partnerships*.

2. SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, *Disaggregation of Income Statement Expenses*, which requires disclosure of additional information about specific cost and expense categories in the notes to the financial statements. The ASU may be applied either prospectively or retrospectively and is effective for the Company for the year ended December 31, 2027, and interim reporting periods commencing in 2028. The Company is currently evaluating the effect that the ASU will have on the consolidated financial statements and related disclosures.

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 variable interest entity (“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.

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 been transferred by the Company, 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 or loss on consolidation of a property.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Allowance for Credit Losses

The Company accounts for allowance for credit losses under the current expected credit loss (“CECL”) impairment model for its financial assets, including trade and other receivables, held-to-maturity debt securities, loans and other financial instruments, and presents the net amount of the financial instrument expected to be collected. The CECL impairment model excludes operating lease receivables. The CECL impairment model requires an estimate of expected credit losses, measured over the contractual life of an instrument, that considers forecasts of future economic conditions in addition to information about past events and current conditions. Based on this model, we analyze the following criteria, as applicable in developing allowances for credit losses: historical loss information, the borrower’s ability to make scheduled payments, the remaining time to maturity, the value of underlying collateral, projected future performance of the borrower and macroeconomic trends.

The Company measures credit losses of financial assets on a collective (pool) basis when similar risk characteristics exist. If the Company determines that a financial asset does not share risk characteristics with the Company’s other financial assets, the Company evaluates the financial asset for expected credit losses on an individual basis. Allowance for credit losses are recorded as a direct reduction from an asset’s amortized cost basis. Credit losses and recoveries are recorded in *Interest income and other income/(expense), net* on the Consolidated Statements of Operations. Recoveries of financial assets previously written off are recorded when received. For the three months ended June 30, 2026 and 2025, the Company recorded net credit recoveries/(losses) of \$(0.1) million and \$0.2 million, respectively, on the Consolidated Statements of Operations. For the six months ended June 30, 2026 and 2025, the Company recorded net credit recoveries/(losses) of \$(0.1) million and \$0.2 million, respectively, on the Consolidated Statements of Operations.

The Company has made the optional election provided by the standard not to measure allowance for credit losses for accrued interest receivables as the Company writes off any uncollectible accrued interest receivables in a timely manner. The Company periodically evaluates the collectability of its accrued interest receivables. A write-off is recorded when the Company concludes that all or a portion of its accrued interest receivable balance is no longer collectible.

Notes Receivable

Notes receivable relate to financing arrangements which are typically secured by assets of the borrower that may include real estate assets. 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 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 of the existing loans.

Additionally, we analyze each loan arrangement that involves real estate development to consider 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 Accounting Standards Codification (“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.

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The following table summarizes our *Notes receivable, net* as of June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	Interest rate at June 30, 2026	Balance Outstanding (a) June 30, 2026	December 31, 2025
Note due December 2026 (b)	11.00 %	\$ 82,638	\$ 79,889
Note due December 2026 (c)	11.00 %	34,137	32,054
Notes due June 2027 (d)	18.00 %	5,261	4,815
Note due September 2027 (e)	— %	—	33,812
Note due May 2031 (f)	7.75 %	50,318	—
Notes receivable		172,354	150,570
Allowance for credit losses		(687)	(591)
Total notes receivable, net		\$ 171,667	\$ 149,979

- (a) Outstanding note amounts include any accrued and unpaid interest, as applicable.
- (b) The Company has a secured mezzanine loan with a third party developer of a 482 apartment home community located in Riverside, California, which was completed in 2026, with an aggregate commitment of \$59.7 million (exclusive of accrued and unpaid interest), all of which has been funded. Interest payments accrue and are due at maturity of the loan. The secured mezzanine loan has a scheduled maturity date in December 2026, with two one-year extension options.
- (c) The Company has a secured mezzanine loan with a third party developer of a 237 apartment home community located in Menifee, California, which was completed in 2025, with an aggregate commitment of \$24.8 million (exclusive of accrued and unpaid interest), all of which has been funded. Interest payments accrue and are due at maturity of the loan. The secured mezzanine loan has a scheduled maturity date in December 2026, with two one-year extension options.
- (d) The Company and a syndicate of lenders previously entered into a \$19.0 million secured credit facility with an unaffiliated third party. The Company's commitment is \$3.0 million (exclusive of accrued interest), all of which has been funded. Interest payments accrue and are due at maturity of the facility. The facility is secured by substantially all of the borrower's assets and matures at the earliest of the following: (a) acceleration in the event of default; or (b) June 2027.
- (e) In September 2024, the Company entered into a \$31.1 million secured mortgage loan with one of its joint ventures that owned a 66 apartment home operating community located in Santa Monica, California, in which the Company also held a preferred investment. In June 2026, the Company acquired the operating community. Concurrent with the acquisition, the loan and accrued interest were settled through the receipt of the operating community's ownership interests. (See Note 3, *Real Estate Owned* for more information).
- (f) In May 2026, the Company entered into a \$50.0 million secured mezzanine loan with its joint venture partner of five operating communities with 710 apartment homes located in New York, New York, with an aggregate commitment of \$50.0 million, all of which was funded as of June 30, 2026. The loan investment's effective interest rate is approximately 8.0%, including the impact of the loan origination fee. Interest payments are paid monthly. The secured mezzanine loan has a scheduled maturity date in February 2031. (See Note 5, *Joint Ventures and Partnerships* for more information).

The Company recognized \$2.8 million and \$8.1 million of interest income for the notes receivable described above during the three months ended June 30, 2026 and 2025, respectively, and \$6.6 million and \$11.6 million of interest income for the notes receivable described above during the six months ended June 30, 2026 and 2025, respectively, none of which was related party interest. Interest income is included in *Interest income and other income/(expense), net* on the Consolidated Statements of Operations.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

A roll forward of our allowance for credit losses for the six months ended June 30, 2026 is as follows:

Allowance for credit losses as of December 31, 2025	\$ (591)
(Provision)/recovery for credit losses	(96)
Write-offs charged against allowance	-
Allowance for credit losses as of June 30, 2026	\$ (687)

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 three and six months ended June 30, 2026 and 2025, the Company's other comprehensive income/(loss) consisted of the gain/(loss) 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 11, *Derivatives and Hedging Activity*, for further discussion. The allocation of other comprehensive income/(loss) to redeemable noncontrolling interests during the three months ended June 30, 2026 and 2025 was less than \$0.1 million and \$(0.1) million, respectively, and during the six months ended June 30, 2026 and 2025 was \$0.1 million and \$(0.2) million, respectively.

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/(liabilities) are generally the result of differing depreciable lives on capitalized assets, temporary differences between book and tax basis of assets and liabilities and timing of expense recognition for certain accrued liabilities. As of June 30, 2026 and December 31, 2025, UDR's net deferred tax asset/(liability) was \$(0.5) million and \$(0.5) million, respectively, and 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 and evaluates its tax positions 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.

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*,

UDR, INC.
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JUNE 30, 2026

accrued expenses and other liabilities on the Consolidated Balance Sheets.

UDR had no material unrecognized tax benefit, accrued interest or penalties at June 30, 2026. UDR and its subsidiaries are subject to federal income tax as well as income tax of various state and local jurisdictions. The tax years 2022 through 2024 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.

Forward Sales Agreements

From time to time 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 the entity's 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 the entity's 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 determined 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.)

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JUNE 30, 2026

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 June 30, 2026, the Company owned and consolidated 162 communities in 12 states plus the District of Columbia totaling 54,173 apartment homes. The following table summarizes the carrying amounts for our real estate owned (at cost) as of June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	June 30, 2026	December 31, 2025
Land	\$ 2,501,856	\$ 2,537,747
Depreciable property — held and used:		
Land improvements	278,312	277,996
Building, improvements, and furniture, fixtures and equipment	13,312,057	13,577,262
Real estate intangible assets	21,995	21,995
Under development:		
Land and land improvements	18,704	13,468
Building, improvements, and furniture, fixtures and equipment	128,913	59,417
Real estate held for disposition:		
Land and land improvements	22,339	—
Building, improvements, and furniture, fixtures and equipment	111,709	—
Real estate owned	16,395,885	16,487,885
Accumulated depreciation	(7,518,827)	(7,374,546)
Real estate owned, net	<u>\$ 8,877,058</u>	<u>\$ 9,113,339</u>

Acquisitions

In April 2026, the Company acquired a 232-home operating apartment community located in Portland, Oregon in connection with the liquidation of the Company's interest in a joint venture. As a result, the community became wholly owned, and the Company began consolidating the community. In connection with the liquidation, the Company repaid the joint venture's \$53.4 million first mortgage loan and settled its \$18.9 million preferred equity investment. No cash consideration was paid to the joint venture partner in connection with the acquisition. The Company increased its real estate assets owned by approximately \$72.1 million, and recorded \$1.2 million of in-place lease intangibles. Following the recognition of the acquired assets and assumed liabilities, the Company recognized a gain on consolidation of \$0.3 million in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. (See Note 5, *Joint Ventures and Partnerships* for more information.)

In June 2026, the Company acquired the developer's equity interest in a 66 apartment home operating community located in Santa Monica, California. The Company previously held a secured first mortgage loan and preferred equity investment with the joint venture. In connection with the acquisition, the Company issued \$2.8 million of OP Units to the developer. As a result, the joint venture became wholly owned, and the Company began consolidating the community. Concurrent with the acquisition, the Company's first mortgage loan, including accrued interest, was settled in full, and its preferred equity investment was adjusted to its liquidation value, resulting in a \$3.8 million gain recognized in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. The Company increased its real estate assets owned by approximately \$45.1 million, and recorded \$1.2 million of in-place lease intangibles.

In July 2026, the Company acquired a 286-home operating apartment community located in Portland, Oregon in connection with the liquidation of the Company's interest in a joint venture. As a result, the community became wholly owned, and the Company began consolidating the community. The consolidated fair value of the community, which was based on a third-party appraisal, exceeded the combination of the joint venture's \$74.1 million first mortgage loan that was repaid at maturity by the Company and the Company's \$27.5 million preferred equity investment, including accrued interest through the acquisition. No cash consideration was paid to the joint venture partner in connection with the acquisition. (See Note 5, *Joint Ventures and Partnerships* for more information.)

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JUNE 30, 2026

Dispositions

In March 2026, the Company sold four operating communities located in various markets with a total of 1,159 apartment homes for gross proceeds of \$362.0 million, resulting in total gains of approximately \$157.4 million.

In June 2026, the Company sold an operating community located in Nashville, Tennessee with 206 apartment homes for gross proceeds of \$41.5 million, resulting in a gain of approximately \$35.7 million. As of June 30, 2026, the net proceeds of \$40.8 million were held by a qualified intermediary, which was recorded in *Other Assets* on the Consolidated Balance Sheets.

In June 2026, the Company entered into an agreement to sell an operating community in Seattle, Washington with a total of 235 apartment homes for a sales price of approximately \$157.0 million. The operating community was classified as held for disposition as of June 30, 2026 and the sale is expected to close in the third quarter of 2026.

In July 2026, the Company entered into agreements to sell two operating communities comprising a total of 573 apartment homes for a sales price of approximately \$95.5 million. The dispositions are expected to close in the third or fourth quarter of 2026, subject to the satisfaction of closing conditions and other terms of the purchase agreements.

Other Activity

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 three months ended June 30, 2026 and 2025, were \$2.0 million and \$1.4 million, respectively, and for the six months ended June 30, 2026 and 2025, were \$6.5 million and \$4.0 million, respectively. Total capitalized interest was \$2.3 million and \$2.1 million for the three months ended June 30, 2026 and 2025, respectively, and \$4.5 million and \$4.1 million for the six months ended June 30, 2026 and 2025, respectively. As each apartment home in a capital project is completed and becomes available for lease-up, the Company ceases capitalization on the related portion of the costs and depreciation commences over the estimated useful life.

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. The Company did not recognize any impairments in the value of its long-lived assets during the three and six months ended June 30, 2026 and 2025.

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 some of which 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.

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JUNE 30, 2026

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.

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.

Unconsolidated 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 for the communities held by 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 June 30, 2026 and December 31, 2025 (*dollars in thousands*):

Joint Ventures	Number of Operating Communities	Number of Apartment Homes	UDR's Weighted Average Ownership Interest		Investment at		Income/(loss) from investments			
	June 30, 2026	June 30, 2026	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	Three Months Ended June 30,		Six Months Ended June 30,	
							2026	2025	2026	2025
Operating:										
UDR/MetLife (a)	8	2,127	50.2 %	50.2 %	\$ 41,056	\$ 189,420	\$ (678)	\$ (1,135)	\$ (1,891)	\$ (2,176)
UDR/LaSalle	9	2,564	51.0 %	51.0 %	231,914	242,337	(3,362)	(926)	(6,631)	(1,961)
UDR/Carmel Partners (b)	5	710	50.0 %	— %	140,521	—	370	—	370	—
Total Joint Ventures	22	5,401			\$ 413,491	\$ 431,757	\$ (3,670)	\$ (2,061)	\$ (8,152)	\$ (4,137)

Debt and Preferred Equity Program and Real Estate Technology Investments (c)	Number of Commitments	Apartment Homes	Weighted Average Rate	UDR Commitment (d)	Investment at		Income/(loss) from investments			
	June 30, 2026	June 30, 2026			June 30, 2026	December 31, 2025	Three Months Ended June 30,		Six Months Ended June 30,	
							2026	2025	2026	2025
Preferred equity investments:										
Operating	8	3,319	10.4 %	\$ 194,287	\$ 216,258	\$ 212,390	\$ 4,490	\$ 2,837	\$ 9,140	\$ 5,793
Real estate technology and sustainability investments:										
Real estate technology and sustainability investments	N/A	N/A	N/A	\$ 86,000	91,536	74,747	(865)	(158)	16,167	1,511
Total Debt and Preferred Equity Program and Real Estate Technology and Sustainability Investments					307,794	287,137	3,625	2,679	25,307	7,304
Sold unconsolidated joint ventures and partnerships					—	160,841	3,316	3,011	5,812	6,276
Total investment in and advances to unconsolidated joint ventures, net (a)					\$ 721,285	\$ 879,735	\$ 3,271	\$ 3,629	\$ 22,967	\$ 9,443

- (a) As of June 30, 2026 and December 31, 2025, the Company's negative investment in one UDR/MetLife community of \$7.6 million and \$6.8 million, respectively, is recorded in *Accounts payable, accrued expenses, and other liabilities* on the Consolidated Balance Sheets.
- (b) In May 2026, the Company formed a new real estate joint venture, UDR/Carmel Partners, with an affiliate of Carmel Partners ("Carmel"). Carmel acquired MetLife's interest in five operating communities located in New York, New York, that were previously held by the UDR/MetLife joint venture. The Company continued to own a 50.0% interest in the operating communities through the newly formed joint venture. The transaction represented a change in the Company's joint venture partner and did not result in a sale of the Company's interest or the recognition of a gain or loss.
- (c) The Debt and Preferred Equity Program is the program through which the Company makes investments, including preferred equity investments, first mortgage loans, mezzanine loans (loans are recorded in *Notes receivable, net* on the Consolidated Balance Sheets) 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. The Company's preferred equity investments include two investments that receive a variable percentage of the value created from the project upon a capital or liquidating event. During the six months ended June 30, 2026, the Company did not enter into and fund any new preferred equity investments and three preferred equity investments were fully redeemed. In addition, one preferred equity investment was remeasured to its liquidation value in connection with the Company's acquisition of its joint venture partner's interest.

In February 2026, the Company received aggregate proceeds of approximately \$138.9 million from the full repayment of two preferred equity investments.

In April 2026, the Company acquired a 232-home operating apartment community located in Portland, Oregon in connection with the liquidation of the Company's interest in a joint venture. In connection with the liquidation, the Company settled its \$18.9 million preferred equity investment. (See Note 3, *Real Estate Owned* for further discussion.)

In June 2026, the Company acquired a 66-home operating apartment community located in Santa Monica, California in connection with the acquisition of the developer's equity interest. Concurrent with the acquisition, the

UDR, INC.
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JUNE 30, 2026

preferred equity investment was adjusted to its liquidation value, resulting in a \$3.8 million gain recognized in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. (See Note 3, *Real Estate Owned* for further discussion.)

In July 2026, the Company acquired a 286-home operating apartment community located in Portland, Oregon in connection with the liquidation of the Company's interest in a joint venture. In connection with the liquidation, the Company settled its \$27.5 million preferred equity investment. (See Note 3, *Real Estate Owned* for further discussion.)

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

As of June 30, 2026 and December 31, 2025, the Company had deferred fees of \$7.9 million and \$8.4 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.

The Company recognized management fees of \$2.5 million and \$2.4 million for the three months ended June 30, 2026 and 2025, respectively, and \$5.0 million and \$4.5 million for the six months ended June 30, 2026 and 2025, 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 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 three and six months ended June 30, 2026 and 2025.

Combined summary balance sheets relating to the unconsolidated joint ventures and partnerships (not just our proportionate share) are presented below as of June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	June 30, 2026	December 31, 2025
Total real estate, net	\$ 2,924,017	\$ 3,580,595
Investments, at fair value	591,354	489,468
Cash and cash equivalents	54,710	78,177
Other assets	49,286	134,818
Total assets	\$ 3,619,367	\$ 4,283,058
Third party debt, net	\$ 1,753,194	\$ 2,496,081
Accounts payable and accrued liabilities	59,886	180,461
Total liabilities	1,813,080	2,676,542
Total equity	\$ 1,806,287	\$ 1,606,516

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Combined summary financial information relating to the unconsolidated joint ventures' and partnerships' operations (not just our proportionate share) is presented below for the three and six months ended June 30, 2026 and 2025 (*dollars in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total revenues	\$ 93,923	\$ 93,206	\$ 196,975	\$ 183,327
Property operating expenses	47,029	42,260	94,413	84,680
Real estate depreciation and amortization	36,465	40,099	79,738	81,072
Operating income/(loss)	10,429	10,847	22,824	17,575
Interest expense	(28,451)	(36,017)	(62,097)	(78,296)
Net unrealized/realized gain/(loss) on held investments	(1,735)	1,018	96,794	16,630
Other income/(loss)	147	344	331	3,386
Net income/(loss)	\$ (19,610)	\$ (23,808)	\$ 57,852	\$ (40,705)

6. LEASES

Lessee - Ground Leases

UDR has six communities that are subject to ground leases, under which UDR is the lessee, that expire between 2043 and 2103, inclusive of extension options we are reasonably certain will be exercised. All of these leases are classified as operating leases through the lease term expiration based on our election of the practical expedient provided by the leasing standard. 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. The Company also elected the short-term lease exception provided by the leasing standard and therefore only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year. No leases qualified for the short-term lease exception during the three and six months ended June 30, 2026 and 2025.

As of June 30, 2026 and December 31, 2025, the *Operating lease right-of-use assets* were \$185.6 million and \$187.6 million, respectively, and the *Operating lease liabilities* were \$181.0 million and \$183.0 million, respectively, 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. 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 40.5 years and 40.8 years at June 30, 2026 and December 31, 2025, respectively, and the weighted average discount rate was 5.0% at both June 30, 2026 and December 31, 2025.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Future minimum lease payments and total operating lease liabilities from our ground leases as of June 30, 2026 are as follows (*dollars in thousands*):

	Ground Leases
2026	\$ 6,347
2027	12,695
2028	12,695
2029	12,695
2030	12,695
Thereafter	389,340
Total future minimum lease payments (undiscounted)	446,467
Difference between future undiscounted cash flows and discounted cash flows	(265,451)
Total operating lease liabilities (discounted)	<u>\$ 181,016</u>

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.

The components of operating lease expenses were as follows (*dollars in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Lease expense:				
Contractual lease expense	\$ 3,458	\$ 3,363	\$ 6,916	\$ 6,726
Variable lease expense (a)	65	53	125	103
Total operating lease expense (b)(c)	<u>\$ 3,523</u>	<u>\$ 3,416</u>	<u>\$ 7,041</u>	<u>\$ 6,829</u>

- (a) Variable lease expense includes adjustments such as changes in the consumer price index and payments based on a percentage of a community's revenue.
- (b) Lease expense is reported within the line item *Other operating expenses* on the Consolidated Statements of Operations.
- (c) For the six months ended June 30, 2026, *Operating lease right-of-use assets* and *Operating lease liabilities* amortized by \$2.0 million and \$1.9 million, respectively. For the six months ended June 30, 2025, *Operating lease right-of-use assets* and *Operating lease liabilities* amortized by \$1.9 million and \$1.8 million, respectively. Due to the net impact of the amortization, the Company recorded less than \$0.1 million and less than \$0.1 million of total operating lease expense during the three months ended June 30, 2026 and 2025, respectively, and less than \$0.1 million and less than \$0.1 million of total operating lease expense during the six months ended June 30, 2026 and 2025, respectively.

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 June 30, 2026, our apartment home leases generally have initial terms of 12 months or less. As of June 30, 2026, our retail and commercial space leases generally have initial terms of between 5 and 15 years and represent approximately 1% to 2% of our total lease revenue. Our apartment home leases are generally renewable at the end of the lease term, subject to potential changes 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 14, *Reportable Segments* for further discussion around our major revenue streams and disaggregation of our revenue.)

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Future minimum lease payments from our retail and commercial leases as of June 30, 2026 are as follows (*dollars in thousands*):

	Retail and Commercial Leases
2026	\$ 13,969
2027	26,448
2028	23,804
2029	19,319
2030	14,600
Thereafter	88,159
Total future minimum lease payments (a)	<u>\$ 186,299</u>

- (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 less than \$0.1 million and less than \$0.1 million for the three months ended June 30, 2026 and 2025, respectively, and \$0.4 million and \$0.4 million during the six months ended June 30, 2026 and 2025, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

7. SECURED AND UNSECURED DEBT, NET

The following is a summary of our secured and unsecured debt at June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	Principal Outstanding		As of June 30, 2026		
	June 30, 2026	December 31, 2025	Weighted Average Interest Rate	Weighted Average Years to Maturity	Number of Communities Encumbered
Secured Debt:					
Fixed Rate Debt					
Mortgage notes payable (a)	\$ 909,154	\$ 937,475	3.46 %	3.2	16
Deferred financing costs and other non-cash adjustments (b)	(3,051)	(3,252)			
Total fixed rate secured debt, net	906,103	934,223	3.51 %	3.2	16
Variable Rate Debt					
Tax-exempt secured notes payable (c)	27,000	27,000	2.56 %	5.7	1
Deferred financing costs	(40)	(43)			
Total variable rate secured debt, net	26,960	26,957	2.59 %	5.7	1
Total Secured Debt, net	933,063	961,180	3.49 %	3.3	17
Unsecured Debt:					
Variable Rate Debt					
Borrowings outstanding under unsecured credit facility due August 2028 (d) (l)	—	—	4.41 %	2.2	
Borrowings outstanding under unsecured commercial paper program due July 2026 (e) (l)	480,000	445,000	4.01 %	0.1	
Borrowings outstanding under unsecured working capital credit facility due January 2027 (f)	10,968	26,381	4.40 %	0.5	
Term Loan due January 2029 (d) (l)	175,000	175,000	4.47 %	2.6	
Fixed Rate Debt					
Term Loan due January 2029 (d) (l)	175,000	175,000	4.04 %	2.6	
2.95% Medium-Term Notes due September 2026 (l)	300,000	300,000	2.95 %	0.2	
3.50% Medium-Term Notes due July 2027 (net of discounts of \$71 and \$106, respectively) (l)	299,929	299,894	3.50 %	1.0	
3.50% Medium-Term Notes due January 2028 (net of discounts of \$183 and \$242, respectively) (l)	299,817	299,758	3.50 %	1.5	
4.40% Medium-Term Notes due January 2029 (net of discounts of \$2 and \$2, respectively) (g) (l)	299,998	299,998	4.27 %	2.6	
3.20% Medium-Term Notes due January 2030 (net of premiums of \$4,862 and \$5,548, respectively) (h) (l)	604,862	605,548	3.32 %	3.5	
3.00% Medium-Term Notes due August 2031 (net of premiums of \$6,122 and \$6,720, respectively) (i) (l)	606,122	606,720	3.01 %	5.1	
2.10% Medium-Term Notes due August 2032 (net of discounts of \$214 and \$232, respectively) (l)	399,786	399,768	2.10 %	6.1	
1.90% Medium-Term Notes due March 2033 (net of discounts of \$808 and \$869, respectively) (l)	349,192	349,131	1.90 %	6.7	
2.10% Medium-Term Notes due June 2033 (net of discounts of \$692 and \$742, respectively) (l)	299,308	299,258	2.10 %	7.0	
5.125% Medium-Term Notes due September 2034 (net of discounts of \$2,496 and \$2,649, respectively) (j) (l)	297,504	297,351	4.95 %	8.2	
3.10% Medium-Term Notes due November 2034 (net of discounts of \$735 and \$780, respectively) (k) (l)	299,265	299,220	3.13 %	8.3	
Deferred financing costs	(15,982)	(17,838)			
Total Unsecured Debt, net	4,880,769	4,860,189	3.36 %	4.0	
Total Debt, net	\$ 5,813,832	\$ 5,821,369	3.38 %	3.9	

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.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Our secured debt instruments generally feature either monthly interest and principal or monthly interest-only payments with balloon payments due at maturity. As of June 30, 2026, secured debt encumbered approximately 10% of UDR's total real estate owned based upon gross book value (approximately 90% of UDR's real estate owned based on gross book value is unencumbered).

(a) At June 30, 2026, fixed rate mortgage notes payable are generally due in monthly installments of principal and interest and mature at various dates from November 2026 through February 2031 and carry interest rates ranging from 2.62% to 4.39%.

In June 2026, the Company repaid a \$25.0 million fixed rate mortgage at maturity with borrowings from the Company's unsecured commercial paper program.

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 term of the underlying debt instrument.

(b) During the three months ended June 30, 2026 and 2025, the Company had \$0.1 million and \$0.3 million, respectively, and during the six months ended June 30, 2026 and 2025 the Company had \$0.2 million and \$0.5 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, which was included in *Interest expense* on the Consolidated Statements of Operations. The unamortized fair market adjustment was a net premium/(discount) of \$(0.7) million and \$(0.5) million at June 30, 2026 and December 31, 2025, respectively.

(c) The variable rate mortgage note payable of \$27.0 million secures a tax-exempt housing bond issue that matures in March 2032. Interest on this note is payable in monthly installments. As of June 30, 2026, the variable interest rate on the mortgage note was 2.56%.

(d) The Company has a \$1.3 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 \$2.5 billion, subject to certain conditions, including obtaining commitments from one or more lenders. The Revolving Credit Facility has a scheduled maturity date of August 31, 2028, with two six-month extension options, subject to certain conditions. The Term Loan has a scheduled maturity date of January 2029, with two one-year extension options, subject to certain conditions.

Based on the Company's current credit rating, the Revolving Credit Facility has an interest rate equal to SOFR plus a margin of 77.5 basis points and a facility fee of 15 basis points, and the Term Loan has an interest rate equal to SOFR plus a margin of 85.0 basis points. Depending on the Company's credit rating, the margin under the Revolving Credit Facility ranges from 70 to 140 basis points, the facility fee ranges from 10 to 30 basis points, and the margin under the Term Loan ranges from 75 to 160 basis points. In addition, the Credit Agreement allows for the Company in consultation with the sustainability structuring agent to propose key performance indicators with respect to certain environmental, social, and governance goals of the Company, and thresholds or targets with respect thereto, and a related amendment to the Credit Agreement, that if entered into may allow a change in the applicable margin for the Term Loan of up to five basis points.

The Company has three interest rate swaps totaling \$175.0 million of notional value, which became effective in September 2025, to hedge against interest rate risk on a portion of the Term Loan debt until October 2027. The weighted average interest rate on \$175.0 million of the Term Loan debt, inclusive of the impact of interest rate swaps, is 4.04% until October 2027.

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.

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JUNE 30, 2026

The following is a summary of short-term bank borrowings under the Revolving Credit Facility at June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	June 30, 2026	December 31, 2025
Total revolving credit facility	\$ 1,300,000	\$ 1,300,000
Borrowings outstanding at end of period (1)	—	—
Weighted average daily borrowings during the period ended	746	—
Maximum daily borrowings during the period ended	135,000	—
Weighted average interest rate during the period ended	4.4 %	— %
Interest rate at end of the period	— %	— %

(1) Excludes \$4.3 million and \$4.3 million of letters of credit at June 30, 2026 and December 31, 2025, 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 \$700.0 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 June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	June 30, 2026	December 31, 2025
Total unsecured commercial paper program	\$ 700,000	\$ 700,000
Borrowings outstanding at end of period	480,000	445,000
Weighted average daily borrowings during the period ended	413,591	318,244
Maximum daily borrowings during the period ended	570,000	650,000
Weighted average interest rate during the period ended	4.0 %	4.4 %
Interest rate at end of the period	4.0 %	3.9 %

(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 12, 2027, with two one-year extension options. Based on the Company's current credit rating, the Working Capital Credit Facility has an interest rate equal to SOFR plus a margin of 77.5 basis points. Depending on the Company's credit rating, the margin ranges from 70 to 140 basis points.

The following is a summary of short-term bank borrowings under the Working Capital Credit Facility at June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	June 30, 2026	December 31, 2025
Total working capital credit facility	\$ 75,000	\$ 75,000
Borrowings outstanding at end of period	10,968	26,381
Weighted average daily borrowings during the period ended	16,421	18,403
Maximum daily borrowings during the period ended	48,722	62,622
Weighted average interest rate during the period ended	4.4 %	5.1 %
Interest rate at end of the period	4.4 %	4.4 %

(g) The Company previously entered into forward starting interest rate swaps to hedge against interest rate risk on \$150.0 million of the initial \$300.0 million issued. The all-in weighted average interest rate, inclusive of the impact of these interest rate swaps, was 4.27%.

(h) The Company previously entered into forward starting interest rate swaps and treasury lock to hedge against the interest rate risk of this debt. The all-in weighted average interest rate, inclusive of the impact of the forward starting swaps and treasury locks, was 3.32%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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(i) The Company entered into treasury lock agreements to hedge against interest rate risk on \$250.0 million of the \$600.0 million aggregate principal amount. The all-in weighted average interest rate, inclusive of the impact of the treasury locks, was 3.01%.

(j) The Company entered into and settled treasury lock arrangements to hedge against all interest rate risk of the debt. The all-in weighted average interest rate, inclusive of the impact of the treasury locks, was 4.95%.

(k) 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 3.13%.

(l) The Operating Partnership is the guarantor of this debt.

The aggregate maturities, including amortizing principal payments on secured and unsecured debt, of total debt for the next ten calendar years subsequent to June 30, 2026 are as follows (*dollars in thousands*):

Year	Total Secured Debt	Total Unsecured Debt	Total Debt
2026	\$ 28,351	\$ 780,000	\$ 808,351
2027	6,939	310,968	317,907
2028	166,526	300,000	466,526
2029	315,811	650,000	965,811
2030	230,597	600,000	830,597
2031	160,930	600,000	760,930
2032	27,000	400,000	427,000
2033	—	650,000	650,000
2034	—	600,000	600,000
2035	—	—	—
Thereafter	—	—	—
Subtotal	936,154	4,890,968	5,827,122
Non-cash (a)	(3,091)	(10,199)	(13,290)
Total	\$ 933,063	\$ 4,880,769	\$ 5,813,832

(a) Includes the unamortized balance of fair market value adjustments, premiums/discounts and deferred financing costs. The Company amortized \$1.3 million and \$1.2 million during the three months ended June 30, 2026 and 2025, respectively, and \$2.5 million and \$2.5 million during the six months ended June 30, 2026 and 2025, respectively, of deferred financing costs into *Interest expense*.

We were in compliance with the covenants of our debt instruments at June 30, 2026.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

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*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator for income/(loss) per share:				
Net income/(loss)	\$ 73,655	\$ 40,229	\$ 276,559	\$ 122,300
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	(4,609)	(2,545)	(17,670)	(7,884)
Net (income)/loss attributable to noncontrolling interests	(11)	(11)	(23)	(23)
Net income/(loss) attributable to UDR, Inc.	69,035	37,673	258,866	114,393
Distributions to preferred stockholders — Series E (Convertible)	(1,225)	(1,211)	(2,445)	(2,417)
Income/(loss) attributable to common stockholders - basic and diluted	<u>\$ 67,810</u>	<u>\$ 36,462</u>	<u>\$ 256,421</u>	<u>\$ 111,976</u>
Denominator for income/(loss) per share:				
Weighted average common shares outstanding	323,601	331,284	325,775	331,211
Unvested restricted stock awards	(643)	(506)	(658)	(508)
Denominator for basic income/(loss) per share	322,958	330,778	325,117	330,703
Incremental shares issuable from assumed conversion of unvested LTIP Units, performance units, stock options and unvested restricted stock	329	937	270	1,014
Denominator for diluted income/(loss) per share	<u>323,287</u>	<u>331,715</u>	<u>325,387</u>	<u>331,717</u>
Income/(loss) per weighted average common share:				
Basic	\$ 0.21	\$ 0.11	\$ 0.79	\$ 0.34
Diluted	\$ 0.21	\$ 0.11	\$ 0.79	\$ 0.34

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 following items if dilutive in the current period: 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"), performance 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 three and six months ended June 30, 2026 and 2025, the effect of the conversion of the OP Units, DownREIT Units and the Company's Series E preferred stock was not dilutive and therefore not included in the above calculation.

In July 2021, 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. During the three and six months ended June 30, 2026, the Company did not sell any shares of common stock through its ATM program. As of June 30, 2026, we had 14.0 million shares of common stock available for future issuance under the ATM program.

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.

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 currently expects to fully physically settle each forward sales agreement with the relevant forward purchaser on one or more dates specified by the Company on or prior to the maturity date of that particular forward sales agreement, in which case the Company expects to receive aggregate net cash proceeds at settlement equal to the number of shares underlying the particular forward sales agreement multiplied

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JUNE 30, 2026

by the relevant forward sale price. However, subject to certain exceptions, the Company may also elect, in its discretion, to cash settle or net share settle a particular forward sales agreement, in which case the Company may not receive any proceeds (in the case of cash settlement) or will not receive any proceeds (in the case of net share settlement), and the Company may owe cash (in the case of cash settlement) or shares of UDR common stock (in the case of net share settlement) to the relevant forward purchaser.

For the three and six months ended June 30, 2026, the Company did not enter into any forward purchase agreements under its continuous equity program.

During the three months ended June 30, 2026, the Company repurchased 5.5 million shares of its common stock at an average price of \$36.49 per share for total consideration of approximately \$200.3 million under its share repurchase program. During the six months ended June 30, 2026, the Company repurchased 8.2 million shares of its common stock at an average price of \$36.43 per share for total consideration of approximately \$300.3 million under its share repurchase program.

The following table sets forth the additional shares of common stock outstanding, by equity instrument, if converted to common stock for each of the three and six months ended June 30, 2026 and 2025 (*in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
OP/DownREIT Units	22,189	22,839	22,449	22,869
Convertible preferred stock	2,816	2,816	2,816	2,816
Unvested LTIP Units, performance units, stock options, and unvested restricted stock	329	937	270	1,014

9. 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.

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JUNE 30, 2026

The following table sets forth redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership for the following period (*dollars in thousands*):

Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership at December 31, 2025	\$ 859,966
Mark-to-market adjustment to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	61,778
OP Units issued for real estate, net	2,837
Conversion of OP Units/DownREIT Units to Common Stock or Cash	(32,597)
Net income/(loss) attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	17,670
Distributions to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	(20,623)
Redeemable Long-Term and Short-Term Incentive Plan Units	11,163
Allocation of other comprehensive income/(loss)	86
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership at June 30, 2026	\$ 900,280

Noncontrolling Interests

Noncontrolling interests represent interests of unrelated partners 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 less than \$(0.1) million and less than \$(0.1) million during the three months ended June 30, 2026 and 2025, respectively, and less than \$(0.1) million and less than \$(0.1) million during the six months ended June 30, 2026 and 2025, respectively.

10. 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.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

The estimated fair values of the Company's financial instruments either recorded or disclosed on a recurring basis as of June 30, 2026 and December 31, 2025, are summarized as follows (*dollars in thousands*):

Description:	Total Carrying Amount in Statement of Financial Position at June 30, 2026 (a)	Fair Value Estimate at June 30, 2026	Fair Value at June 30, 2026, Using		
			Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Notes receivable, net (b)	\$ 171,667	\$ 174,033	\$ —	\$ —	\$ 174,033
Equity securities (c)	871	871	871	—	—
Derivatives - Interest rate contracts (d)	1,637	1,637	—	1,637	—
Total assets	\$ 174,175	\$ 176,541	\$ 871	\$ 1,637	\$ 174,033
Secured debt instruments - fixed rate: (e)					
Mortgage notes payable	\$ 908,497	\$ 864,301	\$ —	\$ —	\$ 864,301
Secured debt instruments - variable rate: (e)					
Tax-exempt secured notes payable	27,000	27,000	—	—	27,000
Unsecured debt instruments: (e)					
Revolving credit facility	—	—	—	—	—
Working capital credit facility	10,968	10,968	—	—	10,968
Commercial paper program	480,000	480,000	—	—	480,000
Unsecured notes	4,405,783	4,079,197	—	—	4,079,197
Total liabilities	\$ 5,832,248	\$ 5,461,466	\$ —	\$ —	\$ 5,461,466
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership (f)	\$ 900,280	\$ 900,280	\$ —	\$ 900,280	\$ —

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Description:	Total Carrying Amount in Statement of Financial Position at December 31, 2025 (a)	Fair Value Estimate at December 31, 2025	Fair Value at December 31, 2025, Using		
			Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Notes receivable, net (b)	\$ 149,979	\$ 144,160	\$ —	\$ —	\$ 144,160
Equity securities (c)	1,479	1,479	1,479	—	—
Derivatives - Interest rate contracts (d)	272	272	—	272	—
Total assets	\$ 151,730	\$ 145,911	\$ 1,479	\$ 272	\$ 144,160
Secured debt instruments - fixed rate: (e)					
Mortgage notes payable	\$ 937,007	\$ 895,881	\$ —	\$ —	\$ 895,881
Secured debt instruments - variable rate: (e)					
Tax-exempt secured notes payable	27,000	27,000	—	—	27,000
Unsecured debt instruments: (e)					
Working capital credit facility	26,381	26,381	—	—	26,381
Commercial paper program	445,000	445,000	—	—	445,000
Unsecured notes	4,406,646	4,092,949	—	—	4,092,949
Total liabilities	\$ 5,842,034	\$ 5,487,211	\$ —	\$ —	\$ 5,487,211
Redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership (f)	\$ 859,966	\$ 859,966	\$ —	\$ 859,966	\$ —

- (a) Certain balances include fair market value adjustments and exclude deferred financing costs.
- (b) See Note 2, *Significant Accounting Policies*. Note receivables, net includes any accrued and unpaid interest, as applicable, and allowance for credit losses.
- (c) The Company holds a direct investment in a publicly traded real estate technology company, SmartRent. The investment is valued at the market price on June 30, 2026 and December 31, 2025. The Company currently classifies the investment as Level 1 in the fair value hierarchy.
- (d) See Note 11, *Derivatives and Hedging Activity*.
- (e) See Note 7, *Secured and Unsecured Debt, Net*.
- (f) See Note 9, *Noncontrolling Interests*.

There were no transfers into or out of any of the levels of the fair value hierarchy during the six months ended June 30, 2026.

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 swaps and caps 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

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

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 June 30, 2026 and December 31, 2025, 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 June 30, 2026 and December 31, 2025, 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.

11. 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

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 June 30, 2027, the Company estimates that an additional \$1.3 million will be reclassified as a decrease to *Interest expense*.

Product	Number of Instruments	Notional
Interest rate swaps and caps	4	\$ 183,977

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

	Asset Derivatives (included in <i>Other assets</i>)		Liability Derivatives (included in <i>Other liabilities</i>)	
	Fair Value at:		Fair Value at:	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Derivatives designated as hedging instruments:				
Interest rate products	\$ 1.637	\$ 272	\$ —	\$ —

The tables below present the effect of the Company's derivative financial instruments on the Consolidated Statements of Operations for the three and six months ended June 30, 2026 and 2025 (*dollars in thousands*):

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UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

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.

Tabular Disclosure of Offsetting Derivatives

The Company has elected not to offset derivative positions on the consolidated financial statements. The table below present the effect on its financial position had the Company made the election to offset its derivative positions as of June 30, 2026 and December 31, 2025 (*dollars in thousands*):

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts of Assets Presented in the Consolidated Balance Sheets (a)	Gross Amounts Not Offset in the Consolidated Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Offsetting of Derivative Assets						
June 30, 2026	\$ 1,637	\$ —	\$ 1,637	\$ —	\$ —	\$ 1,637
December 31, 2025	\$ 272	\$ —	\$ 272	\$ —	\$ —	\$ 272

(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.

12. STOCK BASED COMPENSATION

The Company recognized stock based compensation expense, inclusive of awards granted to our non-employee directors, net of capitalization, of \$6.9 million and \$8.8 million during the three months ended June 30, 2026 and 2025, respectively, and \$16.4 million and \$16.3 million during the six months ended June 30, 2026 and 2025, respectively, which are included in *General and Administrative* on the Consolidated Statements of Operations.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

13. COMMITMENTS AND CONTINGENCIES

Commitments

The following summarizes the Company's commitments at June 30, 2026 (*dollars in thousands*):

	Number Properties	UDR's Investment (a)	UDR's Remaining Commitment
Real estate commitments			
Wholly-owned — under development	2	\$ 147,617	\$ 167,283
Other unconsolidated investments:			
Real estate technology and sustainability investments (b)	-	136,057	32,943
Total		\$ 283,674	\$ 200,226

(a) Represents UDR's investment as of June 30, 2026.

(b) As of June 30, 2026, the investments were recorded in either *Investment in and advances to unconsolidated joint ventures, net* or *Other Assets* on the Consolidated Balance Sheets.

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.

We have been named as a defendant in a number of cases alleging antitrust violations by RealPage, Inc., a vendor providing revenue management software products, and various owners or managers of multifamily housing, which cases have been consolidated in the United States Court for the Middle District of Tennessee with the Second Amended Complaint filed September 7, 2023 and cases with similar allegations that have been filed by the District of Columbia on November 1, 2023 in the Superior Court of the District of Columbia, the State of Maryland on January 15, 2025 in the Circuit Court for Prince George's County, Maryland, subsequently transferred to the Circuit Court for Baltimore City, Maryland, and on April 8, 2025 in the Superior Court for King County, Washington. These cases seek injunctive relief as well as monetary damages. We believe that there are defenses, both factual and legal, to the allegations in such cases and we intend to vigorously defend such suits. We are also aware that governmental investigations regarding antitrust matters in the multifamily industry are occurring and the federal government and various state attorneys general have filed a civil lawsuit against RealPage, Inc. and certain owners or managers of multifamily housing to which we are not a party. As all of the above proceedings are in the early stages, it is not possible for us to predict the outcome or to estimate the amount of loss, if any, that may be associated with an adverse decision in any of these cases or any case that may be brought based on the investigations. As a result, as of June 30, 2026, there is no liability recorded.

14. REPORTABLE SEGMENTS

GAAP guidance requires that segment disclosures present the measure(s) used by the Chief Operating Decision Maker ("CODM") to decide how to allocate resources and for purposes of assessing such segments' performance. UDR's CODM is comprised of our Chairman, President and Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer, 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"). NOI is a useful metric for investors as it is

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

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. 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, which align with the segment-level information that is regularly provided to our CODM. Excluded from NOI is property management expense, which is calculated as 3.25% of property revenue, and land rent. Property management expense covers costs directly related to consolidated property operations, inclusive of corporate management, regional supervision, accounting and other costs. UDR's CODM utilizes NOI as the key measure of segment profit or loss to assess the performance of each segment and to allocate resources (including employees and financial or capital resources) primarily during the quarterly or annual business review and annual budget and forecasting process.

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 April 1, 2025 (for quarter-to-date comparison) and January 1, 2025 (for year-to-date comparison) and held as of June 30, 2026. 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 period, there is no plan to conduct substantial redevelopment activities, and the community is not classified as 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 CODM.

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 three and six months ended June 30, 2026 and 2025.

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.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Other Revenue

Other revenue is generated by services provided by the Company to its retail and residential tenants and other unrelated third parties. 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. 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.

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

The following table details rental income and NOI for UDR's reportable segments for the three and six months ended June 30, 2026 and 2025, and reconciles NOI to *Net income/(loss) attributable to UDR, Inc.* on the Consolidated Statements of Operations (*dollars in thousands*):

	Three Months Ended June 30, (a)		Six Months Ended June 30, (b)	
	2026	2025	2026	2025
Reportable apartment home segment lease revenue				
Same-Store Communities				
West Region	\$ 125,464	\$ 121,061	\$ 249,048	\$ 241,365
Northeast Region	83,108	80,548	165,005	160,635
Mid-Atlantic Region	78,179	77,206	155,617	154,421
Southeast Region	52,084	52,973	104,065	106,079
Southwest Region	47,511	48,415	93,257	95,092
Non-Mature Communities/Other	20,661	27,499	48,737	55,368
Total segment and consolidated lease revenue	<u>\$ 407,007</u>	<u>\$ 407,702</u>	<u>\$ 815,729</u>	<u>\$ 812,960</u>
Reportable apartment home segment other revenue				
Same-Store Communities				
West Region	\$ 3,272	\$ 3,225	\$ 6,233	\$ 6,377
Northeast Region	2,355	2,427	4,419	4,593
Mid-Atlantic Region	3,775	3,505	7,316	6,815
Southeast Region	3,324	3,033	6,292	5,896
Southwest Region	2,614	2,318	4,866	4,577
Non-Mature Communities/Other	586	791	1,399	1,619
Total segment and consolidated other revenue	<u>\$ 15,926</u>	<u>\$ 15,299</u>	<u>\$ 30,525</u>	<u>\$ 29,877</u>
Total reportable apartment home segment rental income				
Same-Store Communities				
West Region	\$ 128,736	\$ 124,286	\$ 255,281	\$ 247,742
Northeast Region	85,463	82,975	169,424	165,228
Mid-Atlantic Region	81,954	80,711	162,933	161,236
Southeast Region	55,408	56,006	110,357	111,975
Southwest Region	50,125	50,733	98,123	99,669
Non-Mature Communities/Other	21,247	28,290	50,136	56,987
Total segment and consolidated rental income	<u>\$ 422,933</u>	<u>\$ 423,001</u>	<u>\$ 846,254</u>	<u>\$ 842,837</u>
Total reportable apartment home segment direct property rental expenses				
Same-Store Communities				
Personnel	\$ 18,715	\$ 18,103	\$ 38,184	\$ 36,802
Utilities	18,155	17,261	38,236	35,813
Repair and maintenance	25,138	24,950	50,570	48,806
Administrative and marketing	9,892	9,638	19,631	18,928
Real estate taxes	49,149	47,825	99,713	97,446
Insurance	5,024	5,066	10,132	9,999
Non-Mature Communities/Other (c)	7,104	9,778	17,302	19,562
Total segment and consolidated direct property rental expenses	<u>\$ 133,177</u>	<u>\$ 132,621</u>	<u>\$ 273,768</u>	<u>\$ 267,356</u>
Reportable apartment home segment NOI				
Same-Store Communities				
West Region	\$ 95,716	\$ 92,529	\$ 186,392	\$ 182,786
Northeast Region	55,745	53,933	108,501	106,391
Mid-Atlantic Region	55,608	55,302	109,759	110,202
Southeast Region	37,451	38,251	74,263	76,434
Southwest Region	31,093	31,853	60,737	62,243
Non-Mature Communities/Other	14,143	18,512	32,834	37,425
Total segment and consolidated NOI	<u>\$ 289,756</u>	<u>\$ 290,380</u>	<u>\$ 572,486</u>	<u>\$ 575,481</u>

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

Reconciling items:				
Joint venture management and other fees	2,466	2,398	4,994	4,510
Property management	(13,745)	(13,747)	(27,503)	(27,392)
Other operating expenses	(12,966)	(7,753)	(22,381)	(15,812)
Real estate depreciation and amortization	(160,120)	(163,191)	(321,388)	(324,585)
General and administrative	(18,714)	(19,929)	(38,078)	(39,424)
Casualty-related (charges)/recoveries, net	(3,073)	(3,382)	(8,802)	(6,679)
Other depreciation and amortization	(3,451)	(7,387)	(6,786)	(14,454)
Gain/(loss) on sale of real estate owned	35,704	—	193,120	47,939
Income/(loss) from unconsolidated entities	3,271	3,629	22,967	9,443
Interest expense	(47,640)	(48,665)	(96,216)	(96,366)
Interest income and other income/(expense), net	2,596	8,134	5,030	10,055
Tax (provision)/benefit, net	(429)	(258)	(884)	(416)
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	(4,609)	(2,545)	(17,670)	(7,884)
Net (income)/loss attributable to noncontrolling interests	(11)	(11)	(23)	(23)
Net income/(loss) attributable to UDR, Inc.	<u>\$ 69,035</u>	<u>\$ 37,673</u>	<u>\$ 258,866</u>	<u>\$ 114,393</u>

- (a) *Same-Store Community* population consisted of 52,426 apartment homes.
(b) *Same-Store Community* population consisted of 52,341 apartment homes
(c) Non-Mature Communities/Other direct property rental expenses include costs to manage recently acquired, developed and redeveloped communities, and the non-apartment components of mixed-use properties.

The following table details the assets of UDR's reportable segments as of June 30, 2026 and December 31, 2025
(dollars in thousands):

	June 30, 2026	December 31, 2025
Reportable apartment home segment assets:		
Same-Store Communities (a):		
West Region	\$ 4,582,531	\$ 4,548,969
Northeast Region	3,857,146	3,835,341
Mid-Atlantic Region	3,282,974	3,268,160
Southeast Region	1,629,719	1,612,705
Southwest Region	1,819,538	1,809,292
Non-Mature Communities/Other	1,223,977	1,413,418
Total segment assets	16,395,885	16,487,885
Accumulated depreciation	(7,518,827)	(7,374,546)
Total segment assets — net book value	8,877,058	9,113,339
Reconciling items:		
Cash and cash equivalents	1,193	1,222
Restricted cash	34,936	35,710
Notes receivable, net	171,667	149,979
Investment in and advances to unconsolidated joint ventures, net	728,837	886,492
Operating lease right-of-use assets	185,647	187,624
Other assets	266,010	231,308
Total consolidated assets	\$ 10,265,348	\$ 10,605,674

- (a) *Same-Store Community* population consisted of 52,426 apartment homes.

Markets included in the above geographic segments are as follows:

- i. West Region — Orange County, San Francisco, Seattle, Monterey Peninsula, Los Angeles, Other Southern California and Portland
- ii. Northeast Region — Boston, New York and Philadelphia
- iii. Mid-Atlantic Region — Metropolitan D.C., Baltimore and Richmond
- iv. Southeast Region — Tampa, Orlando, Nashville and Other Florida

UDR, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
JUNE 30, 2026

- v. Southwest Region — Dallas, Austin and Denver

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Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 three and six months ended June 30, 2026 and 2025, of UDR, Inc. Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q (this “Report”) to “UDR,” the “Company,” “we,” “our” and “us” refer to UDR, Inc., together with its consolidated subsidiaries, including United Dominion Realty, L.P. (the “Operating Partnership” or the “OP”) and, prior to its liquidation in July 2026, UDR Lighthouse DownREIT L.P. (the “DownREIT Partnership”).

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, as amended (the “Exchange Act”). 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.

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

- general market and economic conditions;
- the impact of inflation/deflation, tariffs, geopolitical tensions and government shutdowns;
- unfavorable changes in apartment market and economic conditions that could adversely affect occupancy levels and rental rates;
- the failure of acquisitions, developments or redevelopments 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, fires, floods, ice storms 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;
- the availability of capital and the stability of the capital markets;
- changes in job growth, home affordability and the demand/supply ratio for multifamily housing;
- the failure of automation or technology to help grow net operating income;
- 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 or at expected rent and occupancy levels;
- 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 II, 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.

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 in targeted markets located in the United States. 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.

At June 30, 2026, our consolidated real estate portfolio included 162 communities in 12 states plus the District of Columbia totaling 54,173 apartment homes. In addition, we have an ownership interest in 8,720 completed or to-be-completed apartment homes through unconsolidated joint ventures or partnerships, including 3,319 apartment homes owned by entities in which we hold preferred equity investments. The *Same-Store Community* apartment home population for the three and six months ended June 30, 2026, was 52,426 and 52,341, respectively.

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The following table summarizes our same-store market information by major geographic markets as of and for the three and six months ended June 30, 2026, as applicable:

Same-Store Communities	June 30, 2026				Three Months Ended June 30, 2026		Six Months Ended June 30, 2026	
	Number of Apartment Communities	Number of Apartment Homes	Percentage of Total Carrying Value	Total Carrying Value (in thousands)	Weighted Average Physical Occupancy	Monthly Income per Occupied Home (a)	Weighted Average Physical Occupancy	Monthly Income per Occupied Home (a)
West Region								
Orange County, CA	8	4,305	8.8 %	\$ 1,440,413	96.3 %	\$ 3,252	96.2 %	\$ 3,236
San Francisco, CA	14	3,317	7.6 %	1,242,186	97.8 %	3,817	97.7 %	3,758
Seattle, WA	12	2,290	5.7 %	931,618	97.3 %	2,984	97.1 %	2,966
Monterey Peninsula, CA	7	1,567	1.3 %	211,001	96.2 %	2,435	96.7 %	2,421
Los Angeles, CA	4	1,225	3.0 %	497,676	95.8 %	3,289	96.0 %	3,272
Other Southern California	3	821	1.4 %	232,048	96.7 %	3,040	96.7 %	2,996
Portland, OR	1	220	0.2 %	27,589	97.4 %	2,148	97.2 %	2,158
Northeast Region								
Boston, MA	12	4,667	12.2 %	2,000,183	96.7 %	3,395	96.5 %	3,371
New York, NY	4	1,945	8.6 %	1,407,693	97.6 %	5,340	98.0 %	5,279
Philadelphia, PA	4	1,172	2.7 %	449,270	97.0 %	2,663	96.6 %	2,639
Mid-Atlantic Region								
Metropolitan D.C.	24	9,119	16.5 %	2,703,354	96.6 %	2,526	96.4 %	2,516
Baltimore, MD	6	1,721	3.0 %	489,511	96.9 %	2,142	96.7 %	2,128
Richmond, VA	2	841	0.5 %	90,109	94.6 %	1,885	94.6 %	1,871
Southeast Region								
Tampa, FL	10	3,611	4.2 %	694,307	96.6 %	2,152	96.5 %	2,150
Orlando, FL	10	3,293	3.5 %	575,948	96.7 %	1,910	96.6 %	1,904
Nashville, TN	7	2,055	1.6 %	259,500	95.2 %	1,741	95.4 %	1,727
Other Florida	1	636	0.6 %	99,964	96.7 %	2,396	96.4 %	2,389
Southwest Region								
Dallas, TX	20	7,449	8.5 %	1,386,135	96.6 %	1,810	96.8 %	1,775
Austin, TX	6	1,880	2.0 %	330,313	97.0 %	1,704	96.8 %	1,717
Denver, CO	1	292	0.6 %	103,090	96.6 %	2,061	96.2 %	2,063
Total/Average Same-Store Communities	156	52,426	92.5 %	15,171,908	96.6 %	\$ 2,642	96.6 %	\$ 2,623
Non-Mature, Commercial Properties & Other	5	1,512	5.8 %	942,312				
Total Real Estate Held for Investment	161	53,938	98.3 %	16,114,220				
Real Estate Under Development (b)	—	—	0.9 %	147,617				
Real Estate Held for Disposition (c)	1	235	0.8 %	134,048				
Total Real Estate Owned	162	54,173	100.0 %	16,395,885				
Total Accumulated Depreciation				(7,518,827)				
Total Real Estate Owned, Net of Accumulated Depreciation				\$ 8,877,058				

- (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 June 30, 2026, the Company was developing two wholly-owned communities with a total of 685 apartment homes, none of which have been completed.
- (c) The Company had one community located in Seattle, Washington that met the criteria to be classified as held for disposition at June 30, 2026.

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 April 1, 2025 (for quarter-to-date comparison) and January 1, 2025 (for year-to-date comparison) and held as of June 30, 2026. These communities were owned and had stabilized occupancy and operating expenses as of the beginning of the prior period, there is no plan to conduct substantial redevelopment activities, and the communities are not classified as 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.

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, our unsecured revolving credit facility and issuances of commercial paper 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, depository 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 2021, 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. During the three and six months ended June 30, 2026, the Company did not sell any shares of common stock through its ATM program. As of June 30, 2026, we had 14.0 million shares of common stock available for future issuance under the ATM program.

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.

During the three months ended June 30, 2026, the Company repurchased 5.5 million shares of its common stock at an average price of \$36.49 per share for total consideration of approximately \$200.3 million under its share repurchase program. During the six months ended June 30, 2026, the Company repurchased 8.2 million shares of its common stock at an average price of \$36.43 per share for total consideration of approximately \$300.3 million under its share repurchase program.

The Company has a \$1.3 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 \$2.5 billion, subject to certain conditions, including obtaining commitments from one or more lenders. The Revolving Credit Facility has a scheduled maturity date of August 31, 2028, with two six-month extension options, subject to certain conditions. The Term Loan has a scheduled maturity date of January 2029, with two one-year extension options, subject to certain conditions.

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 \$700.0 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. As of June 30, 2026, we had issued \$480.0 million of commercial paper, for one month terms, at a weighted average annualized rate of 4.01%, leaving \$220.0 million of unused capacity.

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 the remainder of 2026, we have approximately \$28.4 million of secured debt maturing, inclusive of principal amortization, and \$780.0 million of unsecured debt maturing. We anticipate repaying the remaining debt 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.

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.

Guarantor Subsidiary Summarized Financial Information

UDR has certain outstanding debt securities that are guaranteed by the Operating Partnership. With respect to this debt, as further outlined below, the Operating Partnership fully and unconditionally guarantees payment of any principal, premium and interest in full to the holders thereof. The Operating Partnership is a subsidiary of UDR, through which UDR conducts a significant portion of its business and holds a substantial amount of its assets. UDR also conducts business through other subsidiaries, including its taxable REIT subsidiaries. In addition to its ownership interest in the Operating Partnership, UDR holds interests in subsidiaries and joint ventures, owns and operates properties, issues securities from time to time and guarantees debt of certain of its subsidiaries. UDR, as the sole general partner of the Operating Partnership, owns 100 percent of the Operating Partnership's general partnership interests and approximately 95 percent of its limited partnership interests and, by virtue thereof, has the ability to control all of the day-to-day operations of the Operating Partnership. UDR has concluded that it is the primary beneficiary of, and therefore consolidates, the Operating Partnership.

The Operating Partnership is the subsidiary guarantor of certain of our registered debt securities, including the \$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, \$600 million of medium-term notes due January 2030, \$600 million of medium-term notes due August 2031, \$400 million of medium-term notes due August 2032, \$350 million of medium-term notes due March 2033, \$300 million of medium-term notes due in June 2033, \$300 million of medium-term notes due September 2034 and \$300 million of medium-term notes due November 2034.

The Operating Partnership fully and unconditionally guarantees payment of any principal, premium and interest in full to the holders of the notes described above. The guarantee forms part of the indenture under which the notes were issued. If, for any reason, we do not make any required payment in respect of the notes when due, the Operating Partnership will cause the payment to be made to, or to the order of, the applicable paying agent on behalf of the trustee. Holders of the notes may enforce their rights under the guarantee directly against the Operating Partnership without first making a demand or taking action against UDR or any other person or entity. The Operating Partnership may, without the consent of the holders of the notes, assume all of our rights and obligations under the notes and, upon such assumption, we will be released from our liabilities under the indenture and the notes.

The notes are UDR's unsecured general obligations and rank equally with all of UDR's other unsecured and unsubordinated indebtedness outstanding from time to time. As a result, our payment of amounts due on the notes is subordinated to all of our existing and future secured obligations to the extent of the value of the collateral pledged toward any such secured obligation. Our payment of amounts due on the notes also is effectively subordinated to all liabilities, whether secured or unsecured, of any of our non-guarantor subsidiaries because, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to such subsidiaries, we, as an equity holder of such subsidiaries, would not receive distributions from such subsidiaries until claims of any creditors of such subsidiaries are satisfied.

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The following tables present the summarized financial information for the Operating Partnership as of June 30, 2026 and December 31, 2025, and for the three and six months ended June 30, 2026 and 2025. The information presented below excludes eliminations necessary to arrive at the information on a consolidated basis (dollars in thousands):

	June 30, 2026	December 31, 2025
Total real estate, net	\$ 2,530,140	\$ 2,624,249
Cash and cash equivalents	2	—
Operating lease right-of-use assets	186,280	188,343
Other assets	97,309	37,548
Total assets	<u>\$ 2,813,731</u>	<u>\$ 2,850,140</u>
Secured debt, net	\$ 374,672	\$ 375,820
Notes payable to UDR (a)	1,535,816	1,697,552
Operating lease liabilities	181,695	183,731
Other liabilities	327,357	146,348
Total liabilities	<u>2,419,540</u>	<u>2,403,451</u>
Total capital	\$ 394,191	\$ 446,689

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total revenue	\$ 155,214	\$ 152,832	\$ 311,224	\$ 305,028
Property operating expenses	(61,511)	(58,096)	(125,584)	(124,587)
Real estate depreciation and amortization	(47,709)	(46,549)	(96,238)	(92,690)
Operating income/(loss)	45,994	48,187	89,402	87,751
Interest expense (a)	(20,099)	(18,445)	(40,447)	(36,323)
Gain/(loss) on sale of real estate	35,704	—	82,055	—
Other income/(loss)	2,743	(5,909)	1,789	(3,053)
Net income/(loss)	<u>\$ 64,342</u>	<u>\$ 23,833</u>	<u>\$ 132,799</u>	<u>\$ 48,375</u>

- (a) All \$1.5 billion and \$1.7 billion notes payable to UDR as of June 30, 2026 and December 31, 2025, respectively, and \$15.9 million and \$14.1 million of interest expense on notes payable to UDR for the three months ended June 30, 2026 and 2025, respectively, and \$32.0 million and \$27.7 million of interest expense on notes payable to UDR for the six months ended June 30, 2026 and 2025, respectively, eliminate upon consolidation of UDR's consolidated financial statements.

Critical Accounting Policies and Estimates and New Accounting Pronouncements

Our critical accounting policies are those having the most impact on the reporting of our financial condition and results and those requiring significant judgments and estimates. These policies include those related to (1) capital expenditures, (2) impairment of long-lived assets, (3) real estate investment properties, and (4) revenue recognition.

Our critical accounting policies are described in more detail in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in UDR's Annual Report on Form 10-K, filed with the SEC on February 17, 2026. There have been no significant changes in our critical accounting policies from those reported in our Form 10-K filed with the SEC on February 17, 2026. With respect to these critical accounting policies, we believe that the application of judgments and assessments is consistently applied and produces financial information that fairly depicts the results of operations for all periods presented.

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 six months ended June 30, 2026 and 2025.

Operating Activities

For the six months ended June 30, 2026, our *Net cash provided by/(used in) operating activities* was \$390.9 million, compared to \$406.5 million for the comparable period in 2025. The decrease in cash flow from operating activities was primarily due to a decrease in operating distributions from our unconsolidated joint ventures and partnerships, partially offset by changes in operating assets and liabilities.

Investing Activities

For the six months ended June 30, 2026, *Net cash provided by/(used in) investing activities* was \$225.8 million, compared to \$(40.9) million for the comparable period in 2025. The increase in cash provided by investing activities was primarily due to an increase in distributions received from unconsolidated joint ventures and partnerships, a decrease in the issuance of notes receivables during the current period compared to the prior year period, a decrease in capital expenditures, and an increase in proceeds from the sales of real estate investments, partially offset by an increase in spend on acquisitions and an increase in spend for development of real estate.

Acquisitions

In April 2026, the Company acquired a 232-home operating apartment community located in Portland, Oregon in connection with the liquidation of the Company's interest in a joint venture. As a result, the community became wholly owned, and the Company began consolidating the community. In connection with the liquidation, the Company repaid the joint venture's \$53.4 million first mortgage loan and settled its \$18.9 million preferred equity investment. No cash consideration was paid to the joint venture partner in connection with the acquisition. The Company increased its real estate assets owned by approximately \$72.1 million, and recorded \$1.2 million of in-place lease intangibles. Following the recognition of the acquired assets and assumed liabilities, the Company recognized a gain on consolidation of \$0.3 million in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. (See Note 5, *Joint Ventures and Partnerships* for more information.)

In June 2026, the Company acquired the developer's equity interest in a 66 apartment home operating community located in Santa Monica, California. The Company previously held a secured first mortgage loan and preferred equity investment with the joint venture. In connection with the acquisition, the Company issued \$2.8 million of OP Units to the developer. As a result, the joint venture became wholly owned, and the Company began consolidating the community. Concurrent with the acquisition, the Company's first mortgage loan, including accrued interest, was settled in full, and its preferred equity investment was adjusted to its liquidation value, resulting in a \$3.8 million gain recognized in *Income/(loss) from unconsolidated entities* on the Consolidated Statements of Operations. The Company increased its real estate assets owned by approximately \$45.1 million, and recorded \$1.2 million of in-place lease intangibles.

Dispositions

In March 2026, the Company sold four operating communities located in various markets with a total of 1,159 apartment homes for gross proceeds of \$362.0 million, resulting in total gains of approximately \$157.4 million.

In June 2026, the Company sold an operating community located in Nashville, Tennessee with 206 apartment homes for gross proceeds of \$41.5 million, resulting in a gain of approximately \$35.7 million. As of June 30, 2026, the net proceeds of \$40.8 million were held by a qualified intermediary, which was recorded in *Other Assets* on the Consolidated Balance Sheets.

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 six months ended June 30, 2026, total capital expenditures of \$108.4 million, or \$1,991 per stabilized home, which in aggregate include recurring capital expenditures and major renovations, were spent across our portfolio, excluding development, as compared to \$119.9 million, or \$2,168 per stabilized home, for the comparable period in 2025.

The decrease in total capital expenditures was primarily due to:

- a decrease of 37.1%, or \$14.4 million, in major renovations, which includes major structural changes and/or architectural revisions to existing buildings; and
- a decrease of 4.2%, or \$1.5 million, in NOI enhancing improvements, such as kitchen and bath remodels and upgrades to common areas.

This was partially offset by:

- an increase of \$2.7 million in spend as compared to 2025 for our operating platform, which includes smart home technology updates at certain of our properties; and
- an increase of 3.5%, or \$1.6 million, in recurring capital expenditures, which includes asset preservation expenditures and turnover-related expenditures.

The following table outlines capital expenditures and repair and maintenance costs for all of our communities, excluding real estate under development, for the six months ended June 30, 2026 and 2025 (*dollars in thousands except Per Home amounts*):

	Six Months Ended June 30,			Per Home		
	2026	2025	% Change	2026	2025	% Change
Turnover capital expenditures	\$ 7,723	\$ 8,172	(5.5)%	\$ 142	\$ 148	(4.1)%
Asset preservation expenditures	38,876	36,868	5.4 %	714	666	7.2 %
Total recurring capital expenditures	46,599	45,040	3.5 %	856	814	5.2 %
NOI enhancing improvements (a)	33,713	35,203	(4.2)%	619	636	(2.7)%
Major renovations (b)	24,414	38,817	(37.1)%	449	702	(36.0)%
Operations platform	3,632	887	309.5 %	67	16	318.8 %
Total capital expenditures (c)	\$ 108,358	\$ 119,947	(9.7)%	\$ 1,991	\$ 2,168	(8.2)%
Repair and maintenance expense	\$ 52,996	\$ 51,258	3.4 %	\$ 974	\$ 927	5.1 %
Average home count (d)	54,433	55,324	(1.6)%			

- (a) NOI enhancing improvements are expenditures that we believe will result in increased income generation or decreased expense growth.
- (b) Major renovations include major structural changes and/or architectural revisions to existing buildings.
- (c) Total capital expenditures includes amounts capitalized during the year. Cash paid for capital expenditures is impacted by the net change in related accruals.
- (d) Average number of homes is calculated based on the number of homes outstanding at the end of each month.

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 June 30, 2026, our development pipeline consisted of two wholly-owned communities totaling 685 apartment homes, none of which have been completed, with a budget of \$314.9 million, in which we have a gross carrying value of \$147.6 million. The homes are estimated to be completed between the first quarter of 2027 and the second quarter of 2029. In addition, the Company is incurring and capitalizing costs directly related to predevelopment activities at other development sites in preparation of future commencements.

At June 30, 2026, the Company had no communities at which it was conducting substantial redevelopment activities.

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 six months ended June 30, 2026:

- we made investments totaling \$2.8 million in our unconsolidated joint ventures and partnerships;
- our proportionate share of the net income/(loss) of the joint ventures and partnerships was \$23.0 million; and
- we received distributions of \$157.0 million, of which \$14.3 million were operating cash flows and \$142.7 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 incur any other-than-temporary impairments in the value of its investments in unconsolidated joint ventures during the six months ended June 30, 2026 and 2025.

Financing Activities

For the six months ended June 30, 2026, our *Net cash provided by/(used in) financing activities* was \$(617.5) million, compared to \$(365.9) million for the comparable period of 2025.

The following significant financing activities occurred during the six months ended June 30, 2026:

- repaid \$28.3 million of secured debt;
- received net proceeds of \$35.0 million, net on our unsecured commercial paper program;
- repaid \$15.4 million on our revolving bank debt;
- repurchased 8.2 million common shares for approximately \$300.3 million,
- paid \$19.8 million of distributions to redeemable noncontrolling interests; and
- paid \$282.9 million of distributions to our common stockholders.

Credit Facilities and Commercial Paper Program

The Company has a \$1.3 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 \$2.5 billion, subject to certain conditions, including obtaining commitments from one or more lenders. The Revolving Credit Facility has a scheduled maturity date of August 31, 2028, with two six-month extension options, subject to certain conditions. The Term Loan has a scheduled maturity date of January 2029, with two one-year extension options, subject to certain conditions.

Based on the Company's current credit rating, the Revolving Credit Facility has an interest rate equal to SOFR plus a margin of 77.5 basis points and a facility fee of 15 basis points, and the Term Loan has an interest rate equal to SOFR plus a margin of 85.0 basis points. Depending on the Company's credit rating, the margin under the Revolving Credit Facility ranges from 70 to 140 basis points, the facility fee ranges from 10 to 30 basis points, and the margin under the Term Loan ranges from 75 to 160 basis points. In addition, the Credit Agreement allows for the Company in consultation with the sustainability structuring agent to propose key performance indicators with respect to certain environmental, social, and governance goals of the Company, and thresholds or targets with respect thereto, and a related amendment to the Credit Agreement, that if entered into may allow a change in the applicable margin for the Term Loan of up to five basis points.

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As of June 30, 2026, we had no outstanding borrowings under the Revolving Credit Facility, leaving \$1.3 billion of unused capacity (excluding \$4.3 million of letters of credit at June 30, 2026), and \$350.0 million of outstanding borrowings under the Term Loan.

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 12, 2027, with two one-year extension options. Based on the Company’s current credit rating, the Working Capital Credit Facility has an interest rate equal to SOFR plus a margin of 77.5 basis points. Depending on the Company’s credit rating, the margin ranges from 70 to 140 basis points.

As of June 30, 2026, we had \$11.0 million of outstanding borrowings under the Working Capital Credit Facility, leaving \$64.0 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 June 30, 2026.

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 \$700.0 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. As of June 30, 2026, we had issued \$480.0 million of commercial paper, for one month terms, at a weighted average annualized rate of 4.01%, leaving \$220.0 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 and operations. 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 \$693.0 million in variable rate debt that is not subject to interest rate swap contracts as of June 30, 2026. If market interest rates for variable rate debt increased by 100 basis points, our interest expense for the six months ended June 30, 2026 would increase by \$3.3 million based on the average balance outstanding during the period.

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 or actions we may take 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 11, *Derivatives and Hedging Activities*, in the Notes to the UDR Consolidated Financial Statements included in this Report for additional discussion of derivative instruments.

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

	Six Months Ended June 30,	
	2026	2025
Net cash provided by/(used in) operating activities	\$ 390,918	\$ 406,545
Net cash provided by/(used in) investing activities	225,799	(40,938)
Net cash provided by/(used in) financing activities	(617,520)	(365,925)

Results of Operations

The following discussion explains the changes in results of operations that are presented in our Consolidated Statements of Operations for the three and six months ended June 30, 2026 and 2025.

Net Income/(Loss) Attributable to Common Stockholders

Net income/(loss) attributable to common stockholders was \$67.8 million (\$0.21 per diluted share) for the three months ended June 30, 2026, as compared to \$36.5 million (\$0.11 per diluted share) for the comparable period in the prior year. The increase resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- a gain on the sale of real estate of \$35.7 million from the sale of an operating community located in Nashville, Tennessee during the three months ended June 30, 2026, as compared to no gain on the sale of real estate during the three months ended June 30, 2025; and
- a decrease in other depreciation and amortization of \$3.9 million primarily due to \$3.0 million of software transition related costs incurred during the three months ended June 30, 2025, as compared to none during the three months ended June 30, 2026.

This was partially offset by:

- a decrease in interest income and other income/(expense), net of \$5.5 million primarily due to a \$5.2 million decrease in interest income from our notes receivables primarily due to lower average notes receivable balances during the three months ended June 30, 2026, as compared to the same period in 2025; and
- an increase in other operating expenses of \$5.2 million primarily due to an increase in legal fees incurred during the three months ended June 30, 2026 primarily related to the cases in which we have been named that allege antitrust violations by RealPage, Inc., as compared to the same period in 2025.

Net income/(loss) attributable to common stockholders was \$256.4 million (\$0.79 per diluted share) for the six months ended June 30, 2026, as compared to \$112.0 million (\$0.34 per diluted share) for the comparable period in the prior year. The increase resulted primarily from the following items, all of which are discussed in further detail elsewhere within this Report:

- gains on the sale of real estate of \$193.1 million from the sale of five operating communities located in various markets during the six months ended June 30, 2026, as compared to gains on the sale of real estate of \$47.9 million from the sale of two operating communities located in various markets during the six months ended June 30, 2025;
- an increase in income/(loss) from unconsolidated entities of \$13.5 million primarily due to an increase of \$14.7 million from realized and unrealized gains on real estate technology investments; and
- a decrease in other depreciation and amortization of \$7.7 million primarily due to \$5.9 million of software transition related costs incurred during the six months ended June 30, 2025, as compared to none during the six months ended June 30, 2026.

This was partially offset by:

- an increase in net income attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership of \$9.8 million primarily attributed to the noncontrolling interests' share of the gain from the sale of five operating communities located in various markets during the six months ended June 30, 2026, as compared to the noncontrolling interests' share of the gain from the sale of two operating communities located in various markets in the same period of 2025;
- an increase in other operating expenses of \$6.6 million primarily due to an increase in legal fees incurred during the six months ended June 30, 2026 primarily related to the cases in which we have been named that allege antitrust violations by RealPage, Inc., as compared to the same period in 2025; and
- a decrease in interest income and other income/(expense), net of \$5.0 million primarily due to a \$4.9 million decrease in interest income from our notes receivables primarily due to lower average notes receivable balances during the six months ended June 30, 2026, as compared to the same period in 2025.

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 3.25% of property revenue, and land rent. Property management expense covers costs directly related to consolidated property operations, inclusive of corporate management, regional supervision, accounting and other 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 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):

	Three Months Ended June 30, (a)			Six Months Ended June 30, (b)		
	2026	2025	% Change	2026	2025	% Change
Same-Store Communities:						
Same-Store rental income	\$ 401,686	\$ 394,711	1.8 %	\$ 796,118	\$ 785,850	1.3 %
Same-Store operating expense (c)	(126,073)	(122,843)	2.6 %	(256,466)	(247,794)	3.5 %
Same-Store NOI	<u>275,613</u>	<u>271,868</u>	1.4 %	<u>539,652</u>	<u>538,056</u>	0.3 %
Non-Mature Communities/Other NOI:						
Stabilized, non-mature communities NOI (d)	5,398	2,242	NM *	12,021	4,439	NM *
Acquired communities NOI	919	—	N/A	919	—	N/A
Development communities NOI (e)	(35)	—	NM *	(35)	—	NM *
Non-residential/other NOI (f)	4,900	3,655	34.1 %	9,096	7,409	22.8 %
Sold and held for disposition communities NOI	2,961	12,615	(76.5)%	10,833	25,577	(57.6)%
Total Non-Mature Communities/Other NOI	<u>14,143</u>	<u>18,512</u>	(23.6)%	<u>32,834</u>	<u>37,425</u>	(12.3)%
Total property NOI	<u>\$ 289,756</u>	<u>\$ 290,380</u>	(0.2)%	<u>\$ 572,486</u>	<u>\$ 575,481</u>	(0.5)%

* Not meaningful

(a) Same-Store consists of 52,426 apartment homes.

(b) Same-Store consists of 52,341 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.

(e) Represents communities recently developed or under development that have not achieved 90% occupancy for three consecutive months and therefore do not meet the criteria to be included in Stabilized, non-mature communities.

(f) Primarily non-residential retail revenue and expense.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income/(loss) attributable to UDR, Inc.	\$ 69,035	\$ 37,673	\$ 258,866	\$ 114,393
Joint venture management and other fees	(2,466)	(2,398)	(4,994)	(4,510)
Property management	13,745	13,747	27,503	27,392
Other operating expenses	12,966	7,753	22,381	15,812
Real estate depreciation and amortization	160,120	163,191	321,388	324,585
General and administrative	18,714	19,929	38,078	39,424
Casualty-related charges/(recoveries), net	3,073	3,382	8,802	6,679
Other depreciation and amortization	3,451	7,387	6,786	14,454
(Gain)/loss on sale of real estate owned	(35,704)	—	(193,120)	(47,939)
(Income)/loss from unconsolidated entities	(3,271)	(3,629)	(22,967)	(9,443)
Interest expense	47,640	48,665	96,216	96,366
Interest income and other (income)/expense, net	(2,596)	(8,134)	(5,030)	(10,055)
Tax provision/(benefit), net	429	258	884	416
Net income/(loss) attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership	4,609	2,545	17,670	7,884
Net income/(loss) attributable to noncontrolling interests	11	11	23	23
Total property NOI	\$ 289,756	\$ 290,380	\$ 572,486	\$ 575,481

Same-Store Communities

Our *Same-Store Community* properties, those acquired, developed, and stabilized prior to April 1, 2025 (for quarter-to-date comparison) and January 1, 2025 (for year-to-date comparison) and held on June 30, 2026 consisted of 52,426 and 52,341 apartment homes, respectively, and provided 95.1% and 94.3% of our total NOI for the three and six months ended June 30, 2026.

Three Months Ended June 30, 2026 vs. Three Months Ended June 30, 2025

NOI for our *Same-Store Community* properties increased 1.4%, or \$3.7 million, for the three months ended June 30, 2026 compared to the same period in 2025. The increase in property NOI was attributable to a 1.8%, or \$7.0 million, increase in property rental income, partially offset by a 2.6%, or \$3.2 million, increase in operating expenses. The increase in property rental income was primarily driven by a 0.7%, or \$2.4 million, increase in rental rates, a 5.8%, or \$2.8 million, increase in reimbursement and other income and a \$2.3 million decrease in bad debt expense primarily due to a reduction in delinquent homes resulting in higher collections. Weighted average physical occupancy decreased by 0.2% to 96.6% and total monthly income per occupied home increased by 2.0% to \$2,642.

The increase in operating expenses was primarily driven by a 2.8%, or a \$1.3 million, increase in real estate taxes due to higher assessed valuations, a 5.2%, or \$0.9 million, increase in utilities primarily due to an increase in commodity prices, and a 3.4% or \$0.6 million, increase in personnel costs primarily due to annual merit increases and severance costs.

The operating margin (property net operating income divided by property rental income) was 68.6% and 68.9% for the three months ended June 30, 2026 and 2025, respectively.

Six Months Ended June 30, 2026 vs. Six Months Ended June 30, 2025

NOI for our *Same-Store Community* properties increased 0.3%, or \$1.6 million, for the six months ended June 30, 2026 compared to the same period in 2025. The increase in property NOI was attributable to a 1.3%, or \$10.3 million, increase in property rental income, partially offset by a 3.5%, or \$8.7 million, increase in operating expenses. The increase in property rental income was primarily driven by a 0.7%, or \$5.0 million, increase in rental rates, a 5.5%, or \$5.2 million, increase in reimbursement and other income and a \$2.4 million decrease in bad debt expense primarily due to a reduction in delinquent homes resulting in higher collections, partially offset by a 14.9%, or \$3.1 million, increase in vacancy loss. Weighted average physical occupancy decreased by 0.5% to 96.6% and total monthly income per occupied home increased by 1.8% to \$2,623.

The increase in operating expenses was primarily driven by a 6.8%, or \$2.4 million, increase in utilities primarily due to an increase in commodity prices, a 2.3%, or \$2.3 million, increase in real estate taxes due to higher assessed valuations, a 3.6%, or \$1.8 million, increase in repair and maintenance expense due to increases in third party vendor costs and weather related events, and a 3.8%, or \$1.4 million, increase in personnel costs primarily due to annual merit increases and severance costs.

The operating margin (property net operating income divided by property rental income) was 67.8% and 68.5% for the six months ended June 30, 2026 and 2025, 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.

Three Months Ended June 30, 2026 vs. Three Months Ended June 30, 2025

The remaining 4.9%, or \$14.1 million, of our total NOI during the three months ended June 30, 2026 was generated from our *Non-Mature Communities/Other*. NOI from *Non-Mature Communities/Other* decreased by 23.6%, or \$4.4 million, for the three months ended June 30, 2026 as compared to the same period in 2025. The decrease was primarily attributable to a \$9.7 million decrease in sold and held for disposition communities NOI due to the sale of five operating communities during 2026, partially offset by a \$3.2 million increase in NOI from stabilized, non-mature communities, primarily due to completed development communities becoming stabilized and communities acquired in 2025 becoming stabilized.

Six Months Ended June 30, 2026 vs. Six Months Ended June 30, 2025

The remaining 5.7%, or \$32.8 million, of our total NOI during the six months ended June 30, 2026 was generated from our *Non-Mature Communities/Other*. NOI from *Non-Mature Communities/Other* decreased by 12.3%, or \$4.6 million, for the six months ended June 30, 2026 as compared to the same period in 2025. The decrease was primarily attributable to a \$14.7 million decrease in sold and held for disposition communities NOI due to the sale of five operating communities during 2026, partially offset by a \$7.6 million increase in NOI from stabilized, non-mature communities, primarily due to completed development communities becoming stabilized and communities acquired in 2025 becoming stabilized.

Gain/(loss) on sale of real estate owned

For the three months ended June 30, 2026, the Company recognized gain/(loss) on sale of real estate owned of \$35.7 million as compared to none for the three months ended June 30, 2025. The increase in 2026 as compared to 2025 was attributable to the sale of an operating community located in Nashville, Tennessee during the three months ended June 30, 2026, as compared to no sales of real estate during the three months ended June 30, 2025.

For the six months ended June 30, 2026, the Company recognized gain/(loss) on sale of real estate owned of \$193.1 million as compared to \$47.9 million on sale of real estate owned for the six months ended June 30, 2025. The increase in 2026 as compared to 2025 was attributable to the sale of five operating communities located in various markets during the six months ended June 30, 2026, as compared to the sale of two operating communities located in various markets during the six months ended June 30, 2025.

Income/(loss) from unconsolidated entities

For the six months ended June 30, 2026 and 2025, the Company recognized income/(loss) from unconsolidated entities of \$23.0 million and \$9.4 million, respectively. The increase in 2026 as compared to 2025 was primarily due to an increase of \$14.7 million from realized and unrealized gains on real estate technology investments.

Other operating expenses

For the three months ended June 30, 2026 and 2025, the Company recognized other operating expenses of \$13.0 million and \$7.8 million, respectively. The increase in 2026 as compared to 2025 was primarily due to an increase in legal fees incurred during the three months ended June 30, 2026 primarily related to the cases in which we have been named that allege antitrust violations by RealPage, Inc., as compared to the same period in 2025.

For the six months ended June 30, 2026 and 2025, the Company recognized other operating expenses of \$22.4 million and \$15.8 million, respectively. The increase in 2026 as compared to 2025 was primarily due to an increase in legal fees incurred during the six months ended June 30, 2026 primarily related to the cases in which we have been named that allege antitrust violations by RealPage, Inc., as compared to the same period in 2025.

Interest income and other income/(expense), net

For the three months ended June 30, 2026 and 2025, the Company recognized interest income and other income/(expense), net of \$2.6 million and \$8.1 million, respectively. The decrease in 2026 as compared to 2025 was primarily due to a \$5.2 million decrease in interest income from our notes receivables primarily due to lower notes receivable balances during the three months ended June 30, 2026, as compared to the same period in 2025.

For the six months ended June 30, 2026 and 2025, the Company recognized interest income and other income/(expense), net of \$5.0 million and \$10.1 million, respectively. The decrease in 2026 as compared to 2025 was primarily due to a \$4.9 million decrease in interest income from our notes receivables primarily due to lower notes receivable balances during the six months ended June 30, 2026, as compared to the same period in 2025.

Other depreciation and amortization

For the three months ended June 30, 2026 and 2025, the Company recognized other depreciation and amortization of \$3.5 million and \$7.4 million, respectively. The decrease in 2026 as compared to 2025 was primarily due to \$3.0 million of software transition related costs incurred during the three months ended June 30, 2025, as compared to none during the three months ended June 30, 2026.

For the six months ended June 30, 2026 and 2025, the Company recognized other depreciation and amortization of \$6.8 million and \$14.5 million, respectively. The decrease in 2026 as compared to 2025 was primarily due to \$5.9 million of software transition related costs incurred during the six months ended June 30, 2025, as compared to none during the six months ended June 30, 2026.

Noncontrolling Interest

For the six months ended June 30, 2026 and 2025, the Company recognized net income attributable to redeemable noncontrolling interests in the Operating Partnership and DownREIT Partnership of \$17.7 million and \$7.9 million, respectively. The increase in 2026 as compared to 2025 primarily attributed to the noncontrolling interests' share of the gains from the sale of five operating communities located in various markets during the three months ended June 30, 2026, as compared to the noncontrolling interests' share of the gains from the sale of two operating communities located in various markets in the same period of 2025.

Inflation

Inflation primarily impacts our results of operations as a result of wage pressures and increases in utilities and repair and maintenance costs. In addition, inflation could also impact our general and administrative expenses, the interest on our debt if variable or refinanced in a high-inflationary environment, our cost of capital, and our cost of development, redevelopment, maintenance or other operating activities. However, the majority of our apartment leases have initial terms of 12 months or

less, which in an inflationary environment, and absent other factors such as increased supply, generally enables us to compensate for inflationary effects by increasing rents on our apartment homes. Although an extreme or sustained escalation in costs could have a negative impact on our residents and their ability to absorb rent increases, we do not believe this had a material impact on our results for the three and six months ended June 30, 2026.

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, software transition related 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 enables 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 flow 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 and the Company’s proportionate share of recurring capital expenditures on unconsolidated partnerships and joint ventures, 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 enables 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 flow 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 three and six months ended June 30, 2026 and 2025 (*dollars in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income/(loss) attributable to common stockholders	\$ 67,810	\$ 36,462	\$ 256,421	\$ 111,976
Real estate depreciation and amortization	160,120	163,191	321,388	324,585
Noncontrolling interests	4,620	2,556	17,693	7,907
Real estate depreciation and amortization on unconsolidated joint ventures	10,857	13,458	26,338	26,224
Net (gain)/loss on consolidation	(275)	(286)	(275)	(286)
Net gain on the sale of depreciable real estate owned, net of tax	(35,674)	—	(193,090)	(47,939)
FFO attributable to common stockholders and unitholders, basic	\$ 207,458	\$ 215,381	\$ 428,475	\$ 422,467
Distributions to preferred stockholders — Series E (Convertible)	1,225	1,211	2,445	2,417
FFO attributable to common stockholders and unitholders, diluted	\$ 208,683	\$ 216,592	\$ 430,920	\$ 424,884
Income/(loss) per weighted average common share, diluted	\$ 0.21	\$ 0.11	\$ 0.79	\$ 0.34
FFO per weighted average common share and unit, basic	\$ 0.60	\$ 0.61	\$ 1.23	\$ 1.19
FFO per weighted average common share and unit, diluted	\$ 0.60	\$ 0.61	\$ 1.23	\$ 1.19
Weighted average number of common shares and OP/DownREIT Units outstanding — basic	345,147	353,617	347,566	353,572
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding — diluted	348,292	357,370	350,652	357,402
Impact of adjustments to FFO:				
Legal and other costs	\$ 8,418	\$ 3,358	\$ 13,601	\$ 7,163
Realized and unrealized (gain)/loss on real estate technology investments, net of tax	1,277	220	(14,157)	431
Severance costs	532	1,024	532	1,523
Software transition related costs	—	2,967	—	5,934
Casualty-related charges/(recoveries)	3,073	3,382	8,802	6,679
Total impact of adjustments to FFO	\$ 13,300	\$ 10,951	\$ 8,778	\$ 21,730
FFOA attributable to common stockholders and unitholders, diluted	\$ 221,983	\$ 227,543	\$ 439,698	\$ 446,614
FFOA per weighted average common share and unit, diluted	\$ 0.64	\$ 0.64	\$ 1.25	\$ 1.25
Recurring capital expenditures, inclusive of unconsolidated joint ventures	(28,465)	(29,201)	(49,165)	(47,606)
AFFO attributable to common stockholders and unitholders, diluted	\$ 193,518	\$ 198,342	\$ 390,533	\$ 399,008
AFFO per weighted average common share and unit, diluted	\$ 0.56	\$ 0.56	\$ 1.11	\$ 1.12

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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 three and six months ended June 30, 2026 and 2025 (shares in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Weighted average number of common shares and OP/DownREIT Units outstanding — basic	345,147	353,617	347,566	353,572
Weighted average number of OP/DownREIT Units outstanding	(22,189)	(22,839)	(22,449)	(22,869)
Weighted average number of common shares outstanding — basic per the Consolidated Statements of Operations	<u>322,958</u>	<u>330,778</u>	<u>325,117</u>	<u>330,703</u>
Weighted average number of common shares, OP/DownREIT Units, and common stock equivalents outstanding — diluted	348,292	357,370	350,652	357,402
Weighted average number of OP/DownREIT Units outstanding	(22,189)	(22,839)	(22,449)	(22,869)
Weighted average number of Series E Cumulative Convertible Preferred shares outstanding	(2,816)	(2,816)	(2,816)	(2,816)
Weighted average number of common shares outstanding — diluted per the Consolidated Statements of Operations	<u>323,287</u>	<u>331,715</u>	<u>325,387</u>	<u>331,717</u>

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to interest rate changes associated with our commercial paper program and unsecured credit facility and other variable rate debt as well as refinancing risk on our fixed rate debt. The Company's involvement with derivative financial instruments is limited and we do not expect to use them for trading or other speculative purposes. The Company uses derivative instruments solely to manage its exposure to interest rates.

See our Annual Report on Form 10-K for the year ended December 31, 2025 under the heading "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for a more complete discussion of our interest rate sensitive assets and liabilities. As of June 30, 2026, our market risk has not changed materially from the amounts reported in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. CONTROLS AND PROCEDURES

The disclosure controls and procedures of the Company 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 reported 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 June 30, 2026, we carried out an evaluation, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, of the effectiveness of the design and operation of the disclosure controls and procedures of the Company. 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 are effective at the reasonable assurance level described above.

There have not been any changes in the Company'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 fiscal quarter to which this report relates that materially affected, or are reasonably likely to materially affect, the internal control over financial reporting of the Company.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is a party to various claims and routine litigation arising in the ordinary course of business. We do not believe that the results of any such claims and litigation, individually or in the aggregate, will have a material adverse effect on our business, financial position or results of operations. As described in more detail in Note 13, *Commitments and Contingencies*, to the consolidated financial statements included in this report, we are currently a defendant, among other companies, in lawsuits related to our use of products licensed by RealPage, Inc.

Item 1A. RISK FACTORS

There are many factors that affect the business and the results of operations of the Company, some of which are beyond its control. The following is a description of material factors that may cause the Company's actual results 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. These risks are not all of the risks we face and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur.

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 increases 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, any federal government shutdown and uncertainty about the future. Our major expenses generally do not decline when related rents decline. We would expect that declines in our occupancy levels and rental and other revenues would cause us to have less cash available to pay our indebtedness and to distribute to our stockholders, which could adversely affect our financial condition or the market value of our securities. Factors that have in the past and may in the future affect our occupancy levels, our rental revenues, and/or the value of our properties include the following, among others:

- downturns in global, national, regional and local economic conditions, particularly increases in unemployment, including as a result of tariffs currently in effect, including Section 122 tariffs, and any future tariffs that may be imposed, geopolitical tensions, government shutdowns or otherwise;
- declines in mortgage interest rates, making alternative housing options 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 six months ended June 30, 2026, approximately 75.0% of our total NOI was generated from communities located in Metropolitan D.C. (17.0%), Boston, MA (11.5%), Orange County, CA (11.2%), the San Francisco Bay Area, CA (9.3%), Dallas, TX (8.8%), New York, NY (6.1%), Tampa, FL (5.1%) and Seattle, WA (5.2%). 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, including new supply, 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 operations 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 their leases are not renewed or they leave prior to their lease expiration date, we may not be able to relet their apartment units. Even if leases are renewed or we can relet the apartment units, the terms of renewal or reletting may be less favorable to us than the expiring 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, and have in the past been, adversely affected. If residents do not experience increases in their income or if they experience decreases in their income or job losses, we may be unable to increase or maintain 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 (small and/or local businesses) may subject us to certain risks. The longer-term leases could result in below market lease rates over time, particularly in an inflationary environment. We may require 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 take, and spaces have taken in the past, longer than expected to relet, may not be relet or the terms of reletting, including the cost of allowances and concessions to tenants, may be less favorable to us than the prior lease terms, or we may incur additional expenses related to modifications of the spaces in order to satisfy new tenants. 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. Our retail or commercial tenants may experience financial distress or bankruptcy, or may fail to comply with their contractual obligations, and may seek concessions in order to continue operations or cease their operations, all of which has happened in the past and may occur again in the future, which could adversely impact our results of operations and financial condition.

We Face Risks Related to Inflation/Deflation. Substantial inflationary or deflationary pressures could have a negative effect on rental rates and property operating expenses. The U.S. economy has during certain periods over the last few years experienced periods of high rates of inflation and could again, including due to pressures related to tariffs currently in effect, which has in the past increased, and could in the future increase, our operating expenses due to higher third party vendor costs and increased our interest expense due to higher interest rates on our variable rate debt. Although the short-term nature of our apartment leases may, absent other factors, enable us to compensate for inflationary effects by increasing rents on our apartment homes, an extreme or sustained escalation in costs could have a negative impact on our residents and their ability to absorb rent increases. The general risk of inflation is that interest on our debt, general and administrative expenses, materials costs, labor costs, 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, among other factors, 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 or 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 Debt and Preferred Equity 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 some property sales may be held by intermediaries in order for such 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;
- federal tax laws limit our ability to profit on the sale of communities or interests in communities that we have owned for less than two years, and this limitation may prevent us from selling communities when market conditions are favorable or when we may otherwise desire to sell; and
- local laws that allow first right of refusal for tenants or community organizations may increase the length of time to dispose of a property.

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, including new supply, could adversely affect our ability to lease apartment homes and increase or maintain rents, which could materially and 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 acquired in the past, and if presented with attractive opportunities we intend to 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, or at all, which could cause us to delay or even abandon potential acquisitions;
- if we seek and are able to finance an acquisition with debt, 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, rental rates and expenses 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 REITs, have competed with us to acquire existing properties and to develop new properties, and such competition in the future may limit attractive investment opportunities, 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 pursued, and we are currently pursuing, the development and construction of apartment communities. We intend to continue to do so in the future as appropriate opportunities arise. We may conduct development activities 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:

- if we seek construction financing we may be unable to obtain such financing for development activities on favorable terms, or at all, which could cause us to delay or even abandon potential developments;
- we may experience supply chain constraints, which could result in increased development costs or delay initial occupancy dates for all or a portion of a development community;
- 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, delay initial occupancy dates for all or a portion of a development community, and require us to abandon our activities entirely with respect to a project for which we are unable to obtain permits or authorizations;
- costs may be higher or yields may be less than anticipated as a result of delays in completing projects, defaults by our counterparties, higher than expected concessions for lease-up and lower rents than expected, and/or due to increased material, labor or other costs or supply chain disruptions, including as a result of tariffs or changes in immigration laws or their enforcement;
- we may abandon development opportunities that we have already begun to explore, and we may be unable 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 we may 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.

An Epidemic, Pandemic or Other Health Crisis, and Measures Intended to Prevent the Spread of Such an Event, Could Have a Material Adverse Effect on our Business, Results of Operations, Cash Flows and Financial Condition. We face risks related to an epidemic, pandemic or other health crisis, which in the past have impacted, and in the future could impact, the markets in which we operate and could have a material adverse effect on our business, results of operations, cash flows and financial condition. The impact of an epidemic, pandemic or other health crisis, and measures to prevent the spread of such an event, could materially and adversely affect our business in a number of ways. Our rental revenue and operating results depend significantly on the occupancy levels at our properties and the ability of our residents and retail and commercial tenants to meet their rent obligations to us, which have in the past been, and could in the future be, adversely affected by, among other things, job losses, furloughs, store closures, lower incomes, uncertainty about the future as a result of an epidemic, pandemic or other health crisis and related governmental actions such as eviction moratoriums, shelter-in-place orders, prohibitions or limits on charging certain fees, and limitations on collections and/or rent increases. Such government actions have affected, and may again in the future affect, our ability to collect rent or enforce legal or contractual remedies for the failure to pay rent, which has in turn negatively impacted, and may in the future negatively impact, our ability to remove residents or retail and commercial tenants who are not paying rent and our ability to rent their units or other space to new residents or retail and commercial tenants, respectively.

State, local, and federal governments also have increased, and may in the future increase, property taxes or other taxes or fees, or may enact new taxes or fees, in order to increase revenue in connection with an epidemic, pandemic or other health crisis or otherwise, which has in the past increased, and may in the future increase, our expenses. Our development and construction projects, including those in our Debt and Preferred Equity Program, also have been and could in the future be adversely affected by factors related to an epidemic, pandemic or other health crisis. An epidemic, pandemic or other health crisis, or related impacts thereof also could adversely affect the businesses and financial conditions of our counterparties, including our joint venture partners, participants in the Debt and Preferred Equity Program, and general contractors and their subcontractors, and their ability to satisfy their obligations to us and to complete transactions or projects with us as intended.

Bankruptcy or Defaults of Our Counterparties Could Adversely Affect Our Performance. We have relationships with and we execute transactions with or receive services from many counterparties, such as general contractors engaged in

connection with our development activities, borrowers, and joint venture partners, among others. As a result, bankruptcies or defaults by these counterparties or their subcontractors have resulted in, and in the future could result in, services not being provided as expected, projects not being completed on time, on budget, or at all, or contractual obligations to us not being satisfied. Further, volatility in the financial markets and economic weakness could affect the counterparties' ability to complete transactions with us as intended. Either circumstance 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 through partnerships and joint ventures, including those in which we own a preferred interest or debt, with other persons or entities when we believe circumstances warrant the use of such structures. As of June 30, 2026, we had active unconsolidated joint ventures and partnerships, including our preferred equity investments, with a total equity investment of \$728.8 million. We have in the past, and could in the future, 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 have in the past failed, and may in the future fail to make capital contributions when due and our partners or the project may otherwise not act or perform as expected, or the property may not be operated in the manner in which we would operate it, any of which may require us to contribute additional capital, acquire our partner's interest or other property, or take other actions that may negatively impact the project or our return. 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 or other similar arrangement, which arrangement or other factors could cause us to sell our interest, or acquire our partner's interest or other property, 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 may also be 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 generally 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 Reserves. We have a comprehensive insurance program covering our properties and operating activities with limits of liability, deductibles and self-insured retentions that we believe are comparable to similarly situated companies, including 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 that 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 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 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 and our operations is a component of expense. Insurance premiums and the terms and conditions of insurance policies are subject to significant fluctuations and changes, including recent increases in premiums, which are generally outside of our control. We insure our properties and our operations with insurance companies that we believe have a good rating and financial profile at the time our policies are put into effect. The financial condition of one or more insurance companies that insure us 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 or other changes in insurance markets in general may affect our ability to obtain insurance coverage in the amounts that we seek, or at all, increase the costs to renew or replace our insurance policies, cause us to self-insure a larger 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 opportunities we believe are appropriate 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 NOI. We have in the past developed and may in the future develop initiatives or processes that are intended to drive operating efficiencies and grow NOI, including smart home technologies and self-service options that are accessible to residents through smart devices or otherwise. Such initiatives in the past have involved and in the future may involve our associates having new or different responsibilities and processes. We may incur significant costs and divert resources in connection with such initiatives or processes, and these initiatives or processes may not perform as projected, which could adversely affect our results of operations and the market price of our common stock. We may also invest, directly or indirectly, in technology companies developing technologies that are of interest to us and we may not realize the intended benefits of such investments and may incur losses in connection with such investments.

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, or other hazardous substances. Environmental, health and safety laws require that ACM and other hazardous substances 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 other hazardous substances or releases of ACM or other hazardous substances 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 flows. 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 of 1990, as amended (the “Americans with Disabilities Act”) generally requires that public buildings, including our properties and other public facing functions related to our business, including our website, 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 or operations 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 or otherwise related to our operations, 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 we or 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 as well as the federal government have enacted and may continue to enact rent control, rent stabilization, eviction, tenants’ rights, allowable fees, and other matters, as well as any lawsuits against us arising from such laws and regulations, may limit our ability to charge market rents, increase rents, evict delinquent tenants or charge 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. These laws, regulations and policies may apply prospectively or retroactively. For example, in 2023, Montgomery County, Maryland enacted rent control that currently impacts a portion of our portfolio in that market. In 2024, the State of New York passed the Good Cause Eviction Law, which established rent limits on certain market-rate apartments. In the City of New York, the new administration was successful in enacting a freeze on rent increases for covered properties. Although our properties currently have minimal exposure to the city’s allowable annual rent increases, such a freeze, or other measures that seek to increase affordability, would in turn reduce our property values. In 2024, the City of Salinas, California passed a rent stabilization ordinance that impacted all our properties within the city. In 2025, the State of Washington enacted statewide rent control, which initially impacts a portion of our properties within the state. In some cases, the increases in rents allowed by such regulations may not offset increases in expenses, whether such increases in expenses are due to inflation or otherwise. We have seen a recent increase in governments enacting or considering, or being urged to consider, such laws and regulations. Federal, state and local governments or courts also have made, and may make in the future, changes to laws related to allowable fees and rents, 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. In addition, the increases in regulations applicable to our business in general may increase our costs of compliance and could have an adverse effect on our financial performance.

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, among others, 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. In addition, existing laws could be interpreted in a manner that restricts our ability to use systems that we currently use in our operations and we may face litigation or regulatory risk in connection with such laws. Future compliance with new laws of general applicability, laws applicable to companies in our industry, or laws applicable to public companies generally could increase our costs, including compliance penalties, and could have an adverse effect on our financial performance.

Risk of Litigation. From time to time, we are, and would expect to be in the future, involved in legal proceedings, lawsuits, and other claims with respect to our properties or operations. For example, we have been named as a defendant in a number of cases alleging antitrust violations by RealPage, Inc., a vendor providing revenue management software products, and various owners or managers of multifamily housing, which cases have been consolidated in the United States Court for the Middle District of Tennessee, and cases with similar allegations that have been filed by the District of Columbia, the State of Maryland and the State of Washington. An unfavorable resolution of any litigation may have a material adverse effect on our business, results of operations and financial condition. Further, being involved in litigation, whether the result is favorable or unfavorable, could negatively impact our reputation. Additionally, litigation, whether the result is favorable or unfavorable, has in the past and may in the future result in substantial costs and expenses and could significantly divert the attention of management.

Risk of Damage from Catastrophic Weather and Natural Events. Our communities are located in areas that have experienced, and in the future may experience, catastrophic weather and other natural events from time to time, including mudslides, fires, hurricanes, tornadoes, floods, deep freezes, 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 or water levels, 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, other hazards, or acts or omissions of third parties 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 and Other Acts of Violence, Destruction or War 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, destruction or war could have an adverse effect on our business and operating results. Attacks or other similar actions 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 or similar events. 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.

Mezzanine Loan or Other Loan Assets Involve Greater Risks of Loss than Senior Loans Secured by Income-Producing Properties. We have originated 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, or loans that are not secured. We have in the past and may in the future originate mezzanine loans for properties or projects that are under development. 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. Unsecured loans involve higher risk by virtue of being unsecured. 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 loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine or other 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. Further, foreclosing on our security interest may be delayed or otherwise impacted by the existence of the senior loan, the senior lender's decision regarding whether to enforce its remedies, or the timing of the senior lender's foreclosure or enforcement of other remedies with respect to such loan. If there is a default on the senior debt or an inability to refinance the senior debt, we may contribute additional capital or take other actions that we would not otherwise pursue absent such default or failure. In addition, in the event of a default or other changes in the circumstances of an investment, including a change in the value of the applicable property, we may be, and have been in the past, required to change the manner in which the investment is accounted for, including our ability to recognize earnings, or to recognize an allowance for loan loss or a loss on consolidation.

Risk Related to Preferred Equity Investments. We have made 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 directly or indirectly acquiring, developing and/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 have sought and 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 that are inconsistent with our interests. Further, if our partners were to fail to invest additional capital in the entity when required, which has happened in the past, or otherwise do not perform as expected, we may have to invest additional capital to protect our investment. Our partners have in the past failed, and may in the future fail, to develop or operate the real property, operate the entity, 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 or 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 or at all. Further, the entity may need to refinance third-party debt on terms that are inconsistent with our interests or are terms on which we would not elect to incur debt, or the entity may default on third-party debt. To the extent the entity defaults on third-party debt or is unable to refinance such debt or any portion thereof, we may acquire such debt or otherwise take action, including contributing additional capital, to protect our position that we would not take absent the default or inability to refinance. Such activities have in the past involved and may in the future involve foreclosing on the security interest in the property secured by such debt, seeking a deed-in-lieu of foreclosure or similar remedy or removing our partner, and such activities may involve costs or delays or create other risks, including the risk of claims from our partners. In the event that such an entity fails to meet expectations, defaults on its debt, or becomes insolvent or the investment or the underlying property otherwise does not perform as expected, we may lose all or part of our investment in the entity, be delayed in recovering our investment or the expected returns or directly or indirectly take over the property or the management thereof at a time at which we would not have done so absent the failure to meet expectations or the default. In addition, in the event of a default or other changes in the circumstances of an investment, including a change in the value of the applicable property, we may be, and have been in the past, required to change the manner in which the investment is accounted for, including our ability to recognize earnings, or recognize an impairment or a loss on consolidation.

Risks Related to Ground Leases. We have entered into 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 Our Common Stock. A decline in the fair value of our assets may require us, and has in the past required 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 market price of our common stock.

Any Material Weaknesses Identified in Our Internal Control Over Financial Reporting Could Have an Adverse Effect on the Market Price of Our Common Stock. 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 and adversely affected 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 market price of our 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 and software developed, 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 may collect and hold personally identifiable information and other confidential information of our tenants, prospective tenants and employees. We also maintain such information and 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’ or software’s 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, malware, 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 or other occurrence or that such insurance will continue to be available at rates that we consider reasonable or at all. We have in the past experienced cybersecurity breaches on our information technology systems or relating to software or third party vendor systems that we utilize, and, while none to date have been material to us, 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 or 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 residents or other 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 disaster recovery plans 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 parties' 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.

A Failure to Keep Pace with Developments in Technology Could Impair our Operations or Competitive Position. Our business continues and will continue to demand the use of sophisticated systems, software and technology, including artificial intelligence. These systems, software and technologies must be refined, updated and replaced on a regular basis in order for us to meet our business requirements, our residents' demands and expectations, and regulatory requirements. If we are unable to do so on a timely basis or at a reasonable cost, or fail to do so, our business could suffer. Also, we may not achieve the benefits that we anticipate from any new system, software or technology, and a failure to do so could result in higher than anticipated costs or could adversely affect our 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 a focus from certain investors, tenants, employees, and other stakeholders concerning corporate responsibility, specifically related to environmental, social and governance factors. In addition, there has been increased focus on such matters by various regulatory authorities, including the SEC and the state of California and other states or jurisdictions, and the activities and expense required to comply with new laws, regulations or standards may be significant. In addition, the standards or expectations of various stakeholders or regulators may differ from each other and it may not be possible to comply with all of such standards or expectations. 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 and the regulations applicable thereto are evolving, which could result in greater expectations of us and cause us to undertake costly initiatives or activities to satisfy such new criteria or regulations. Further, 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 or investor, 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 in our competitors instead. In addition, we have communicated certain initiatives and goals regarding environmental, social and governance matters, and we may in the future communicate revised or additional initiatives or goals. 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. In addition, certain locations have enacted, and others may in the future enact, sustainability regulations pertaining to buildings, including existing buildings. If we fail to satisfy the expectations of investors, tenants and other stakeholders, our initiatives are not executed as planned, we are unable to comply with regulations or we do not satisfy our goals, our reputation and financial results could be adversely affected.

Risks Related to Our Indebtedness and Financings

Changing Interest Rates Could Increase Interest Costs and Adversely Affect Our Cash Flows and the Market Price of Our Common Stock. 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 June 30, 2026, we had approximately \$693.0 million of variable rate indebtedness outstanding, which constitutes approximately 11.9% of total outstanding indebtedness as of such date, and we have from time to time experienced increases in the interest rates on such indebtedness, which has increased our interest expense and adversely impacted our results of operations and cash flows. In addition, as a result of higher interest rates, the costs of hedging transactions have increased significantly and may continue to increase. Continued increases in interest rates would further increase our interest expenses and increase the costs of refinancing existing indebtedness and of issuing new debt, including unsecured commercial paper. The effect of any prolonged interest rate increases could negatively impact our ability to service our indebtedness, make distributions to security holders, make acquisitions and develop properties.

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 could be insufficient to make required payments of principal and interest, could restrict or limit our ability to incur additional debt, 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 our distribution requirements to maintain our 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 pressure 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, increase our financing costs and impact our ability to make distributions to our 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 and to pay dividends or distributions to our stockholders 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 or increasing supply of apartment homes;
- tenants' or prospective 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 or alternative housing options;
- 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, labor costs 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.

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 disruptions and uncertainty in the equity and credit markets and 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 rates thereon. Restricted lending practices could impact our ability to obtain financing or refinancing for our properties. If we issue additional equity securities, including under our ATM program, instead of incurring debt, the interests of our 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 include their assessment of our financial strength, liquidity, capital structure, asset quality, and sustainability of cash flows 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 the Availability and Cost of Credit and Have Other Adverse Effects on Us and the Market Price of Our Common 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. The global equity and credit markets have experienced in the past, and may experience in the future, periods of extraordinary turmoil and volatility. These circumstances may materially and adversely impact liquidity in the financial markets at times, making terms for certain financings less attractive or in some cases unavailable. Disruptions and uncertainty in the equity and credit markets, including as a result of bank failures and uncertainty in the banking sector generally, 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 our common stock. We also rely on the financial institutions that are parties to our revolving credit facility and other credit facilities. If these institutions become capital constrained, tighten their lending standards or become insolvent or if they experience excessive volumes of borrowing requests from other borrowers within a short period of time, they may be unable or unwilling to honor their funding commitments to us, which would adversely affect our ability to draw on our revolving credit facility. 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 our 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 borrowings from Fannie Mae and Freddie Mac, Fannie Mae and Freddie Mac are a major source of financing to participants in the multifamily housing markets 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. Should Fannie Mae and Freddie Mac discontinue providing liquidity to our sector, 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. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, could result in losses or defaults by these institutions or counterparties or could lead to market-wide liquidity problems. Disruptions and uncertainty with respect to financial institutions, including as a result of bank failures and liquidity concerns, 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 our common stock. In addition, in the event that the volatility of the financial markets adversely affects our financial institutions or other 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 We Failed to Qualify as a REIT. We have 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 will 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 our stockholders.

If we fail to qualify as a REIT in any taxable year, we would be subject to federal income tax on our taxable income at regular corporate rates, and would not be allowed to deduct dividends paid to our 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 our 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 our 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, qualified dividends paid to individual U.S. stockholders are eligible for a reduced 20% U.S. federal income tax rate. However, 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 U.S. stockholders generally are not eligible for the reduced rates on qualified dividends and are instead taxed at ordinary

income rates. However, individual U.S. stockholders generally may deduct 20% of our regular dividends under Section 199A of the Code, reducing the effective tax rate applicable to such dividends.

We Conduct a Portion of Our Business Through Taxable REIT Subsidiaries, Which Are Subject to Certain Tax Risks. We have established or invested in and conduct a portion of our business through taxable REIT subsidiaries. Despite our qualification as a REIT, 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 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 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 or taxable REIT subsidiaries may be denied deductions, to the extent our dealings with 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, we are 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 our 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 and/or nondeductible expenditures, 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. To the extent we distribute at least 90%, but less than 100%, of our net REIT taxable income we will be subject to tax at regular corporate tax rates on the retained portion.

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. In addition, income from a prohibited transaction might adversely affect our 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, and it is possible that additional legislation may be enacted in the future. 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 income 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 U.S. federal income 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 we are organized and qualify as a REIT, we are generally not subject to federal income tax, but we are subject to certain state and local tax. From time to time, changes in state and local tax laws or regulations 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 our 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 Intends to Qualify as a Partnership, but Cannot Guarantee That It Will Qualify. The Operating Partnership intends to qualify as a partnership for federal income tax purposes, and we intend to take that position for all income tax reporting purposes. If classified as a partnership, the Operating Partnership generally will not be a taxable entity and will not incur federal income tax liability. However, the Operating Partnership would be treated as a corporation for federal income tax purposes if it were a "publicly traded partnership," unless at least 90% of its 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 the Operating Partnership's partnership units are not traded on an established securities market, because of the redemption rights of its limited partners, the Operating 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 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 may not meet this qualifying income test. If the Operating Partnership were to be taxed as a corporation, unless it qualified for relief under certain statutory savings provisions, it would incur substantial tax liabilities, and we would then fail to qualify as a REIT for tax purposes and our ability to raise additional capital would be impaired. In addition, even if the 90% test were met if the Operating Partnership were a publicly traded partnership, there could be adverse tax impacts for certain limited partners.

In July 2026, the DownREIT Partnership was liquidated. In connection with the liquidation, the assets of the DownREIT were acquired by the Operating Partnership and the outstanding DownREIT Units were exchanged for two new classes of units in the Operating Partnership. (See Note 1, *Basis of Presentation*, in the Notes to the UDR Consolidated Financial Statements included in this report for further discussion).

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, stockholder 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 federal income tax purposes.

Risks Related to Our Organization and Ownership of Our Stock

Changes in Market Conditions and Volatility of Stock Prices Could Adversely Affect the Market Price of Our Common Stock. The stock markets, including the New York Stock Exchange ("NYSE"), on which we list our common stock, have experienced significant price and volume fluctuations. As a result, the market price of our common stock has been, and in the future could be similarly volatile, and investors in our 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 our common stock, including:

- general market and economic conditions;
- actual or anticipated variations in our operating results or dividends or our payment of dividends in shares of our 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 REITs 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 our common 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, geopolitical events or armed conflicts (including the ongoing war between Russia and Ukraine and the war in the Middle East and potential further escalation or expansion thereof), which may adversely affect the markets in which our 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 our common stock, or the perception that such sales might occur, including under an 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 our common stock to decline, regardless of our financial condition, results of operations, business or prospects.

We May Change the Dividend Policy for Our Common Stock in the Future. The decision to declare and pay dividends on our 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 our common stock.

Maryland Law May Limit the Ability of a Third Party to Acquire Control of Us, Which May Not be in Our 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 our 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 our 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 Our Stockholders to Effect a Change in Control of Our Company Restrict the Transferability of Our Stock and May Prevent Takeovers That are Beneficial to Our 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 our 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 our 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 our 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 our stockholders or might otherwise be in our stockholders' best interests.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

From time to time the Company issues shares of the Company's common stock in exchange for operating partnership units ("OP Units") tendered to the Operating Partnership for redemption in accordance with the provisions 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 their OP Units 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 the Company's common stock equal to the number of OP Units being redeemed.

During the three months ended June 30, 2026, we issued 64,976 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.

Repurchase of Equity Securities

In January 2008, UDR's Board of Directors authorized a 15 million share repurchase program. On May 4, 2026, the Company announced that its Board of Directors has authorized increasing its share repurchase program by 25 million shares, effective immediately. Under the share repurchase program, 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 this program during the three months ended June 30, 2026 (*shares in thousands*):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Program (a)
Beginning Balance	8,988	\$ 36.74	8,988	6,012
April 1, 2026 through April 30, 2026	1,427	35.01	1,427	4,585
May 1, 2026 through May 31, 2026	2,033	36.87	2,033	27,552
June 1, 2026 through June 30, 2026	2,028	37.10	2,028	25,524
Balance as of June 30, 2026	14,476	\$ 36.64	14,476	25,524

(a) This number reflects the number of shares that were available for purchase under our share repurchase program authorized in January 2008 and upsized in May 2026.

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During the three months ended June 30, 2026, certain of our employees surrendered shares of common stock owned by them to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted shares of common stock issued under our 1999 Long-Term Incentive Plan (the “LTIP”). The following table summarizes all of these repurchases during the three months ended June 30, 2026 (*shares in thousands*):

Period	Total Number of Shares Purchased	Average Price Paid per Share (a)	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
April 1, 2026 through April 30, 2026	—	\$ —	N/A	N/A
May 1, 2026 through May 31, 2026	<1	37.46	N/A	N/A
June 1, 2026 through June 30, 2026	—	—	N/A	N/A
Total	<1	\$ 37.46		

(a) The price paid per share is based on the closing price of our common stock as of the date of the determination of the statutory minimum for federal and state tax obligations.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

During the three months ended June 30, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. EXHIBITS

Exhibit No.	Description
3.1	Articles of Restatement of UDR, Inc. (incorporated by reference to Exhibit 3.09 to UDR, Inc.'s Current Report on Form 8-K dated July 27, 2005 and filed with the SEC on August 1, 2005).
3.2	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 (incorporated by reference to Exhibit 3.2 to UDR, Inc.'s Current Report on Form 8-K dated March 14, 2007 and filed with the SEC on March 15, 2007).
3.3	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 (incorporated by reference to Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated August 29, 2011 and filed with the SEC on September 1, 2011).
3.4	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 (incorporated by reference to 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).
3.5	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 July 27, 2021 (incorporated by reference to Exhibit 3.1 to UDR, Inc.'s Current Report on Form 8-K dated July 29, 2021 and filed with the SEC on July 29, 2021).
3.6	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 (incorporated by reference to Exhibit 3.4 to UDR, Inc.'s Form 8-A Registration Statement dated and filed with the SEC on May 30, 2007).
3.7	Amended and Restated Bylaws of UDR, Inc. (as amended through May 24, 2018) (incorporated by reference to Exhibit 3.6 to UDR, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018).
10.1	Second Amended and Restated Limited Partnership Agreement of United Dominion Realty, L.P., dated as of July 1, 2026.
22.1	List of Guarantor Subsidiaries of UDR, Inc. (incorporated by reference to Exhibit 22.1 to UDR Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024).
31.1	Rule 13a-14(a) Certification of the Chief Executive Officer of UDR, Inc.
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer of UDR, Inc.
32.1	Section 1350 Certification of the Chief Executive Officer of UDR, Inc.
32.2	Section 1350 Certification of the Chief Financial Officer of UDR, Inc.
101	Inline XBRL (Extensible Business Reporting Language). The following materials from this Quarterly Report on Form 10-Q for the period ended June 30, 2026, 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. and (vi) notes to consolidated financial statements of UDR, Inc. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 28, 2026

UDR, Inc.

/s/ David D. Bragg

David D. Bragg

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

**SECOND
AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP**

OF

UNITED DOMINION REALTY, L.P.

Dated as of July 1, 2026

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SECOND
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
UNITED DOMINION REALTY, L.P.

Dated as of July 1, 2026

RECITALS

United Dominion Realty, L.P. (the “Partnership”) was formed as a limited partnership under the laws of the State of Delaware by a Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware on February 19, 2004 and is the successor-in-interest to United Dominion Realty Trust, L.P., a limited partnership formed under the laws of Virginia, which commenced operations on November 4, 1995. The limited partnership agreement of the Partnership was amended and restated on the 29th day of October, 2025 (such agreement, the “First A&R Agreement”). This Second Amended and Restated Agreement of Limited Partnership amends and restates the First A&R Agreement and is adopted this 1st day of July, 2026 pursuant to the provisions of Section 17-211(g) of the Act (as defined below).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, of mutual covenants between the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINED TERMS

1.01 Defined Terms.

The following defined terms used in this Agreement shall have the meanings specified below:

“**Act**” means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

“**Additional Funds**” is defined in Section 4.03.

“**Additional Limited Partner**” means a Person admitted to this Partnership as a Limited Partner pursuant to Section 4.02.

“**Affiliate**” means, (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner or trustee of such Person or any Person controlling, controlled by or under common control with such Person (excluding trustees and persons serving in similar capacities who are not otherwise an Affiliate of such Person). For the purposes of this definition, “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or partnership interests or otherwise.

“**Agreed Value**” means the fair market value of a Partner’s non-cash Capital Contribution as of the date of contribution as agreed to by the such Partner and the General Partner. The name and address of each Partner, number of Partnership Units issued to such Partner, and the Agreed Value of such Partner’s non-cash Capital Contributions as of the date of contribution thereof is set forth on Exhibit A.

“**Agreement**” means this Second Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“**Available Cash**” means, for any period, the excess, if any, of (i) the cash receipts of the Partnership (other than from the sale, exchange or other disposition of the assets of the Partnership), including amounts withdrawn from reserves, over (ii) the disbursements of cash by the Partnership (other than distributions to Partners and amounts paid with the receipts from the sale, exchange or other disposition of the assets of the Partnership), including amounts deposited in reserves. Available Cash for any period shall be determined by the General Partner in its reasonable discretion.

“**Capital Account**” is defined in Section 4.04.

“Capital Contribution” means the total amount of capital contributed to the Partnership by each Partner. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner. The paid-in Capital Contribution shall mean the cash amount or the Agreed Value of other assets actually contributed by each Partner to the capital of the Partnership.

“Cash Amount” means an amount of cash per Partnership Unit equal to the Value of the REIT Shares Amount on the date of receipt by the General Partner of a Notice of Redemption.

“Certificate” means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.02) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal, or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

“Charter” means the Articles of Incorporation of the Company, as amended from time to time.

“Class A Partner” means a Limited Partner who holds Class A Partnership Units.

“Class A Partnership Units” means Partnership Interests having the rights and preferences of a Class A Partnership Unit as set forth in this Agreement.

“Class A Specified Redemption Date” means the date that Class A Partnership Units are required to be redeemed or acquired pursuant to Section 8.05(d).

“Code” means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any successor provision of the Code.

“Commission” means the Securities and Exchange Commission.

“Company” means UDR, Inc., a Maryland corporation.

“Contribution Agreements” means collectively that certain Contribution Agreement dated as of May 2, 2003 between the General Partner, the Partnership, Mesa Verde Villas II, L.P. and M.V. JV, LLC and that certain Contribution Agreement dated as of May 2, 2003 between the General Partner, the Partnership and Windjammer Apartments, L.P.

“Contributor” means each of Mesa Verde Villas II, L.P., M.V. JV, LLC, or Windjammer Apartments, L.P.

“Conversion Factor” means 1.0, as adjusted pursuant to Section 8.05(f) of this Agreement.

“Cross Over Date” means, with respect to a Class A Partnership Unit, the first to occur of (i) the date on which a Class A Partner would have received distributions with respect to the Class A Partnership Units held by such Class A Partner equal to or greater than the Threshold Amount for a period of four consecutive calendar quarters, assuming such Class A Partner had received distributions based on the Dividend Equivalent instead of distributions on the Class A Partnership Units pursuant to this Agreement, or (ii) the date on which the Class A Partner holding such Class A Partnership Units gives written notice to the Partnership in accordance with Section 12.01 of this Agreement that such date shall be the Cross Over Date with respect to such Class A Partnership Units.

“Dividend Equivalent” as to any Partner means the amount of distributions such Partner would have received for the quarter (or other distribution period) from REIT Shares if such Partner owned the number of REIT Shares equal to the product of such Partner’s Partnership Units and the Conversion Factor for the Partnership Record Date pertaining to such quarter (or other distribution period); provided, however, that for purposes of determining any Partner’s Dividend Equivalent for any period for which the Company pays a dividend with respect to REIT Shares in which holders of REIT Shares have an option to elect to receive such dividend in cash or additional REIT Shares, the amount of distributions such Partner shall be deemed to have received with respect to such dividend (if such Partner was deemed to own the specified number of REIT Shares) shall be equal to the product of (i) the specified number of REIT Shares deemed to be owned by such Partner, and (ii) the quotient obtained by dividing (a) the aggregate amount of cash paid by the Company in such dividend to all holders of REIT Shares, by (b) the aggregate number of REIT Shares outstanding as of the close of business on the record date for such dividend.

“Event of Bankruptcy” as to any Person means the filing of a petition for relief as to such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); insolvency or bankruptcy of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

“Family Member” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption), brothers, sisters and inter vivos or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries.

“General Partner” means the Company and any Person who becomes a substitute or additional General Partner as provided herein, and any of their successors as General Partner. At any time at which the Partnership has two or more General Partners, all such General Partners shall designate one of such General Partners as managing General Partner and may from time to time designate a successor managing General Partner and, unless the context otherwise requires,

references to the General Partner shall mean the General Partner at the time so designated as managing General Partner.

“General Partnership Interest” means a Partnership Interest held by the General Partner that is a general partnership interest.

“Indemnitee” means (i) any Person made a party to a proceeding by reason of such Person’s status as the General Partner or a director, officer or employee of the Partnership or the General Partner, and (ii) such other Persons (including Affiliates of the General Partner or the Partnership) as the General Partner may designate from time to time, in its sole and absolute discretion,

“Limited Partner” means any Person named as a Limited Partner on Exhibit A attached hereto, and any Person who becomes a Substitute or Additional Limited Partner, in such Person’s capacity as a Limited Partner in the Partnership.

“Limited Partnership Interest” means the ownership interest of a Limited Partner in the Partnership at any particular time, including the right of such Limited Partner to any and all benefits to which such Limited Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of such Act.

“Loss” is defined in Section 5.01(f).

“Minimum Limited Partnership Interest” means the lesser of (i) 1% or (ii) if the total Capital Contributions to the Partnership exceeds \$50 million, 1% divided by the ratio of the total Capital Contributions to the Partnership to \$50 million; provided, however, that the Minimum Limited Partnership Interest shall not be less than 0.2% at any time.

“Notice of Redemption” means the Notice of Exercise of Redemption Right substantially in the form attached as Exhibit B hereto.

“NYSE” means the New York Stock Exchange and includes any other national securities exchange on which the REIT Shares are listed at the determination date.

“Offer” is deemed in Section 7.01(c).

“Original Limited Partner” means UDRT of North Carolina, LLC., a North Carolina limited liability company.

“Outside Partner” means any Partner other than a UDR Partner.

“Partner” means any General Partner or Limited Partner.

“Partner Nonrecourse Debt Minimum Gain” has the meaning set forth in Regulations Section 1.704-2(i). A Partner’s share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

“Partnership Interest” means an ownership interest in the Partnership held by either a Limited Partner or the General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement.

“Partnership Minimum Gain” has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2(d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately computed gains. A Partner’s share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g)(l).

“Partnership Record Date” means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02, which record date shall be the same as the record date established by the General Partner for a distribution to the holders of the REIT Shares.

“Partnership Unit” means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder. The allocation of Partnership Units among the Partners shall be as set forth on Exhibit A, as may be amended from time to time.

“Percentage Interest” means at any time the percentage ownership interest in the Partnership of each Partner, as determined by dividing the Partnership Units owned by such Partner by the total number of Partnership Units outstanding at such time. The Percentage Interest of each Partner shall be as set forth on Exhibit A, as may be amended from time to time.

“Percentage Interest Adjustment Date” means the effective date of an adjustment of the Partners’ Percentage Interests pursuant to Section 4.05.

“Person” means any individual, partnership, corporation, joint venture, trust or other entity.

“Preferred Return” means, as to each Class A Partner, a cumulative annual, non-compounded return on each Class A Partnership Unit equal to eight percent (8%) based upon a value of \$16.61 per Class A Partnership Unit.

“Profit” is defined in Section 5.01(f).

“Property” means any apartment property or other investment in which the Partnership holds an ownership interest.

“Redeeming Partner” is deemed in Section 8.05(a). **“Redemption**

Right” is defined in Section 8.05(a).

“Regulations” means the Federal Income Tax Regulations issued under the Code, as amended and as hereafter amended from time to time. Reference to any particular provision of the

Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

“REIT” means a real estate investment trust under Sections 856 through 860 of the Code.

“REIT Expenses” means (i) costs and expenses relating to the continuity of existence of the Company and its Subsidiaries (all such entities shall, for purposes of this section, be included within the definition of Company), including, without limitation, taxes, fees and assessments associated therewith and any costs, expenses or fees payable to any director, officer or employee of the Company (including, without limitation, any costs of indemnification), (ii) costs and expenses relating to any offer or registration of REIT Shares or other securities by the Company and all statements, reports, fees and expenses incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any such offer of securities and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (iii) costs and expenses incurred in connection with the repurchase of any securities by the Company, (iv) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by the Company under federal, state or local laws or regulations, including filings with the Commission, (v) costs and expenses associated with compliance by the Company with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (vi) costs and expenses associated with any 401(k) plan, incentive plan, bonus plan or other plan providing for compensation for the employees of the Company, (vii) costs and expenses incurred by the Company relating to any issuance or redemption of Partnership Interests, and (viii) all other operating or administrative costs incurred by the Company in connection with the ordinary course of the Company’s or the Partnership’s business (including the business of any Subsidiary thereof).

“REIT Share” means a share of common stock of the Company, \$1 par value per share, or a share of the common stock of any Successor Entity.

“REIT Shares Amount” shall mean a whole number of REIT Shares equal to the product of the number of Partnership Units offered for redemption by a Redeeming Partner, multiplied by the Conversion Factor as adjusted to and including the Specified Redemption Date plus cash in lieu of any fractional REIT Shares based on the Value of a REIT Share as of the date of receipt by the General Partner of a Notice of Redemption; provided that in the event the Company issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “rights”), and the rights have not expired at the Specified Redemption Date, then the REIT Shares Amount shall also include the rights issuable to a holder of the REIT Shares Amount of REIT Shares on the record date fixed for purposes of determining the holders of REIT Shares entitled to rights.

“Securities Act” means the Securities Act of 1933, as amended.

“Service” means the Internal Revenue Service.

“Specified Redemption Date” means (i) with respect to Partnership Units to be redeemed for a Cash Amount, the first Business Day of the month that is at least 20 business days after the

receipt by the General Partner of the Notice of Redemption, as the same may be extended pursuant to Section 8.05(d) and (ii) with respect to Partnership Units to be redeemed for a REIT Shares Amount, the fifth Business Day following the date of the General Partner's notice of its election to purchase such Partnership Units pursuant to Section 8.05(b).

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities (including general partners' interests) or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Substitute Limited Partner" means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.03.

"Threshold Amount" means a fixed distribution of \$1.3288 per annum.

"Transaction" is defined in Section 7.01(c).

"Transfer" is defined in Section 9.02(a).

"UDR Partner" means the Company and any Partner that is an Affiliate of the Company.

"Value" means, with respect to any security, the average of the daily market price of such security for the twenty (20) consecutive trading days immediately preceding the date of such valuation. The market price for each such trading day shall be: (i) if such security is listed or admitted to trading on any securities exchange or The Nasdaq National Market, the closing price, regular way, on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, (ii) if such security is not listed or admitted to trading on any securities exchange or The Nasdaq National Market, the last reported sale price on such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a recognized quotation source designated by the Company, or (iii) if such security is not listed or admitted to trading on any securities exchange or The Nasdaq National Market and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a recognized quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than twenty (20) days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the twenty (20) days prior to the date in question, the value of such security shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that any security includes any additional rights the value of which is not included within such price, then the value of such rights shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate, and included in determining the "Value" of such security.

ARTICLE II

PARTNERSHIP CONTINUATION AND IDENTIFICATION

2.01 Defined Terms. The Partners hereby agree to continue the Partnership pursuant to the Act and upon the terms and conditions set forth in this Agreement.

2.02 Name, Office and Registered Agent. The name of the Partnership shall be United Dominion Realty, L.P. The specified office and place of business of the Partnership shall be 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129. The General Partner may at any time change the location of such office, provided the General Partner gives notice to the Partners of any such change. The name and address of the Partnership's registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle. The sole duty of the registered agent as such is to forward to the Partnership any notice that is served on it as registered agent.

2.03 Partners.

(a) The General Partner of the Partnership is the Company. Its principal place of business shall be the same as that of the Partnership.

(b) The Limited Partners shall be those Persons identified as Limited Partners on Exhibit A hereto, as amended from time to time.

2.04 Term and Dissolution.

(a) The term of the Partnership shall continue in full force and effect until the Partnership is dissolved as provided by law or upon the first to occur of any of the following events:

(i) The occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death or withdrawal of a General Partner unless the Partnership is continued pursuant to Section 2.04(c); provided, that if a General Partner is on the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) The passage of 90 days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided that if the Partnership receives one or more obligations as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as all of such obligations are paid or satisfied in full);

(iii) The redemption of all Limited Partnership Interests (other than any of such interests held by the Company or any Subsidiary thereof); or

(iv) The election by the General Partner that the Partnership should be dissolved.

(b) Upon dissolution of the Partnership (unless the Partnership is continued pursuant to Section 2.04(c)) the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel the Certificate and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.06. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

(c) Notwithstanding Section 2.04(a)(i), upon the occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death or withdrawal of a General Partner, the Limited Partners, within 90 days after such occurrence, may elect to continue the Partnership for the balance of the term specified in Section 2.04(a) by selecting, subject to Section 7.02 and any other provisions of this Agreement, a substitute General Partner by consent of a majority in interest of the Limited Partners. If the Limited Partners elect to continue the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

2.05 Filing of Certificate and Perfection of Limited Partnership. The General Partner shall execute, acknowledge, record and file at the expense of the Partnership, the Certificate and any and all amendments thereto and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

2.06 Certificates Describing Partnership Units. At the request of a Limited Partner, the General Partner, at its option, may issue a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the number of Partnership Units owned and the Percentage Interest represented by such Partnership Units as of the date of such certificate. Any such certificate (i) shall be in form and substance as approved by the General Partner, (ii) shall not be negotiable and (iii) shall bear the following legend:

This certificate is not negotiable. The Partnership Units represented by this certificate are governed by and transferable only in accordance with the provisions of the Second Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., as amended from time to time.

ARTICLE III

BUSINESS OF THE PARTNERSHIP

3.01 Business of the Partnership. The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, however, that such business shall be limited to and conducted in such a manner as to permit the Company at all times to qualify as a

REIT, unless the Company otherwise ceases to qualify as a REIT, (ii) to enter into any partnership, joint venture or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. In connection with the foregoing, and without limiting the Company's right in its sole and absolute discretion to cease qualifying as a REIT, the Partners acknowledge that the Company's current status as a REIT and the avoidance of income and excise taxes on the Company inures to the benefit of all the Partners and not solely to the Company. Notwithstanding the foregoing, the Limited Partners acknowledge that the Company may terminate its status as a REIT under the Code at any time to the full extent permitted by the Charter. Subject to Article XI hereof, the General Partner shall also be empowered (but shall not be required) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code.

ARTICLE IV

CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 Capital Contributions. The General Partner and the Limited Partners have contributed to the capital of the Partnership cash or property in an amount or having an Agreed Value set forth opposite their names on Exhibit A, as amended from time to time.

4.02 Additional Capital Contributions and Issuances of Additional Partnership Interests. Except as provided in this Section 4.02 or in Section 4.03, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The Partners, with the consent of the General Partner, which consent may be withheld in its sole and absolute discretion, may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests in respect thereof, in the manner contemplated in this Section 4.02.

(a) **Issuances of Additional Partnership Interests.** The General Partner is hereby authorized to cause the Partnership to issue such additional Partnership Interests in the form of Partnership Units for any Partnership purpose at any time or from time to time, to the Partners (including the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Any additional Partnership Interests issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to Limited Partnership Interests, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law, including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (ii) the right of each such class or series of Partnership Interests to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the

best interests of the Company and the Partnership. Upon each issuance of Partnership Units hereunder, the General Partner shall amend Exhibit A attached hereto to reflect such issuance.

(b) Certain Deemed Contributions of Proceeds of Issuance of Company Securities.

If (i) the Company issues securities and contributes some or all the proceeds raised in connection with such issuance to the Partnership and (ii) the proceeds actually received and contributed by the Company to the Partnership are less than the Partnership's share (as determined by the General Partner, in its sole and absolute discretion) of the gross proceeds of such issuance as a result of any underwriter's discount or other expenses paid or incurred in connection with such issuance, then the Company shall be deemed to have made Capital Contributions to the Partnership in the aggregate amount of the Partnership's share of the gross proceeds of such issuance that are contributed to the Partnership and the Partnership shall be deemed simultaneously to have paid such offering expenses in connection with the issuance of additional Partnership Units to the Company for such Capital Contributions pursuant to Section 4.02(a). In any case in which the Company contributes less than all of the proceeds of such issuance to the Partnership, it shall be deemed to have contributed the gross proceeds of issuance of the number of units of the issued security (or the number of dollars of principal in the case of debt securities) equal to the quotient of the division of the amount of proceeds contributed by the net proceeds per unit (or per dollar), and the Partnership shall be deemed to have paid offering expenses equal to the product of such number of units (or dollars) times the per unit (or per dollar) offering expenses.

(c) Minimum Limited Partnership Interest.

In the event that either a redemption pursuant to Section 8.05 or additional Capital Contributions by the General Partner and the Original Limited Partner would result in the Limited Partners (other than the Original Limited Partner), in the aggregate, owning less than the Minimum Limited Partnership Interest, the General Partner and the Limited Partners (other than the Original Limited Partner) shall form another partnership and contribute sufficient Limited Partnership Interests together with such other Limited Partners so that the Limited Partners (other than the Original Limited Partner), in the aggregate, own at least the Minimum Limited Partnership Interest.

4.03 Loans to the Partnership. If the General Partner determines that it is in the best interests of the Company and the Partnership to provide for additional Partnership funds ("Additional Funds") for any Partnership purpose, the General Partner may (i) cause the Partnership to obtain such funds from outside borrowings or (ii) elect to have the Company or a Subsidiary or Subsidiaries of the Company loan such Additional Funds to the Partnership. The loans to the Partnership shall be in exchange for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue debt securities for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the Company and the Partnership.

4.04 Capital Accounts. A separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a de minimis Capital Contribution; (ii) the Partnership distributes to a Partner more than a de minimis amount of Partnership property as consideration for a Partnership Interest; (iii)

the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); or (iv) an interest in the Partnership (other than a de minimis interest) is granted as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a partner capacity, or by a new Partner acting in a partner capacity or in anticipation of becoming a Partner of the Partnership (including the grant of an LTIP Unit (as defined in Exhibit H attached hereto)), the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f). When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.01 if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701 (g) of the Code) on the date of the revaluation.

4.05 Percentage Interests. If the number of outstanding Partnership Units increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the effective date of each such increase or decrease to a percentage equal to the number of Partnership Units held by such Partner divided by the aggregate number of Partnership Units outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.05, the Profits and Losses for the taxable year in which the adjustment occurs shall be allocated between the several parts of the year (a) beginning on the first day of the year and ending on the next following Percentage Interest Adjustment Date, (b) beginning on the day following a Percentage Interest Adjustment Date and ending on the next following Percentage Interest Adjustment Date, and/or (c) beginning on the first day following the last Percentage Interest Adjustment Date occurring during the year and ending on the last day of the year, as may be appropriate, either (i) as if the taxable year had ended on the last day of each part or (ii) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profits and Losses for the taxable year in which the adjustment occurs. The allocation among the Partners of Profits and Losses allocated to any part of the year shall be based on the Percentage Interests determined as of the first day of such part.

4.06 No Interest on Contributions. No Partner shall be entitled to interest on its Capital Contribution.

4.07 Return of Capital Contributions. No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

4.08 No Third Party Beneficiary. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it

being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party; nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

PROFITS AND LOSSES: DISTRIBUTIONS

5.01 Allocation of Profit and Loss.

(a) General.

(i) Profit of the Partnership for each fiscal year of the Partnership shall be allocated in the following order of priority:

(A) First, to the Partners in proportion to and up to the amount of cash distributed to each such Partner pursuant to Section 5.02 for the fiscal year; and

(B) Thereafter, to the Partners in accordance with their respective Percentage Interests.

(ii) Loss of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(iii) Depreciation and amortization expenses of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests.

(b) Minimum Gain Chargeback. Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a “nonrecourse deduction” within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners’ respective Percentage Interests, (ii) any expense of the Partnership that is a “partner nonrecourse deduction” within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a

net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). A Partner's "interest in partnership profits" for purposes of determining its share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be such Partner's Percentage Interest.

(c) Qualified Income Offset. If a Limited Partner receives in any taxable year an adjustment, allocation, or distribution described in subparagraphs (4), (5), or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a negative balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such negative Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1 (b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Limited Partner in accordance with this Section 5.01(c), to the extent permitted by Regulations Section 1.704-1(b) and Section 5.01(d), items of expense or loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(c).

(d) Capital Account Deficits. Loss shall not be allocated to a Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), Profit shall be allocated to such Partner in an amount necessary to offset the Loss previously allocated to such Partner under this Section 5.01(d).

(e) Allocations Between Transferor and Transferee. If a Partner transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer, or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and Loss between the transferor and the transferee Partner.

(f) Definition of Profit and Loss. "Profit" and "Loss" and any items of income, gain, expense, or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Section 5.01(a)(iii), 5.01(b), 5.01(c), or 5.01(d). All allocations of income, Profit, gain, Loss, and expense (and all items contained therein) for federal income tax purposes shall be

identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). The General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain, and expense as required by Section 704(c) of the Code (including a method that may result in a Partner receiving a disproportionately larger share of the Partnership's tax depreciation deductions) and such election shall be binding on all Partners.

5.02 Distribution of Cash.

(a) Except as provided in Section 5.06, the General Partner shall be required to make distributions of Available Cash pursuant to Sections 5.02(a)(i), 5.02(a)(ii), 5.02(a)(iii) and 5.02(a)(iv) on a quarterly (or, at the election of the General Partner, more frequent) basis to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period). The amount and frequency of the distributions of Available Cash pursuant to Section 5.02(a)(v) shall be determined by the General Partner in its sole discretion. Available Cash shall be distributed to the Partners in the following order of priority:

(i) First, to the Class A Partners until the Cross Over Date, in an amount sufficient to provide each Class A Partner its Preferred Return from the date of the first issuance of Class A Partnership Units through the date of the distribution less any prior distributions to the Class A Partners pursuant to this Section 5.01(a)(i); provided that if the Partnership does not have sufficient funds to distribute to provide each Class A Partner with its Preferred Return, distributions pursuant to this Section 5.02(a)(i) shall be made pro rata to the Class A Partners in accordance with the amount otherwise due to each Class A Partner under this Section 5.02(a)(i);

(ii) Second, to the Outside Partners (which shall exclude the Class A Partners prior to the Cross Over Date, but shall include the Class A Partners, other than Class A Partners that are also UDR Partners, on and after the Cross Over Date) in proportion to their respective Percentage Interests on the Partnership Record Date, until each Outside Partner has received an amount equal to its Dividend Equivalent for such quarter (or other distribution period);

(iii) Third, to the UDR Partners, other than, prior to the Cross Over Date, UDR Partners who are also Class A Partners, in proportion to their respective Percentage Interests on the Partnership Record Date, until each UDR Partner has received an amount equal to the excess, if any, of (A) the amount that such UDR Partner would have received pursuant to Sections 5.02(a)(iv) and 5.02(a)(v) in the absence of Section 5.02(a)(ii) and this Section 5.02(a)(iii) from the date of this Agreement to the end of the period to which the distribution relates (assuming that distributions under Section 5.02(a)(v), like the distributions under Sections 5.02(a)(i) through 5.02(a)(iv), were required to be made on a quarterly or more frequent basis), over (B) the sum of all prior distributions to such UDR Partner pursuant to this Section 5.02(a)(iii), Section 5.02(a)(iv) and Section 5.02(a)(v);

(iv) Fourth, to the Partners (which shall exclude the Class A Partners prior to the Cross Over Date, but shall include the Class A Partners on and after the Cross Over Date) in accordance with their respective Percentage Interests on the Partnership Record Date, until each such Outside Partner has received an amount equal to the excess, if any, of (A) the amount equal to its Dividend Equivalent from the date of this Agreement to the end of the period to which the distribution relates, over (B) the sum of all prior distributions to such Outside Partner pursuant to Section 5.02(a)(ii) and this Section 5.02(a)(iv); and

(v) Thereafter, to the Partners (which shall exclude the Class A Partners prior to the Cross Over Date, but shall include the Class A Partners on and after the Cross Over Date) in accordance with their respective Percentage Interests on the Partnership Record Date.

The amount and frequency of distributions of any cash other than Available Cash shall be determined by the General Partner in its sole discretion and, if distributed, such cash shall be distributed to the Partners in accordance with this Section 5.02(a). If a new or existing Partner acquires an additional Partnership Interest in exchange for a Capital Contribution on any date other than a Partnership Record Date, the cash distribution attributable to such additional Partnership Interest for the Partnership Record Date following the issuance of such additional Partnership Interest shall be reduced in the proportion that the number of days that such additional Partnership Interest is held by such Partner bears to the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(b) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445, and 1446 of the Code. If the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to a Partner or its assignee (including by reason of Section 1446 of the Code) and if the amount to be distributed to the Partner (the “Distributable Amount”) equals or exceeds the amount required to be withheld by the Partnership (the “Withheld Amount”), the Withheld Amount shall be treated as a distribution of cash to such Partner. If, however, the Distributable Amount is less than the Withheld Amount, no amount shall be distributed to the Partner, the Distributable Amount shall be treated as a distribution of cash to such Partner, and the excess of the Withheld Amount over the Distributable Amount shall be treated as a loan (a “Partnership Loan”) from the Partnership to the Partner on the day the Partnership pays over such excess to a taxing authority. A Partnership Loan may be repaid, at the election of the General Partner in its sole and absolute discretion, either (i) through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee, or (ii) at any time more than twelve (12) months after a Partnership Loan arises, by cancellation of Partnership Units with a value equal to the unpaid balance of the Partnership Loan (including accrued interest). Any amounts treated as a Partnership Loan pursuant to this Section 5.02(b) shall bear interest at the lesser of (i) the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal (or an equivalent successor publication), or (ii) the maximum lawful rate of interest on such obligation,

such interest to accrue from the date the Partnership is deemed to extend the loan until such loan is repaid in full.

(c) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash dividend as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be exchanged.

5.03 REIT Distribution Requirements. Notwithstanding anything to the contrary in this Agreement, the General Partner, if it is not able to borrow money from the Partnership, may cause the Partnership to distribute amounts sufficient to enable the Company to pay stockholder dividends that will allow the Company to (i) meet its distribution requirement for qualification as a REIT as set forth in Section 857(a)(1) of the Code and (ii) avoid any federal income or excise tax liability imposed by the Code.

5.04 Distributions in Kind. No Partner shall be entitled to demand property other than cash in connection with any distributions by the Partnership; provided however that, at the request of a Partner (including, without limitation, the General Partner), and with the approval (in its sole and absolute discretion) of the General Partner, in lieu of a distribution of Available Cash pursuant to Section 5.02 or a distribution of cash upon liquidation pursuant to Section 5.06, the Partnership may make a distribution to a Partner in whole or in part in the form of the conveyance of Property (or interests therein) having a fair market value, as determined by the General Partner in its sole and absolute discretion, equal to the entirety or a portion of the distribution of cash that would otherwise be made to such Partner, and upon such conveyance, such Partner shall be deemed for all purposes of this Agreement to have received a distribution in an amount that equals the fair market value, as so determined, of the Property (or interest therein) so conveyed to such Partner. Such conveyance shall be on such terms and conditions as the General Partner may approve in its sole and absolute discretion, and may be consummated on a deferred basis (once the cumulative amount distributable to such Partner as of a given date equals or exceeds the fair market value of the Property (or interests therein) to be conveyed), or over time (through the conveyance of partial interests in a Property having a fair market value equal to the entirety or a portion of the amount then distributable to such Partner as of a given date). Nothing contained in this Section 5.04 shall limit the rights of the General Partner to distribute the assets of the Partnership to the Partners in kind pursuant to any other provision of this Agreement.

5.05 Limitations on Return of Capital Contributions. Notwithstanding any of the provisions of this Article V, no Partner shall have the right to receive and the General Partner shall not have the right to make, a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the Partnership's assets.

5.06 Distributions Upon Liquidation.

(a) Upon liquidation of the Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with positive Capital Accounts in accordance with their respective positive Capital Account balances. For purposes of the preceding sentence,

the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets. Any distributions pursuant to this Section 5.06 shall be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation). To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to ensure that adequate funds are available to pay any contingent debts or obligations.

(b) If the General Partner has a negative balance in its Capital Account following a liquidation of the Partnership, as determined after taking into account all Capital Account adjustments in accordance with Sections 5.01 and 5.02 resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets, the General Partner shall contribute to the Partnership an amount of cash equal to the negative balance in its Capital Account and such cash shall be paid or distributed by the Partnership to creditors, if any, and then to the Limited Partners in accordance with Section 5.06(a). Such contribution by the General Partner shall be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation).

5.07 Substantial Economic Effect. It is the intent of the Partners that the allocations of Profit and Loss under the Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article V and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

ARTICLE VI

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

6.01 Management of the Partnership.

(a) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, operate, lease and dispose of any real property and any other property or assets, including, without limitation, equity interests in other REITs, mortgage loans and participations therein, that the General Partner determines are necessary or appropriate or in the best interests of the business of the Company and the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Interests or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Partnership Interests, or options, rights, warrants or appreciation rights relating to any Partnership Interests) of the Partnership;

(iv) to borrow or lend money for the Partnership, issue or receive evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such indebtedness, and secure such indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(v) to guarantee or become a comaker of indebtedness of the Company or any Subsidiary thereof, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vi) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general administrative expenses of the Company, the Partnership, or any Subsidiary of either to third parties or to the Company as set forth in this Agreement;

(vii) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine;

(viii) to prosecute, defend, arbitrate, or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership, or the Partnership's assets; provided, however, that the General Partner may not, without the consent of the Limited Partners (other than the Original Limited Partner) holding more than 50% of the Percentage Interests of the Limited Partners (other than the Original Limited Partner), confess a judgment against the Partnership;

(ix) to file applications, communicate, and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership business;

(x) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(xi) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for

the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(xii) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xiii) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to engage legal counsel, accountants, consultants, real estate brokers, and other professionals, as the General Partner may deem necessary or appropriate in connection with the Partnership business, on such terms (including provisions for compensation and eligibility to participate in employee benefit plans, stock option plans and similar plans funded by the Partnership) as the General Partner may deem reasonable and proper;

(xiv) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xv) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xvi) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xvii) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xviii) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

(xix) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities, or any other valid Partnership purpose;

(xx) subject to Article XI, to merge, consolidate or combine the Partnership with or into another Person;

(xxi) subject to Article XI, to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a “publicly traded partnership” for purposes of Section 7704 of the Code; and

(xxii) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the

General Partner deems necessary or appropriate for the formation, continuation and conduct of the business and affairs of the Partnership (including, without limitation, all actions consistent with allowing the General Partner at all times to qualify as a REIT unless the General Partner voluntarily terminates its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(b) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

6.02 Delegation of Authority. The General Partner may delegate any or all of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

6.03 Indemnification and Exculpation of Indemnitees.

(a) The Partnership shall indemnify an Indemnatee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnatee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnatee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnatee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnatee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnatee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnatee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

(b) The Partnership may reimburse an Indemnatee for reasonable expenses incurred by an Indemnatee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnatee of the Indemnatee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.03 has been met, and (ii) a written undertaking by or on behalf of the Indemnatee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnatee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnatee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.03, the Partnership shall be deemed to have requested an Indemnatee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnatee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.03; and actions taken or omitted by an Indemnatee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Partnership.

(f) In no event may an Indemnatee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnatee shall not be denied indemnification in whole or in part under this Section 6.03 because the Indemnatee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.03 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

6.04 Liability of the General Partner.

(a) Notwithstanding anything to the contrary set forth in this Agreement, the General Partner shall not be liable for monetary damages to the Partnership or any Partners for losses sustained or liabilities incurred as a result of errors in judgment or of any act or omission if the General Partner acted in good faith. The General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, the Company and the Company's stockholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of some, but not all, of the Limited Partners) in deciding whether to cause the

Partnership to take (or decline to take) any actions. In any case in which the General Partner determines in good faith that the interests of the Limited Partners and the General Partner's stockholders may conflict, the Limited Partners further acknowledge and agree that the General Partner shall be deemed to have discharged its fiduciary duties to the Limited Partners by discharging such duties to the General Partner's stockholders. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred, or benefits not derived by Limited Partners in connection with any such decisions, provided that the General Partner has acted in good faith.

(c) Subject to its obligations and duties as General Partner set forth in Section 6.01, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Company to continue to qualify as a REIT or (ii) to prevent the Company from incurring any taxes under Section 857, Section 4981, or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(e) Any amendment, modification or repeal of this Section 6.04 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's liability to the Partnership and the Limited Partners under this Section 6.04 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.05 Partnership Expenses. In addition to the expenses that are directly attributable to the Partnership, the Partnership shall pay the REIT Expenses that are allocable to the Partnership. The General Partner, in its sole and absolute discretion, shall determine what portion of the REIT Expenses are allocable to the Partnership. If any REIT Expenses determined by the General Partner to be allocable to the Partnership are paid by the General Partner, the General Partner shall be reimbursed by the Partnership therefor.

6.06 Outside Activities. The Partners and any officer, director, employee, agent, trustee, Affiliate, Subsidiary, or stockholder of any Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the Partners shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Partner, even if such opportunity is of a character which, if presented to the Partnership or any Partner, could be taken by such Person.

6.07 Employment or Retention of Affiliates.

(a) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price, or other payment therefor which the General Partner determines to be fair and reasonable.

(b) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(c) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as the General Partner deems are consistent with this Agreement and applicable law.

6.08 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner.

ARTICLE VII

CHANGES IN GENERAL PARTNER AND THE COMPANY

7.01 Transfer of a General Partner's Partnership Interest; Transactions Involving the Company.

(a) Except as provided in Section 7.01(c), 7.01(d) or 7.03(a), a General Partner shall not transfer all or any portion of its General Partnership Interest or withdraw as General Partner.

(b) Except as provided in Section 7.01(c) or 7.01(d), the General Partner (or all General Partners if at any time there are two or more General Partners) and the Original Limited Partner will at all times own in the aggregate at least a 1% Percentage Interest.

(c) Except as otherwise provided in Section 7.01(d), the Company shall not merge, consolidate or otherwise combine with or into another Person or sell all or substantially all of its assets (other than in connection with a change in the Company's state of incorporation or organizational form) (a "Transaction"), unless one of the following conditions is met:

(i) the consent of Limited Partners (other than the Company or any Subsidiary of the Company) holding more than 50% of the Percentage Interests of

the Limited Partners (other than those held by the Company or any Subsidiary of the Company) is obtained;

(ii) the Transaction also includes a merger, consolidation or combination of the Partnership or sale of substantially all of the assets of the Partnership or other transaction as a result of which all Limited Partners (other than the Company or any Subsidiary) will receive for each Partnership Unit an amount of cash, securities, or other property (or a partnership interest or other security readily convertible into such cash, securities, or other property) no less than the product of the Conversion Factor and the greatest amount of cash, securities or other property (expressed as an amount per REIT Share) paid in the Transaction in consideration for REIT Shares, provided that if, in connection with the Transaction, a purchase, tender or exchange offer ("Offer") shall have been made to and accepted by the holders of more than 50 percent of the outstanding REIT Shares, all Limited Partners (other than the Company or any Subsidiary) will receive no less than the amount of cash and the fair market value of securities or other consideration that they would have received had they (A) exercised their Redemption Right and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Redemption Right immediately prior to the expiration of the Offer;

(iii) the Company is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities, or other property in the Transaction or (B) all Limited Partners (other than the Company or any Subsidiary) receive an amount of cash, securities, or other property (expressed as an amount per Partnership Unit) that is no less than the product of the Conversion Factor and the greatest amount of cash, securities, or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares; or

(iv) the Company merges, consolidates, or combines with or into another entity and, immediately after such merger, (A) substantially all of the assets of the surviving entity, other than Partnership Units and the ownership interests in any wholly-owned Subsidiaries held by the Company, are contributed to the Partnership as a Capital Contribution in exchange for Partnership units with a fair market value equal to the value of the assets so contributed as determined pursuant to Section 704(b) of the Code, (B) any successor or surviving corporation expressly agrees to assume all obligations of the Company hereunder, and (C) the Conversion Factor is adjusted appropriately to reflect the ratio at which REIT Shares are converted into shares of the surviving entity.

The General Partner shall give the Limited Partners notice of any Transaction at least 20 business days prior to the effective date of such Transaction, provided, however, that the General Partner need not give any such notice prior to the date on which the holders of REIT Shares are first notified of such Transaction by the Company.

(d) Notwithstanding Sections 7.01(a), 7.01(b) and 7.01(c),

(i) a General Partner may transfer all or any portion of its General Partnership Interest to (A) a wholly-owned Subsidiary of such General Partner or (B) the owner of all of the ownership interests of such General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) the Company may engage in a Transaction not required by law or by the rules of any national securities exchange on which the REIT Shares are listed to be submitted to the vote of the holders of the REIT Shares and the General Partner shall not be required to give notice to the Limited Partners of any such Transaction as provided by Section 7.01(c).

7.02 Admission of a Substitute or Additional General Partner. A Person shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.05 in connection with such admission shall have been performed;

(b) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(c) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel and the state or any other jurisdiction as may be necessary) that the admission of the person to be admitted as a substitute or additional General Partner is in conformity with the Act, that none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a partnership for federal income tax purposes, or (ii) the loss of any Limited Partner's limited liability.

7.03 Effect of Bankruptcy, Withdrawal, Death or Dissolution of a General Partner.

(a) Upon the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof.

The merger of the General Partner with or into any entity that is admitted as a substitute or successor General Partner pursuant to Section 7.02 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(b) Following the occurrence of an Event of Bankruptcy as to a General Partner (and its removal pursuant to Section 7.04(a) hereof) or the withdrawal, removal or dissolution of a General Partner (except that, if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of such General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within 90 days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by consent of the Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 Removal of a General Partner.

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, a General Partner, such General Partner shall be deemed to be removed automatically; provided, however, that if a General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners. The Limited Partners may not remove the General Partner, with or without cause.

(b) If a General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, such General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership (i) to the substitute General Partner approved by the Limited Partners in accordance with Section 7.03(b) hereof and otherwise admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner as reduced by any damages caused to the Partnership by such General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a majority in interest of the Limited Partners within 10 days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the General Partner and a majority in interest of the Limited Partners each shall select an appraiser, each of which appraisers shall complete an appraisal of the fair market value of the General Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the General Partner's General Partnership Interest shall be the average of the two appraisals; provided, however, that if the higher appraisal exceeds the lower appraisal by more than 20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case,

the fair market value of the General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after default until transfer under Section 7.04(b), shall be converted to that of a special Limited Partner, providing, however, such removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expenses, Profit, gain or Loss, distributions or allocations, as the case may be, payable or allocable to the Limited Partners as such. Instead, such removed General Partner shall receive and be entitled to retain only distributions or allocations of such items which it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b).

(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section 7.04.

ARTICLE VIII

RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

8.01 Management of the Partnership. The Limited Partners shall not participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner.

8.02 Power of Attorney. Each Limited Partner hereby irrevocably appoints the General Partner its true and lawful attorney-in-fact, who may act for each Limited Partner and in its name, place and stead, and for its use and benefit, to sign, acknowledge, swear to, deliver, file and record, at the appropriate public offices, any and all documents, certificates, and instruments as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of its Partnership Interest.

8.03 Limitation on Liability of Limited Partners. No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of its Capital Contribution, if any, as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership. Notwithstanding the foregoing provisions of this Section 8.03, a Class A Partner shall be liable to the Partnership or to its lenders to the extent set forth in any guarantee of Partnership debt or in any agreement to contribute capital to the Partnership in connection with any Partnership debt, in each case only to the extent so agreed by such Class A Partner in such guarantee or contribution agreement.

8.04 Ownership by Limited Partner of Corporate General Partner or Affiliate. No Limited Partner shall at any time, either directly or indirectly, own any stock or other interest in the General Partner or in any Affiliate thereof, if such ownership by itself or in conjunction with other stock or other interests owned by other Limited Partners would, in the opinion of counsel for the Partnership, jeopardize the classification of the Partnership as a partnership for federal income tax purposes. The General Partner shall be entitled to make such reasonable inquiry of the Limited Partners as is required to establish compliance by the Limited Partners with the provisions of this Section.

8.05 Redemption Right.

(a) Subject to Sections 8.05(b), 8.05(c), 8.05(d), and 8.05(e), and the provisions of any agreement between the Partnership and any Limited Partner with respect to Partnership Units held by such Limited Partners, such Limited Partner, other than the Original Limited Partner, shall have the right (the “Redemption Right”) to require the Partnership to redeem on a Specified Redemption Date, or on the Class A Specified Redemption Date with respect to a Class A Partner, all or a portion of the Partnership Units held by such Limited Partner at a redemption price equal to and in the form of the Cash Amount to be paid by the Partnership, provided, that such Partnership Units shall have been outstanding for at least one year. The Redemption Right shall be exercised pursuant to a Notice of Redemption delivered to the Partnership (with a copy to the General Partner) by the Limited Partner who is exercising the Redemption Right (the “Redeeming Partner”); provided, however, that the Partnership shall not be obligated to satisfy such Redemption Right if the General Partner elects to purchase the Partnership Units subject to the Notice of Redemption pursuant to Section 8.05(b). A Limited Partner may not exercise the Redemption Right for less than 1,000 Partnership Units or, if such Limited Partner holds less than 1,000 Partnership Units, all of the Partnership Units held by such Partner. Except as otherwise provided in Section 8.05(h), the Redeeming Partner shall have no right, with respect to any Partnership Units so redeemed, to receive any distribution paid with respect to Partnership Units if the record date for such distribution is on or after the Specified Redemption Date or the Class A Specified Redemption Date, as applicable.

(b) Notwithstanding the provisions of Section 8.05(a), a Limited Partner that exercises the Redemption Right shall be deemed to have offered to sell the Partnership Units described in the Notice of Redemption to the General Partner, and the General Partner may, in its sole and absolute discretion but subject to the last sentence of this subsection (b), elect to purchase directly and acquire such Partnership Units by paying to the Redeeming Partner either the Cash Amount or the REIT Shares Amount, as elected by the General Partner (in its sole and absolute discretion), on the Specified Redemption Date or on the Class A Specified Redemption Date with respect to a Class A Partner, whereupon the General Partner shall acquire the Partnership Units offered for redemption by the Redeeming Partner and shall be treated for all purposes of this Agreement as the owner of such Partnership Units. If the General Partner shall elect to exercise its right to purchase Partnership Units under this Section 8.05(b) with respect to a Notice of Redemption, it shall so notify the Redeeming Partner within five (three for any Class A Partner) Business Days after the receipt by the General Partner of such Notice of Redemption. Such notice shall indicate whether the General Partner will pay the Cash Amount or the REIT Shares Amount. Unless the General Partner (in its sole and absolute discretion) shall exercise its right to purchase Partnership Units from the Redeeming Partner pursuant to this Section 8.05(b), the General Partner

shall not have any obligation to the Redeeming Partner or the Partnership with respect to the Redeeming Partner's exercise of the Redemption Right. In the event the General Partner shall exercise its right to purchase Partnership Units with respect to the exercise of a Redemption Right in the manner described in the first sentence of this Section 8.05(b), the Partnership shall have no obligation to pay any amount to the Redeeming Partner with respect to such Redeeming Partner's exercise of such Redemption Right, and each of the Redeeming Partner, the Partnership, and the General Partner shall treat the transaction between the General Partner and the Redeeming Partner for federal income tax purposes as a sale of the Redeeming Partner's Partnership Units to the General Partner. Each Redeeming Partner agrees to execute such documents as the Partnership may reasonably require in connection with the issuance of REIT Shares upon exercise of the Redemption Right. If Section 5.05 hereof shall prevent the Partnership from satisfying, in whole or in part, any exercise of the Redemption Right by a Redeeming Partner, then the Company (whether or not it is then the General Partner) shall be deemed to have elected pursuant to this Section 8.05(b) to purchase, and hereby agrees to purchase, directly from such Redeeming Partner, such number of Partnership Units as the Partnership is unable to redeem due to the operation of Section 5.05.

(c) Notwithstanding the provisions of Section 8.05(a) and 8.05(b), a Limited Partner shall not be entitled to exercise the Redemption Right if the delivery of REIT Shares to such Partner on the Specified Redemption Date by the Company pursuant to Section 8.05(b) (regardless of whether or not the Company would in fact exercise its rights under Section 8.05(b)) would (i) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (ii) result in the Company being "closely held" within the meaning of Section 856(h) of the Code, (iii) cause the Company to own, directly or constructively, 10% or more of the ownership interests in a tenant of the Company's, the Partnership's or a Subsidiary's real property, within the meaning of Section 856(d)(2)(B) of the Code, (iv) in the good faith opinion of the Board of Directors of the Company, otherwise disqualify the Company as a REIT, or (v) in the opinion of counsel for the Company, constitute or result in a violation of Section 5 of the Securities Act, or cause the acquisition of REIT Shares by such Partner to be "integrated" with any other distribution of REIT Shares for purposes of complying with the registration provisions of the Securities Act. The Company, in its sole and absolute discretion, may waive the restriction on redemption set forth in this Section 8.05(c); provided, however, that in the event such restriction is waived, the Redeeming Partner shall be paid the Cash Amount. Notwithstanding the foregoing, each Class A Partner shall be entitled to exercise its Redemption Right with respect to the Class A Partnership Units regardless of whether the issuance of REIT Shares to such Class A Partner would violate the restrictions set forth above, provided that the Class A Partner shall receive the Cash Amount in connection with such redemption.

(d) Any Cash Amount to be paid by the Partnership to a Redeeming Partner pursuant to Section 8.05(a), and any Cash Amount or REIT Shares Amount to be paid by the General Partner to a Redeeming Partner pursuant to Section 8.05(b), shall be paid within 20 Business Days, or with respect to a Redeeming Partner who is a Class A Partner, five Business Days, after the initial date of receipt by the General Partner of the Notice of Redemption relating to the Partnership Units to be redeemed; provided, however, that such 20 Business Day period, but not the five Business Day period, may be extended for up to an additional 180-day period to the extent required for the Company to issue and sell securities the proceeds of which will be contributed to the Partnership to provide cash for payment of the Cash Amount. Notwithstanding

the foregoing, the General Partner agrees to use its best efforts to cause the closing of the acquisition of redeemed Partnership Units hereunder to occur as quickly as reasonably possible.

(e) Notwithstanding any other provision of this Agreement, the General Partner may place appropriate restrictions on the ability of the Limited Partners to exercise their Redemption Rights as and if deemed necessary to ensure that the Partnership does not constitute a “publicly traded partnership” under Section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof to each of the Limited Partners, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership which states that, in the opinion of such counsel, such restrictions are necessary in order to avoid the Partnership being treated as a “publicly traded partnership” under Section 7704 of the Code.

(f) The Conversion Factor shall be adjusted from time to time as follows:

(i) In the event that the Company (A) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (B) subdivides its outstanding REIT Shares, or (C) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date; provided, however, that notwithstanding the foregoing, if the Company declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares (including a dividend in which stockholders may elect to receive all or a portion of such dividend in cash), no adjustment shall be made if, promptly thereafter, with respect to any dividend or distribution with respect to REIT Shares, the Partnership pays a distribution with respect to each Partnership Unit consisting of a number of Partnership Units (or fraction thereof) equal to the product of (i) the quotient obtained by dividing (a) the aggregate number of REIT Shares paid by the Company as a dividend to all stockholders, by (b) the aggregate number of REIT Shares outstanding as of the close of business on the record date for such dividend, and (ii) the number of REIT Shares for which such Partnership Unit is then redeemable pursuant to Section 8.05.

(ii) In the event that the Company declares or pays a dividend or other distribution on its outstanding REIT Shares (other than (a) ordinary cash dividends or (b) dividends payable in REIT Shares that give rise to an adjustment in the Conversion Factor under subsection (i) hereof) and the Value of the REIT Shares on the 20th trading day following the record date (“Record Date”) for such dividend or distribution (the “Post-Distribution Value”) is less than the Value of the REIT Shares on the Business Day immediately preceding such Record Date (the “Pre-Distribution Value”), then the Conversion Factor in effect after the Record Date

shall be adjusted by multiplying the Conversion Factor in effect prior to the Record Date by a fraction, the numerator of which is the Pre-Distribution Value and the denominator of which is the Post-Distribution Value, provided, however, that no adjustment shall be made if (a) with respect to any cash dividend or distribution with respect to REIT shares, the Partnership distributes with respect to each Partnership Unit an amount equal to the amount of such dividend or distribution multiplied by the Conversion Factor or (b) with respect to any dividend or distribution of securities or property other than cash, the Partnership distributes with respect to each Partnership Unit an amount of securities or other property equal to the amount distributed with respect to each REIT share multiplied by the Conversion Ratio or a partnership interest or other security readily convertible into such securities or other property.

(iii) Any adjustment to the Conversion Factor shall become effective immediately after the effective date of any of the events described in subsections (i) and (ii), retroactive to the record date, if any, for such event, provided, however, that if the Partnership receives Notice of Redemption after the record date, but prior to the payment date or effective date, of any dividend, distribution, subdivision or combination referred to in subsection (i) or (ii), the Conversion Factor shall be determined as if the Company had received the Notice of Exchange immediately prior to the record date for such dividend, distribution, subdivision or combination.

(iv) If the rights (the “Stockholder Rights”) governed by the Rights Agreement, dated as of January 27, 1998 (the “Rights Agreement”), by and between the General Partner and ChaseMellon Shareholder Services L.L.C., are issued and exercised, the Conversion Factor shall be equitably adjusted to take into account the resulting dilution in the REIT Shares, provided, however, that the Conversion Factor shall not be adjusted with respect to any Partnership Units held by any person to which the provisions of Section 7(e) of the Rights Agreement apply or would apply if such person were a holder of Stockholder Rights.

(g) If a Class A Partner exercises its Redemption Right with respect to Class A Partnership Units and the Partnership elects to pay the Cash Amount with respect to such redemption and does not pay such amount to such Class A Partner by the Class A Specified Redemption Date then on such date the Partnership shall issue such Class A Partner a promissory note (the “Class A Note”). The Class A Note shall be payable within 30 calendar days and will bear interest at a rate per annum equal to LIBOR plus 90 basis points. Payment of the Class A Note shall be guaranteed by the General Partner. For purposes of this Section 8.05(g), “LIBOR” means the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the date the Class A Note is issued for a term of 30 days. If for any reason such rate is not available, the term “LIBOR” shall mean the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on the Reuters Screen LIBOR Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the date the Class A Note is issued for a term of 30 days; provided, however, if more than one rate is

specified on the Reuters Screen LIBOR Page, the applicable rate shall be the arithmetic mean of all such rates.

(h) Notwithstanding anything set forth in this Agreement to the contrary, if a Class A Partner delivers a Notice of Redemption, a Partnership Record Date subsequently occurs with respect to a distribution to the Class A Partners pursuant to Section 5.02 and such distribution is not distributed prior to the Class A Specified Redemption Date, then the Class A Partner whose Class A Partnership Units are redeemed on such date shall be entitled to receive the distribution pursuant to Section 5.02(a) with respect to such Class A Partnership Units notwithstanding such redemption unless such Class A Partnership Units are redeemed for REIT Stock and such Class A Specified Redemption Date occurs on or before the record date for the payment of a dividend on such REIT Stock that is payable in respect of the same period as such distribution on the Class A Partnership Units so redeemed, in which event the distribution made to such Class A Partner pursuant to Section 5.02(a) shall be reduced by the amount of such dividend on the REIT Stock.

8.06 NYSE Listing and Securities Act Registration of REIT Shares. In the event that the General Partner elects to acquire a Redeeming Partner's Partnership Units by paying to such Partner the REIT Shares Amount, the REIT Shares issued to the Redeeming Partner if and to the extent provided in such Redeeming Partner's Registration Rights Agreement shall be (a) registered under the Securities Act and/or entitled to rights to Securities Act registration and (b) listed on the NYSE.

8.07 Guaranty Opportunity, Etc.

(a) At the written request of any Partner other than the Company or any Subsidiary of the Company, the Partnership will use commercially reasonable efforts to provide such Partner with the opportunity to guaranty, in such amounts as requested by such Partner, one or more liabilities owed, directly or indirectly, by the Partnership, which may be indebtedness owed to the General Partner or an Affiliate thereof, enter into any other substantially similar arrangement or enter into an amendment or modification of any existing guaranty or substantially similar arrangement. The Partnership shall cooperate in good faith with any such Partner to consummate such request (i) with respect to one or more liabilities selected by the Partner and acceptable to the Partnership, (ii) using a form of guaranty (or other arrangement) reasonably acceptable to such Partner, and (iii) in a manner that results in the allocation of Partnership liabilities to such Partner in the requested amount under Treasury Regulations Section 1.752-2 (or any successor thereto).

(b) For the avoidance of doubt, the Partnership: (i) shall not be required to take any actions pursuant to this Section 8.07 that would adversely affect the Partnership or other Partners, or result in a breach by the Partnership of any other contractual obligations; (ii) shall not be required, pursuant to this Section 8.07, to incur any indebtedness or other liabilities that it would not otherwise have incurred; and (iii) makes no, and shall not be required to make any, representation to any Partner regarding the effectiveness of any action taken pursuant to this Section 8.07, and shall not be liable to any Partner for the failure of any guaranty or other arrangement to provide an allocation of Partnership liabilities to such Partner under Treasury Regulations Section 1.752-2 (or any successor thereto).

(c) Notwithstanding any provision herein to the contrary, the General Partner shall not be entitled to amend any provision of this Section 8.07 without the consent of Limited Partners (other than the Company or any Subsidiary of the Company) holding more than 50% of the Percentage Interests of the Limited Partners (other than the Company or any Subsidiary of the Company).

ARTICLE IX

TRANSFERS OF LIMITED PARTNERSHIP INTERESTS

9.01 Purchase for Investment.

(a) Each Limited Partner hereby represents and warrants to the General Partner and to the Partnership that the acquisition of his Partnership Interest is made as a principal for his account for investment purposes only and not with a view to the resale or distribution of such Partnership Interest.

(b) Each Limited Partner agrees that he will not sell, assign or otherwise transfer his Partnership Interest or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.01(a) above and similarly agree not to sell, assign or transfer such Partnership Interest or fraction thereof to any Person who does not similarly represent, warrant and agree.

9.02 Restrictions on Transfer of Limited Partnership Interests.

(a) Except as otherwise provided in this Article IX, no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer his Limited Partnership Interest, in whole or in part, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a "Transfer") without the written consent of the General Partner, which consent may be withheld in the sole and absolute discretion of the General Partner. The General Partner may require, as a condition of any Transfer, that the transferor assume all costs incurred by the Partnership in connection therewith.

(b) No Limited Partner may effect a Transfer of its Limited Partnership Interest, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Limited Partnership Interest under the Securities Act or would otherwise violate any applicable federal or state securities or blue sky law (including investment suitability standards).

(c) No Transfer by a Limited Partner of its Partnership Units, in whole or in part, may be made to any Person if (i) in the opinion of counsel for the Partnership, the Transfer would result in the Partnership's being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of counsel for the Partnership, the Transfer would adversely affect the ability of the Company to continue to qualify as a REIT or subject the Company to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) such Transfer is effectuated through an

“established securities market” or a “secondary market (or the substantial equivalent thereof)” within the meaning of Section 7704 of the Code,

(d) No transfer of any Partnership Units may be made to a lender to the Partnership or any Person who is related (within the meaning of Regulations Section 1.752-4(b)) to any lender to the Partnership whose loan constitutes a nonrecourse liability (within the meaning of Regulations Section 1.752-1(a)(2)), without the consent of the General Partner, which may be withheld in its sole and absolute discretion, provided that as a condition to such consent the lender will be required to enter into an arrangement with the Partnership and the General Partner to exchange or redeem for the Cash Amount any Partnership Units in which a security interest is held simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating liabilities to such lender under Section 752 of the Code.

(e) Section 9.02(a) shall not apply to any Transfer by a Limited Partner pursuant to the exercise of its Redemption Right under Section 8.05 hereof.

(f) Notwithstanding Section 9.02(a), a Class A Partner may transfer the Class A Partnership Units held by such Class A Partner to (i) any Person who, directly or indirectly, owned an equity interest in such Class A Partner immediately prior to such transfer, (ii) any Family Member of such Class A Partner, (iii) any trust of which a Person described in clause (i) of this Section 9.02(f) or a Family Member of such Person or such Class A Partner and/or a bona fide tax-exempt charitable organization are the sole beneficiaries and (iv) any bona fide tax-exempt charitable organization in connection with a bona fide gift or donation. Further, notwithstanding Section 9.02(a), a Class A Partner may pledge the Class A Partnership Units held by such Class A Partner (i) as set forth in Section 7.04 of the respective Contribution Agreements and (ii) to a lending institution to secure a bona fide loan or extension of credit made by such lending institution to such Class A Partner and, upon such lending institution exercising its remedy, if any, to foreclose and take possession of such Class A Partnership Units and taking possession of such Class A Partnership Units with respect to a default under such loan or extension of credit and compliance by such lending institution with the provisions of Section 9.03(a), the General Partner will consent to the admission of such lending institution to the Partnership as a Substitute Limited Partner notwithstanding the provisions of Section 9.03(a)(vii); provided that notwithstanding the foregoing the General Partner may withhold such consent if the General Partner in its sole discretion determines that there is a reasonable business purpose for the Partnership not to admit such lending institution as a Substitute Limited Partner.

(g) Notwithstanding anything set forth in this Agreement to the contrary, no transfer of a Class A Partnership Unit is permitted without the consent of the General Partner, which consent may be given or withheld in its sole and absolute discretion, if such transfer would result in more than eighty (80) “partners” of the Partnership holding all outstanding Class A Partnership Units for purposes of Section II.A of Internal Revenue Service Notice 88-75, 1988-2 C.B. 386.

(h) Any Transfer in contravention of any of the provisions of this Article IX shall be void and ineffectual and shall not be binding upon, or recognized by, the Partnership.

9.03 Admission of Substitute Limited Partner.

(a) Subject to the other provisions of this Article IX, an assignee of the Limited Partnership Interest of a Limited Partner (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Limited Partnership Interest) shall be deemed admitted as a Limited Partner of the Partnership only upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A, and such other documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed for record in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representation set forth in Section 9.01(a) and the agreement set forth in Section 9.01(b).

(iv) If the assignee is a corporation, partnership or trust, the assignee shall have provided the General Partner with evidence satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.02.

(vi) The assignee shall have paid all reasonable legal fees of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner.

(vii) The assignee has obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's sole and absolute discretion.

(b) For the purpose of allocating Profits and Losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.03(a)(ii) or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(c) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. The Partnership shall take all such action as promptly as

practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited Partner of the Partnership.

9.04 Rights of Assignees of Partnership Interests.

(a) Subject to the provisions of Sections 9.01 and 9.02, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of its Partnership Interest until the Partnership has received notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Limited Partnership Interest, but does not become a Substitute Limited Partner and desires to make a further assignment of such Limited Partnership Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Limited Partnership Interest.

(c) The General Partner shall have the right, in its sole and absolute discretion, to redeem the Limited Partnership Interest assigned by any Limited Partner (an "Assigning Limited Partner") to any person who does not, within 20 business days following the date of such assignment, become a Substitute Limited Partner (an "Assignee"). In such case, the Assigning Limited Partner and the Assignee shall be deemed to have tendered irrevocably to the General Partner a Notice of Redemption with respect to all of the Limited Partnership Interest assigned.

9.05 Effect of Bankruptcy, Death, Incompetence or Termination of a Limited Partner.

The occurrence of an Event of Bankruptcy as to a Limited Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if he dies, his executor, administrator or trustee, or, if he is finally adjudicated incompetent, his committee, guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling or managing his estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of his Partnership Interest and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 Joint Ownership of Interests. A Partnership Interest may be acquired by two individuals as joint tenants with right of survivorship, provided that such individuals either are married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Interest shall be required to constitute the action of the owners of such Partnership Interest; provided, however, that the written consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Interest held in a joint tenancy with a right of survivorship, the Partnership Interest shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Interest until it shall have received notice of such death. Upon notice to the General

Partner from either owner, the General Partner shall cause the Partnership Interest to be divided into two equal Partnership Interests, which shall thereafter be owned separately by each of the former owners.

ARTICLE X

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 Books and Records. At all times during the continuance of the Partnership, the General Partner shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate of Limited Partnership and all certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of the Agreement and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to inspect or copy such records during ordinary business hours.

10.02 Custody of Partnership Funds; Bank Accounts.

(a) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(b) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner in investment grade instruments (or investment companies whose portfolio consists primarily thereof), government obligations, certificates of deposit, bankers' acceptances and municipal notes and bonds. The funds of the Partnership shall not be commingled with the funds of any other Person except for such commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.02(b).

10.03 Fiscal and Taxable Year. The fiscal and taxable year of the Partnership shall be the calendar year.

10.04 Annual Tax Information and Report. Within 75 days after the end of each fiscal year of the Partnership, the General Partner shall furnish to each person who was a Limited Partner at any time during such year the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 Tax Matters Partner; Tax Elections; Special Basis Adjustments.

(a) The General Partner shall be the Tax Matters Partner of the Partnership within the meaning of Section 6231(a)(7) of the Code. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional

assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(b) All elections required or permitted to be made by the Partnership under the Code or any applicable state or local tax law shall be made by the General Partner in its sole and absolute discretion.

(c) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

10.06 Reports to Limited Partners.

(a) As soon as practicable after the close of each fiscal quarter (other than the last quarter of the fiscal year), the General Partner shall cause to be delivered or made available electronically to each Limited Partner a quarterly report containing financial statements of the Partnership, or of the Company if such statements are prepared solely on a consolidated basis with the Company, for such fiscal quarter, presented in accordance with generally accepted accounting principles. As soon as practicable after the close of each fiscal year, the General Partner shall cause to be delivered or made available electronically to each Limited Partner an annual report containing financial statements of the Partnership, or of the Company if such statements are prepared solely on a consolidated basis with the Company, for such fiscal year, presented in accordance with generally accepted accounting principles. The annual financial statements shall be audited by accountants selected by the General Partner. For purposes of this Section 10.06(a), delivery or availability may be effected by electronic mail or by posting such reports to a secure electronic portal or website maintained by or on behalf of the Partnership, with electronic notice of availability provided to the applicable Limited Partner.

(b) Any Partner shall further have the right to a private audit of the books and records of the Partnership, provided such audit is made for Partnership purposes, at the expense of the Partner desiring it and is made during normal business hours.

10.07 Offset. Except as otherwise provided in a written agreement between a Class A Partner and the Partnership, the Partnership agrees that it will not exercise any right to offset amounts payable to a Contributor as distributions pursuant to this Agreement or in connection with a redemption of Class A Partnership Units by a Contributor against any amounts owed by such Contributor to the Partnership.

ARTICLE XI

AMENDMENT OF AGREEMENT; MERGER; NOTICE

11.01 Amendment of Agreement; Merger. The General Partner's consent shall be required for any amendment to the Agreement or any merger, consolidation or combination of the Partnership. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect or cause the Partnership to merge, consolidate or combine with or into any other partnership, limited partnership, limited liability company or corporation as contemplated in Section 7.01(c) or (d) hereof; provided, however, that the following amendments and any other such merger, consolidation or combination of the Partnership (a "Merger") shall require the consent of Limited Partners (other than the Company or any Subsidiary of the Company) holding more than 50% of the Percentage Interests of the Limited Partners (other than the Company or any Subsidiary of the Company):

(a) any amendment affecting the operation of the Conversion Factor or the Redemption Right (except as provided in Sections 7.01(c) or 8.05(e)) in a manner adverse to the Limited Partners;

(b) any amendment that would adversely affect the rights of the Limited Partners to receive the distributions payable to them hereunder, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02;

(c) any amendment that would alter the Partnership's allocations of Profit and Loss to the Limited Partners, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02; or

(d) any amendment to this Article XI.

The consent of each Limited Partner shall be required for any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership.

11.02 Notice to Limited Partners. The General Partner shall notify the Limited Partners of the substance of any amendment or Merger requiring the consent of the Limited Partners pursuant to Section 11.01 at least 20 business days prior to the effective date of such amendment or Merger.

11.03 Class A Voting Rights.

(a) So long as any Class A Partnership Units remain outstanding, neither the General Partner nor the Partnership shall, without the affirmative vote of the Class A Partners holding at least a majority of the Class A Partnership Units then outstanding increase the authorized or issued amount of Class A Partnership Units or reclassify any Partnership Interest into Class A Partnership Units or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any Class A Partnership Units. Further, subject to the Partnership's rights set forth in Section 7.03(g) of the respective Contribution Agreements during the Tax Protection Period (as defined in such Contribution Agreements), the consent of the Class A

Partners holding at least a majority of the Class A Partnership Units then outstanding will be required to approve any merger, acquisition or other fundamental transaction involving the Partnership, unless (i) the holders of such Class A Partnership Units will not recognize a taxable gain in the transaction and the tax protections set forth in Section 7.03 of each of the Contribution Agreements are preserved following such merger, acquisition or other fundamental transaction, (ii) the Class A Partners are offered a portion of the consideration offered to the holders of Limited Partnership Interests which is in proportion to the Value of their respective Partnership Interests, (iii) the value, as determined in good faith by the General Partner, of the liquidation, redemption rights and preferences of the Class A Limited Partners set forth in this Agreement, either in respect of the Partnership or another limited partnership, limited liability company or other “pass-through” entity for federal income tax purposes which succeeds to the interests of or is the survivor of a transaction with the Partnership, are preserved in connection with such merger, acquisition or other fundamental transaction and (iv) the Class A Limited Partners’ fixed or guaranteed entitlements or preferences as to dividends or distributions as set forth herein are preserved and the other relative rights, preferences and privileges of the Class A Partnership Units are maintained.

(b) So long as any Class A Partnership Units remain outstanding, no amendment or modification to this Agreement that adversely affects the relative rights, preferences or privileges of the Class A Partnership Units shall be effective without the prior written approval of Class A Partners holding at least a majority of the Class A Partnership Units then outstanding.

ARTICLE XII GENERAL

PROVISIONS

12.01 Notices. All communications required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally or upon deposit in the United States mail, registered, postage prepaid return receipt requested, to the Partners at the addresses set forth in Exhibit A attached hereto; provided, however, that any Partner may specify a different address by notifying the General Partner in writing of such different address. Notices to the Partnership shall be delivered at or mailed to its specified office.

12.02 Survival of Rights. Subject to the provisions hereof limiting transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their respective legal representatives, successors, transferees and assigns.

12.03 Additional Documents. Each Partner agrees to perform all further acts and execute, swear to, acknowledge and deliver all further documents which may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

12.04 Severability. If any provision of this Agreement shall be declared illegal, invalid, or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof.

12.05 Entire Agreement. This Agreement and exhibits attached hereto constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and

contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

12.06 Additional Agreements. The Parties agree that (a) the Class A Partnership Units will be evidenced by certificates in accordance with Section 2.06 and (b) the Class A Partnership Units will be subject to the provisions set forth in Article VII of the Contribution Agreements.

12.07 Rules of Construction. When the context in which words are used in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require. Unless the context otherwise indicates, references to particular Articles and Sections are references to Articles and Sections of this Agreement.

12.08 Headings. The Article headings or sections in this Agreement are for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

12.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.10 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the General Partner has hereunder affixed its signature to this Second Amended and Restated Agreement of Limited Partnership, as of the 1st day of July, 2026 to witness and evidence its adoption pursuant to the provisions of Section 17-211(g) of the Act.

GENERAL PARTNER:

UDR, INC.

By: /s/ Keith Benson

-

Keith Benson
Senior Vice President –
Chief Legal Officer

LIST OF PARTNERS

[On file with the General Partner]

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NOTICE OF EXERCISE OF REDEMPTION RIGHT

In accordance with Section 8.05 of the Second Amended and Restated Agreement of Limited Partnership (the "Agreement") of United Dominion Realty, L.P., the undersigned hereby irrevocably (i) presents for redemption _____ Partnership Units in United Dominion Realty, L.P. in accordance with the terms of the Agreement and the Redemption Right referred to in Section 8.05 thereof, (ii) surrenders such Partnership Units and all right, title and interest therein, and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below.

Dated: _____, _____

Name of Limited Partner:

(Signature of Limited
Partner)

(Mailing Address)

(City) (State) (Zip Code)

Signature Guaranteed
by:

If REIT Shares are to be issued, issue to:

Please insert social security or identifying number:

B-1

**PARTNERSHIP UNIT DESIGNATION
OF THE
CLASS I OUT-PERFORMANCE PARTNERSHIP SHARES
OF UNITED DOMINION REALTY, L.P.**

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Units is hereby designated as “Class I Out-Performance Partnership Shares,” and the number of Partnership Units initially constituting such class shall be one million two hundred and seventy thousand (1,270,000).

2. DEFINITIONS.

For purposes of this Partnership Unit Designation, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

“Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company (the “Voting Securities”) by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such person has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) (“Beneficial Ownership”) of 30% or more of the combined voting power of the Company’s then outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. “Non-Control Acquisition” shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company or in which the Company serves as a general partner or manager (a “Subsidiary”), (B) the Company or any Subsidiary, or (C) any person in connection with a Non-Control Transaction (as hereinafter defined);

(ii) the individuals who constitute the Board of Directors of the Company as of May 9, 2001 (the “Incumbent Board”) cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board; provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “election contest” (as described in Rule 14a-11 promulgated under the Exchange Act) (an “Election Contest”) or other actual or threatened

solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) approval by stockholders of the Company of: (A) a merger, consolidation, share exchange or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 60% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the “Surviving Company”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3) of the members of the board of directors of the Surviving Company, and (3) no persons (other than the Company or any Subsidiary of the Company, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Subsidiary of the Company, or any person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 30% or more of the then outstanding Voting Securities has Beneficial Ownership of 30% or more of the combined voting power of the Surviving Company’s then outstanding voting securities (a transaction described in clauses (1) through (3) is referred to herein as a “Non-Control Transaction”); (B) a complete liquidation or dissolution of the Company; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary of the Company).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (a “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change of Control shall occur.

“Class I Out-Performance Partnership Share” shall mean a Partnership Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this Exhibit C.

“Class I Out-Performance Valuation Date” shall mean the earlier to occur of (i) June 1, 2003, or (ii) the date on which a Change of Control occurs.

“Conversion Factor” shall mean the quotient obtained by dividing (i) the quotient obtained by dividing (x) the product of (A) 4% of the Excess Return multiplied by (B) the UDR Market Capitalization, by (y) the Value of a REIT Share on the Class I Out-Performance Valuation Date

by (ii) the number of Class I Out-Performance Partnership Shares outstanding at the Class I Out-Performance Valuation Date; provided, however, that the amount determined pursuant to clause (x) shall not exceed an amount equal to 2% of the UDR Market Capitalization. The Conversion Factor shall be adjusted pursuant to Section 8.05(f) of the Agreement.

“Determination Date” shall mean (i) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the securities entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the date upon which such split, subdivision, reverse stock split, combination or reclassification becomes effective.

“Excess Return” shall mean the amount, if any, by which the UDR Total Return over the Measurement Period exceeds the greater of (i) the Industry Total Return or (ii) the Minimum Return.

“Ex-Date” shall mean (i) when used with respect to any dividend or distribution, the first date on which the securities on which the dividend or distribution is payable trade regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the first date on which the securities trade regular way on such exchange or in such market to reflect such split, subdivision, reverse stock split, combination or reclassification becoming effective.

“Extraordinary Distribution” shall mean the distribution by the Company, by dividend or otherwise, to all holders of its REIT Shares of evidences of its indebtedness or assets (including securities) other than cash.

“Family Controlled Entity” means, as to any holder of Class I Out-Performance Shares, (a) any corporation more than 50% of the outstanding voting stock of which is owned by such holder and such holder’s Family Members, (b) any trust, whether or not revocable, of which such holder and such holder’s Family Members are the sole beneficiaries, (c) any partnership of which such holder and such holder’s Family Members hold partnership interests representing at least 25% of such partnership’s capital and profits and (d) any limited liability company of which such holder is the manager and in which such holder and such holder’s Family Members hold membership interests representing at least 25% of such limited liability company’s capital and profits.

“Industry Peer Group Index” shall mean the Morgan Stanley REIT Index.

“Industry Total Return” shall mean the Total Return of the securities included in the Industry Peer Group Index for the Measurement Period, with such average determined in a manner consistent with the manner in which such index is calculated; provided, however, that if such Industry Total Return would be less than zero without giving effect to the reinvestment of dividends, then the “Industry Total Return” shall be equal to zero.

“Initial Holder” shall mean UDR Out-Performance I, LLC, a Virginia limited liability company.

“Measurement Period” shall mean the period from and including February 1, 2001 to but excluding the Class I Out-Performance Valuation Date.

“Minimum Return” shall mean 30% (compounded annually) for the Measurement Period or, if the Class I Out-Performance Valuation Date is not June 1, 2003, 12% (compounded annually) per annum from February 1, 2001.

“Morgan Stanley REIT Index” shall mean the Morgan Stanley REIT Index quoted on the American Stock Exchange under the symbol “RMS”.

“Partnership” shall mean United Dominion Realty, L.P., a Delaware limited partnership.

“Total Return” shall mean, for any security or index and for any period, the cumulative total return for such security or index over such period, as measured by (i) the sum of (A) the cumulative amount of dividends paid in respect of such security or index for such period (assuming that all dividends other than Extraordinary Distributions are reinvested in such security or index as of the payment date for such dividend based on the security price on the dividend payment date), and (B) an amount equal to (1) the security price or index value at the end of such period, minus (2) the security price or index value at the beginning of such period, divided by (ii) the security price or index value at the beginning of such period; provided, however, that if the foregoing calculation results in a negative number, the “Total Return” shall be equal to zero.

“UDR Market Capitalization” shall mean the average number of shares outstanding over the Measurement Period (including, for this purpose, REIT Shares and Partnership Units, but not including outstanding options, convertible securities or Class I Out-Performance Partnership Shares) multiplied by the daily closing price of the REIT Shares.

“UDR Total Return” shall mean the Total Return of the REIT Shares for the Measurement Period.

3. FORFEITURE.

If, on the Class I Out-Performance Valuation Date, there is no Excess Return, then, from and after such date, each Class I Out-Performance Partnership Share shall, without any action on the part of the Partnership, the Company or the holder thereof, be automatically forfeited and be no longer outstanding.

4. DISTRIBUTIONS.

On and after the Class I Out-Performance Valuation Date, the holders of Class I Out-Performance Partnership Shares not forfeited under Section 3 shall be entitled to receive distributions at the same time and in the same amount that would be received on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class I Out-Performance Valuation Date) that is obtained by multiplying the number of Class I Out-Performance Partnership Shares by the Conversion Factor.

5. ALLOCATIONS.

(a) From and after the Class I Out-Performance Valuation Date, Profits and Losses shall be allocated to each of the holders of Class I Out-Performance Partnership Shares not forfeited under Section 3 at the same time and in the same amount that would be allocated on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class I Out-Performance Valuation Date) that is obtained by multiplying the number of Class I Out-Performance Partnership Shares by the Conversion Factor.

(b) In the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article II of the Agreement, then, notwithstanding Section 5.06 of the Agreement, each holder of Class I Out-Performance Partnership Shares not forfeited under Section 3 shall be specifically allocated items of Partnership income and gain in an amount sufficient to cause the Capital Account of such holder to be equal to that of an Outside Partner that holds Partnership Units equal to the number of Class I Out-Performance Partnership Shares held by such holder multiplied by the Conversion Factor.

6. EXCHANGE.

If the Class I Out-Performance Partnership Shares have not been forfeited under Section 3 and the Class I Out-Performance Partnership Shares have been transferred by the Initial Holder in accordance with Section 8, the transferee and subsequent transferees of the Class I Out-Performance Partnership Shares may exchange from time to time some or all of the Class I Out-Performance Partnership Shares for a number of Partnership Units equal to the Class I Out-Performance Partnership Shares multiplied by the Conversion Factor.

7. REDEMPTION UPON CHANGE OF CONTROL.

Upon the occurrence of a Change of Control, and subject to the applicable requirements of Federal securities laws and any securities exchange or quotation system rules or regulations, each holder of Class I Out-Performance Partnership Shares shall have the redemption rights of Limited Partners set forth in Section 8.05 of the Agreement with respect to a number of Partnership Units equal to the number of Class I Out-Performance Partnership Shares multiplied by the Conversion Factor and the 40-month transfer limitation period applicable to the Class I Out-Performance Partnership Shares shall be deemed to have passed.

8. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

The restrictions on Transfer set forth in Article IX of the Agreement shall not apply to Transfers of Class I Out-Performance Partnership Shares. Prior to the Class I Out-Performance Valuation Date, the Class I Out-Performance Partnership Shares shall be owned and held solely by the Initial Holder. On or after the later of the Class I Out-Performance Valuation Date and the forty (40) month period from the date the Class I Out-Performance Partnership Shares are issued the Class I Out-Performance Partnership Shares may be Transferred (i) by the Initial Holder to (a) any Person who is a member (a "Member") of the Initial Holder immediately prior to such transfer, (b) a Family Member of a Member, (c) a Family Controlled Entity of a Member, (d) any Person with respect to whom the Member constitutes a Family Controlled Entity, (e) upon the death of a

Member, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity, and (ii) by any other Person to (a) a Family Member of a such Person, (b) a Family Controlled Entity of such Person, (c) any other Person with respect to whom such Person constitutes a Family Controlled Entity, (d) upon the death of such Person, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity; provided, however, that, until May 31, 2004, the Class I Out-Performance Partnership Shares may not be Transferred by the Initial Holder without the approval of the managers of the Initial Holder.

9. ADJUSTMENTS.

(a) In the event of any Extraordinary Distribution occurring on or after February 1, 2001, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such Extraordinary Distribution shall be adjusted by multiplying such price by a fraction (i) the numerator of which shall be the price of a REIT Share on the date immediately prior to such Ex-Date, and (ii) the denominator of which shall be (A) the price of a REIT Share on the date immediately prior to such Ex-Date, minus (B) the fair market value on the date fixed for such determination of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share (as determined by the Company, whose determination shall be conclusive); provided further, that such amount shall be so adjusted for each such Extraordinary Distribution occurring on or after February 1, 2001.

(b) In the event that, on or after February 1, 2001, the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) splits or subdivides its outstanding REIT Shares, (iii) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, or (iv) otherwise reclassifies its outstanding REIT Shares, then, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such transaction shall be adjusted by multiplying such price by a fraction (x) the numerator of which shall be the number of REIT Shares issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (y) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification.

(c) The Company shall have authority to appropriately adjust the UDR Market Capitalization, the UDR Total Return or the Value of a REIT Share if any other transaction or circumstance occurs or arises that without such adjustment would have an inequitable result.

10. GENERAL.

The ownership of Class I Out-Performance Partnership Shares may (but need not, in the sole and absolute discretion of the Company) be evidenced by one or more certificates. The

Company shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of Class I Out-Performance Partnership Shares.

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**PARTNERSHIP UNIT DESIGNATION
OF THE
CLASS II OUT-PERFORMANCE PARTNERSHIP SHARES
OF UNITED DOMINION REALTY, L.P.**

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Units is hereby designated as “Class II Out-Performance Partnership Shares,” and the number of Partnership Units initially constituting such class shall be one million (1,000,000).

2. DEFINITIONS.

For purposes of this Partnership Unit Designation, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

“Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company (the “Voting Securities”) by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such person has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) (“Beneficial Ownership”) of 30% or more of the combined voting power of the Company’s then outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. “Non-Control Acquisition” shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company or in which the Company serves as a general partner or manager (a “Subsidiary”), (B) the Company or any Subsidiary, or (C) any person in connection with a Non-Control Transaction (as hereinafter defined);

(ii) the individuals who constitute the Board of Directors of the Company as of May 6, 2003 (the “Incumbent Board”) cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board; provided, further, that no individual shall be considered a member of the Incumbent

Board if such individual initially assumed office as a result of either an actual or threatened “election contest” (as described in Rule 14a-11 promulgated under the Exchange Act) (an “Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) approval by stockholders of the Company of: (A) a merger, consolidation, share exchange or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 60% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the “Surviving Company”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3) of the members of the board of directors of the Surviving Company, and (3) no persons (other than the Company or any Subsidiary of the Company, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Subsidiary of the Company, or any person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 30% or more of the then outstanding Voting Securities has Beneficial Ownership of 30% or more of the combined voting power of the Surviving Company’s then outstanding voting securities (a transaction described in clauses (1) through (3) is referred to herein as a “Non-Control Transaction”); (B) a complete liquidation or dissolution of the Company; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary of the Company).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (a “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change of Control shall occur.

“Class II Out-Performance Partnership Share” shall mean a Partnership Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this Exhibit D.

“Class II Out-Performance Valuation Date” shall mean the earlier to occur of May 31, 2005, or (ii) the date on which a Change of Control occurs.

“Conversion Factor” shall mean the quotient obtained by (a) multiplying 5% of the Excess Return by the Company’s Market Capitalization and (b) dividing the number obtained in clause (b) by the market value of one REIT Share on the Class II Out-Performance Valuation Date, as the weighted average price per day of common stock for the 20 trading days immediately preceding the Class II Out-Performance Valuation Date

“Determination Date” shall mean (i) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the securities entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the date upon which such split, subdivision, reverse stock split, combination or reclassification becomes effective.

“Excess Return” shall mean the amount, if any, by which the cumulative Total Return of REIT Shares over the Measurement Period exceeds the greater of the cumulative Total Return of the Morgan Stanley REIT Index, which is the peer group index, or the Minimum Return.

“Ex-Date” shall mean (i) when used with respect to any dividend or distribution, the first date on which the securities on which the dividend or distribution is payable trade regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the first date on which the securities trade regular way on such exchange or in such market to reflect such split, subdivision, reverse stock split, combination or reclassification becoming effective.

“Extraordinary Distribution” shall mean the distribution by the Company, by dividend or otherwise, to all holders of its REIT Shares of evidences of its indebtedness or assets (including securities) other than cash.

“Family Controlled Entity” means, as to any holder of Class II Out-Performance Shares, (a) any corporation more than 50% of the outstanding voting stock of which is owned by such holder and such holder’s Family Members, (b) any trust, whether or not revocable, of which such holder and such holder’s Family Members are the sole beneficiaries, (c) any partnership of which such holder and such holder’s Family Members hold partnership interests representing at least 25% of such partnership’s capital and profits and (d) any limited liability company of which such holder is the manager and in which such holder and such holder’s Family Members hold membership interests representing at least 25% of such limited liability company’s capital and profits.

“Industry Peer Group Index” shall mean the Morgan Stanley REIT Index.

“Industry Total Return” shall mean the Total Return of the securities included in the Industry Peer Group Index for the Measurement Period, with such average determined in a manner consistent with the manner in which such index is calculated; provided, however, that if such Industry Total Return would be less than zero without giving effect to the reinvestment of dividends, then the “Industry Total Return” shall be equal to zero.

“Initial Holder” shall mean UDR Out-Performance II, LLC, a Maryland limited liability company.

“Measurement Period” shall mean the 24 month period beginning June 1, 2003 to but excluding the Class II Out-Performance Valuation Date.

“Minimum Return” shall mean a 22% Total Return (compounded annually) or 11% annualized as of the Class II Out-Performance Valuation Date or, if the Class II Out-Performance Valuation Date is not May 31, 2005, 11% (compounded annually) per annum from June 1, 2003.

“Morgan Stanley REIT Index” shall mean the Morgan Stanley REIT Index quoted on the American Stock Exchange under the symbol “RMS”.

“Partnership” shall mean United Dominion Realty, L.P., a Delaware limited partnership.

“Total Return” shall mean, for any security or index and for any period, the cumulative total return for such security or index over such period, as measured by the sum of (a) the cumulative amount of dividends paid in respect of such security or index for such period (assuming that all cash dividends are reinvested in such security as of the payment date for such dividend based on the security price on the dividend payment date), and (b) an amount equal to (x) the security price or index value at the end of such period, minus the security price or index value at the beginning of the measurement period.

“UDR Market Capitalization” shall mean the average number of REIT Shares outstanding over the Measurement Period (including, for this purpose, REIT Shares, Partnership Units, outstanding options and convertible securities, but not including Class II Out-Performance Partnership Shares) multiplied by the daily closing price of the REIT Shares.

“UDR Total Return” shall mean the Total Return of the REIT Shares for the Measurement Period.

3. FORFEITURE.

If, on the Class II Out-Performance Valuation Date, there is no Excess Return, then, from and after such date, each Class II Out-Performance Partnership Share shall, without any action on the part of the Partnership, the Company or the holder thereof, be automatically forfeited and be no longer outstanding.

4. DISTRIBUTIONS.

Subject to Section 5.06 of the Agreement, on and after the Class II Out-Performance Valuation Date, the holders of Class II Out-Performance Partnership Shares not forfeited under Section 3 shall be entitled to receive distributions at the same time and in the same amount that would be received on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class II Out-Performance Valuation Date) that is obtained by multiplying the number of Class II Out-Performance Partnership Shares by the Conversion Factor.

5. ALLOCATIONS.

(a) From and after the Class II Out-Performance Valuation Date, Profits and Losses shall be allocated to each of the holders of Class II Out-Performance Partnership Shares not forfeited under Section 3 at the same time and in the same amount that would be allocated on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class II Out-Performance Valuation Date) that is obtained by multiplying the number of Class II Out-Performance Partnership Shares by the Conversion Factor.

(b) In the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article II of the Agreement, then, notwithstanding Section 5.06 of the Agreement, each holder of Class II Out-Performance Partnership Shares not forfeited under Section 3 shall be, to the extent possible, specially allocated items of Partnership income and gain in an amount sufficient to cause the Capital Account of such holder to be equal to that of an Outside Partner that holds Partnership Units equal to the number of Class II Out-Performance Partnership Shares held by such holder multiplied by the Conversion Factor. Amounts allocated pursuant to this Section 5(b) and/or Section 5(b) of Exhibit C to the Agreement shall be excluded from “Profits” and “Losses” otherwise determined under the Agreement.

6. EXCHANGE.

If the Class II Out-Performance Partnership Shares have not been forfeited under Section 3 and the Class II Out-Performance Partnership Shares have been transferred by the Initial Holder in accordance with Section 8, the transferee and subsequent transferees of the Class II Out-Performance Partnership Shares may exchange from time to time some or all of the Class II Out-Performance Partnership Shares for a number of Partnership Units equal to the Class II Out-Performance Partnership Shares multiplied by the Conversion Factor.

7. REDEMPTION UPON CHANGE OF CONTROL.

Upon the occurrence of a Change of Control, and subject to the applicable requirements of Federal securities laws and any securities exchange or quotation system rules or regulations, each holder of Class II Out-Performance Partnership Shares shall have the redemption rights of Limited Partners set forth in Section 8.05 of the Agreement with

respect to a number of Partnership Units equal to the number of Class II Out-Performance Partnership Shares multiplied by the Conversion Factor and the 40-month transfer limitation period applicable to the Class II Out-Performance Partnership Shares shall be deemed to have passed.

8. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

The restrictions on Transfer set forth in Article IX of the Agreement shall not apply to Transfers of Class II Out-Performance Partnership Shares. Prior to the Class II Out-Performance Valuation Date, the Class II Out-Performance Partnership Shares shall be owned and held solely by the Initial Holder. On or after the later of the Class II Out-Performance Valuation Date and the twenty four (24) month period from the date the Class II Out-Performance Partnership Shares are issued the Class II Out-Performance Partnership Shares may be Transferred (i) by the Initial Holder to (a) any Person who is a member (a "Member") of the Initial Holder immediately prior to such transfer, (b) a Family Member of a Member, (c) a Family Controlled Entity of a Member, (d) any Person with respect to whom the Member constitutes a Family Controlled Entity, (e) upon the death of a Member, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity, and (ii) by any other Person to (a) a Family Member of a such Person, (b) a Family Controlled Entity of such Person, (c) any other Person with respect to whom such Person constitutes a Family Controlled Entity, (d) upon the death of such Person, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity; provided, however, that, until May 31, 2005, the Class II Out-Performance Partnership Shares may not be Transferred by the Initial Holder without the approval of the managers of the Initial Holder.

9. ADJUSTMENTS.

(a) In the event of any Extraordinary Distribution occurring on or after May 6, 2003, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such Extraordinary Distribution shall be adjusted by multiplying such price by a fraction (i) the numerator of which shall be the price of a REIT Share on the date immediately prior to such Ex-Date, and (ii) the denominator of which shall be (A) the price of a REIT Share on the date immediately prior to such Ex-Date, minus (B) the fair market value on the date fixed for such determination of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share (as determined by the Company, whose determination shall be conclusive); provided further, that such amount shall be so adjusted for each such Extraordinary Distribution occurring on or after May 6, 2003.

(b) In the event that, on or after May 6, 2003, the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) splits or subdivides its outstanding REIT Shares, (iii) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, or (iv) otherwise reclassifies its outstanding REIT Shares, then, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share

determined as of a date on or after the Ex-Date for such transaction shall be adjusted by multiplying such price by a fraction (x) the numerator of which shall be the number of REIT Shares issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (y) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification.

(c) The Company shall have authority to appropriately adjust the UDR Market Capitalization, the UDR Total Return or the Value of a REIT Share if any other transaction or circumstance occurs or arises that without such adjustment would have an inequitable result.

10. GENERAL.

The ownership of Class II Out-Performance Partnership Shares may (but need not, in the sole and absolute discretion of the Company) be evidenced by one or more certificates. The Company shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of Class II Out-Performance Partnership Shares.

**PARTNERSHIP UNIT DESIGNATION
OF THE
CLASS III OUT-PERFORMANCE PARTNERSHIP SHARES
OF UNITED DOMINION REALTY, L.P.**

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Units is hereby designated as “Class III Out-Performance Partnership Shares,” and the number of Partnership Units initially constituting such class shall be seven hundred fifty thousand (750,000).

2. DEFINITIONS.

For purposes of this Partnership Unit Designation, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

“Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company (the “Voting Securities”) by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such person has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) (“Beneficial Ownership,” “Beneficial Owner” or “Beneficially Owned,” as the specific context requires) of 30% or more of the combined voting power of the Company’s then-outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. “Non-Control Acquisition” shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company or in which the Company serves as a general partner or manager (a “Subsidiary”), (B) the Company or any Subsidiary, or (C) any person in connection with a Non-Control Transaction (as hereinafter defined);

(ii) the individuals who constitute the Board of Directors of the Company as of June 24, 2005 (the “Incumbent Board”) cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board;

provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “election contest” (as described in Rule 14a-11 promulgated under the Exchange Act) (an “Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) approval by stockholders of the Company of: (A) a merger, consolidation, share exchange or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 60% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the “Surviving Company”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3) of the members of the board of directors of the Surviving Company, and (3) no persons (other than the Company or any Subsidiary of the Company, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Subsidiary of the Company), or any person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 30% or more of the then-outstanding Voting Securities has Beneficial Ownership of 30% or more of the combined voting power of the Surviving Company’s then-outstanding voting securities (a transaction described in clauses (1) through (3) is referred to herein as a “Non-Control Transaction”); (B) a complete liquidation or dissolution of the Company; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary of the Company).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (a “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then-outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change of Control shall occur.

“Class III Out-Performance Partnership Share” shall mean a Partnership Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this Exhibit E.

“Class III Out-Performance Valuation Date” shall mean the earlier to occur of (i) May 30, 2008, or (ii) the date on which a Change of Control occurs.

“Conversion Factor” shall mean the quotient obtained by dividing (i) the product of 2% of the Excess Return and the UDR Market Capitalization (provided, however, that the product obtained by this clause (i) shall not exceed 1% of the UDR Market Capitalization) by (ii) the market value of one REIT Share on the Class III Out-Performance Valuation Date, computed as the weighted average price per day of the REIT Shares for the 20 trading days immediately preceding the Class III Out-Performance Valuation Date.

“Determination Date” shall mean (i) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the securities entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the date upon which such split, subdivision, reverse stock split, combination or reclassification becomes effective.

“Excess Return” shall mean the amount, if any, by which the cumulative Total Return of REIT Shares over the Measurement Period exceeds the Minimum Return.

“Ex-Date” shall mean (i) when used with respect to any dividend or distribution, the first date on which the securities on which the dividend or distribution is payable trade regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the first date on which the securities trade regular way on such exchange or in such market to reflect such split, subdivision, reverse stock split, combination or reclassification becoming effective.

“Extraordinary Distribution” shall mean the distribution by the Company, by dividend or otherwise, to all holders of its REIT Shares of evidences of its indebtedness or assets (including securities) other than cash.

“Family Controlled Entity” means, as to any holder of Class III Out-Performance Shares, (a) any corporation more than 50% of the outstanding voting stock of which is owned by such holder and such holder’s Family Members, (b) any trust, whether or not revocable, of which such holder and such holder’s Family Members are the sole beneficiaries, (c) any partnership of which such holder and such holder’s Family Members hold partnership interests representing at least 25% of such partnership’s capital and profits and (d) any limited liability company of which such holder is the manager and in which such holder and such holder’s Family Members hold membership interests representing at least 25% of such limited liability company’s capital and profits.

“Family Members” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption), brothers, sisters and

inter vivos or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries.

“Initial Holder” shall mean UDR Out-Performance III, LLC, a Delaware limited liability company.

“Measurement Period” shall mean the 36-month period beginning June 1, 2005 and ending on May 30, 2008.

“Minimum Return” shall mean the cumulative Total Return of the REIT Shares during the Measurement Period is at least the equivalent of a 36% Total Return or 12% annualized.

“Partnership” shall mean United Dominion Realty, L.P., a Delaware limited partnership.

“Total Return” shall mean, for any security and for any period, the cumulative total return for such security over such period, assuming that all cash dividends are reinvested in such security as of the payment date for such dividend based on the security price on the dividend payment date, computed by taking the market value of the accumulated shares at the end of the period (including fractional shares acquired with dividend proceeds) and dividing by the market value of a share at the beginning of the period.

“UDR Market Capitalization” shall mean the average number of REIT Shares outstanding over the Measurement Period (including, for this purpose, REIT Shares, Partnership Units and common stock equivalents, but not including Class III Out-Performance Partnership Shares) multiplied by the daily closing price of the REIT Shares.

“UDR Total Return” shall mean the Total Return of the REIT Shares for the Measurement Period.

3. FORFEITURE.

If, on the Class III Out-Performance Valuation Date, there is no Excess Return, then, from and after such date, each Class III Out-Performance Partnership Share shall, without any action on the part of the Partnership, the Company or the holder thereof, be automatically forfeited and be no longer outstanding.

4. DISTRIBUTIONS.

Subject to Section 5.06 of the Agreement, on and after the Class III Out-Performance Valuation Date, the holders of Class III Out-Performance Partnership Shares not forfeited under Section 3 shall be entitled to receive distributions at the same time and in the same amount that would be received on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class III Out-Performance Valuation Date) that is obtained by multiplying the number of Class III Out-Performance Partnership Shares by the Conversion Factor.

5. ALLOCATIONS.

(a) From and after the Class III Out-Performance Valuation Date, Profits and Losses shall be allocated to each of the holders of Class III Out-Performance Partnership Shares not forfeited under Section 3 at the same time and in the same amount that would be allocated on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class III Out-Performance Valuation Date) that is obtained by multiplying the number of Class III Out-Performance Partnership Shares by the Conversion Factor.

(b) In the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article II of the Agreement, then, notwithstanding Section 5.06 of the Agreement, each holder of Class III Out-Performance Partnership Shares not forfeited under Section 3 shall be, to the extent possible, specially allocated items of Partnership income and gain in an amount sufficient to cause the Capital Account of such holder to be equal to that of an Outside Partner that holds Partnership Units equal to the number of Class III Out-Performance Partnership Shares held by such holder multiplied by the Conversion Factor. Amounts allocated pursuant to this Section 5(b) shall be excluded from "Profits" and "Losses" otherwise determined under the Agreement.

6. EXCHANGE.

If the Class III Out-Performance Partnership Shares have not been forfeited under Section 3 and the Class III Out-Performance Partnership Shares have been transferred by the Initial Holder in accordance with Section 8, the transferee and subsequent transferees of the Class III Out-Performance Partnership Shares may exchange from time to time some or all of the Class III Out-Performance Partnership Shares for a number Partnership Units equal to the Class III Out-Performance Partnership Shares multiplied by the Conversion Factor.

7. REDEMPTION UPON CHANGE OF CONTROL.

Upon the occurrence of a Change of Control, and subject to the applicable requirements of Federal securities laws and any securities exchange or quotation system rules or regulations, each holder of Class III Out-Performance Partnership Shares shall have the redemption rights of Limited Partners set forth in Section 8.05 of the Agreement with respect to a number of Partnership Units equal to the number of Class III Out-Performance Partnership Shares multiplied by the Conversion Factor and the thirty-six (36) month transfer limitation period applicable to the Class III Out-Performance Partnership Shares shall be deemed to have passed.

8. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

The restrictions on Transfer set forth in Article IX of the Agreement shall not apply to Transfers of Class III Out-Performance Partnership Shares. Prior to the Class III Out-Performance Valuation Date, the Class III Out-Performance Partnership Shares shall be owned and held solely by the Initial Holder. On or after the later of the Class III Out-

Performance Valuation Date and the thirty-six (36) month period from the date the Class III Out-Performance Partnership Shares are issued the Class III Out-Performance Partnership Shares may be Transferred (i) by the Initial Holder to (a) any Person who is a member (a "Member") of the Initial Holder immediately prior to such transfer, (b) a Family Member of a Member, (c) a Family Controlled Entity of a Member, (d) any Person with respect to whom the Member constitutes a Family Controlled Entity, (e) upon the death of a Member, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity, and (ii) by any other Person to (a) a Family Member of a such Person, (b) a Family Controlled Entity of such Person, (c) any other Person with respect to whom such Person constitutes a Family Controlled Entity, (d) upon the death of such Person, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity; provided, however, that, until May 30, 2008, the Class III Out-Performance Partnership Shares may not be Transferred by the Initial Holder without the approval of the managers of the Initial Holder.

9. ADJUSTMENTS.

(a) In the event of any Extraordinary Distribution occurring on or after May 3, 2005, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such Extraordinary Distribution shall be adjusted by multiplying such price by a fraction (i) the numerator of which shall be the price of a REIT Share on the date immediately prior to such Ex-Date, and (ii) the denominator of which shall be (A) the price of a REIT Share on the date immediately prior to such Ex-Date, minus (B) the fair market value on the date fixed for such determination of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share (as determined by the Company, whose determination shall be conclusive); provided further, that such amount shall be so adjusted for each such Extraordinary Distribution occurring on or after May 3, 2005.

(b) In the event that, on or after May 3, 2005, the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) splits or subdivides its outstanding REIT Shares, (iii) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, or (iv) otherwise reclassifies its outstanding REIT Shares, then, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such transaction shall be adjusted by multiplying such price by a fraction (x) the numerator of which shall be the number of REIT Shares issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (y) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification.

(c) The Company shall have authority to appropriately adjust the UDR Market Capitalization, the UDR Total Return or the Value of a REIT Share if any other transaction or circumstance occurs or arises that without such adjustment would have an inequitable result.

10. GENERAL.

The ownership of Class III Out-Performance Partnership Shares may (but need not, in the sole and absolute discretion of the Company) be evidenced by one or more certificates. The Company shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of Class III Out-Performance Partnership Shares.

**PARTNERSHIP UNIT DESIGNATION
OF THE
CLASS IV OUT-PERFORMANCE PARTNERSHIP SHARES
OF UNITED DOMINION REALTY, L.P.**

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Units is hereby designated as “Class IV Out-Performance Partnership Shares,” and the number of Partnership Units initially constituting such class shall be eight hundred thirty thousand (830,000).

2. DEFINITIONS.

For purposes of this Partnership Unit Designation, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

“Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company (the “Voting Securities”) by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such person has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) (“Beneficial Ownership,” “Beneficial Owner” or “Beneficially Owned,” as the specific context requires) of 30% or more of the combined voting power of the Company’s then-outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. “Non-Control Acquisition” shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company or in which the Company serves as a general partner or manager (a “Subsidiary”), (B) the Company or any Subsidiary, or (C) any person in connection with a Non-Control Transaction (as hereinafter defined);

(ii) the individuals who constitute the Board of Directors of the Company as of January 1, 2006 (the “Incumbent Board”) cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent

Board, such new director shall be considered as a member of the Incumbent Board; provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “election contest” (as described in Rule 14a-11 promulgated under the Exchange Act) (an “Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) approval by stockholders of the Company of: (A) a merger, consolidation, share exchange or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 60% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the “Surviving Company”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3) of the members of the board of directors of the Surviving Company, and (3) no persons (other than the Company or any Subsidiary of the Company, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Subsidiary of the Company), or any person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 30% or more of the then-outstanding Voting Securities has Beneficial Ownership of 30% or more of the combined voting power of the Surviving Company’s then-outstanding voting securities (a transaction described in clauses (1) through (3) is referred to herein as a “Non-Control Transaction”); (B) a complete liquidation or dissolution of the Company; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary of the Company).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (a “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then-outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change of Control shall occur.

“Class IV Out-Performance Partnership Share” shall mean a Partnership Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this Exhibit F.

“Class IV Out-Performance Valuation Date” shall mean the earlier to occur of (i) December 31, 2008, or (ii) the date on which a Change of Control occurs.

“Conversion Factor” shall mean the quotient obtained by dividing (i) the product of 2% of the Excess Return and the UDR Market Capitalization (provided, however, that the product obtained by this clause (i) shall not exceed 1% of the UDR Market Capitalization) by (ii) the market value of one REIT Share on the Class IV Out-Performance Valuation Date, computed as the weighted average price per day of the REIT Shares for the 20 trading days immediately preceding the Class IV Out-Performance Valuation Date.

“Determination Date” shall mean (i) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the securities entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the date upon which such split, subdivision, reverse stock split, combination or reclassification becomes effective.

“Excess Return” shall mean the amount, if any, by which the cumulative Total Return of REIT Shares over the Measurement Period exceeds the Minimum Return.

“Ex-Date” shall mean (i) when used with respect to any dividend or distribution, the first date on which the securities on which the dividend or distribution is payable trade regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the first date on which the securities trade regular way on such exchange or in such market to reflect such split, subdivision, reverse stock split, combination or reclassification becoming effective.

“Extraordinary Distribution” shall mean the distribution by the Company, by dividend or otherwise, to all holders of its REIT Shares of evidences of its indebtedness or assets (including securities) other than cash.

“Family Controlled Entity” means, as to any holder of Class IV Out-Performance Shares, (a) any corporation more than 50% of the outstanding voting stock of which is owned by such holder and such holder’s Family Members, (b) any trust, whether or not revocable, of which such holder and such holder’s Family Members are the sole beneficiaries, (c) any partnership of which such holder and such holder’s Family Members hold partnership interests representing at least 25% of such partnership’s capital and profits and (d) any limited liability company of which such holder is the manager and in which such holder and such holder’s Family Members hold membership interests representing at least 25% of such limited liability company’s capital and profits.

“Family Members” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption), brothers, sisters and inter vivos or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries.

“Initial Holder” shall mean UDR Out-Performance III, LLC, a Delaware limited liability company.

“Measurement Period” shall mean the 36-month period beginning January 1, 2006 and ending on December 31, 2008.

“Minimum Return” shall mean the cumulative Total Return of the REIT Shares during the Measurement Period is at least the equivalent of a 36% Total Return or 12% annualized.

“Partnership” shall mean United Dominion Realty, L.P., a Delaware limited partnership.

“Total Return” shall mean, for any security and for any period, the cumulative total return for such security over such period, assuming that all cash dividends are reinvested in such security as of the payment date for such dividend based on the security price on the dividend payment date, computed by taking the market value of the accumulated shares at the end of the period (including fractional shares acquired with dividend proceeds) and dividing by the market value of a share at the beginning of the period.

“UDR Market Capitalization” shall mean the average number of REIT Shares outstanding over the Measurement Period (including, for this purpose, REIT Shares, Partnership Units and common stock equivalents, but not including Class IV Out-Performance Partnership Shares) multiplied by the daily closing price of the REIT Shares.

“UDR Total Return” shall mean the Total Return of the REIT Shares for the Measurement Period.

3. FORFEITURE.

If, on the Class IV Out-Performance Valuation Date, there is no Excess Return, then, from and after such date, each Class IV Out-Performance Partnership Share shall, without any action on the part of the Partnership, the Company or the holder thereof, be automatically forfeited and be no longer outstanding.

4. DISTRIBUTIONS.

Subject to Section 5.06 of the Agreement, on and after the Class IV Out-Performance Valuation Date, the holders of Class IV Out-Performance Partnership Shares not forfeited under Section 3 shall be entitled to receive distributions at the same time and in the same amount that would be received on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class IV

Out-Performance Valuation Date) that is obtained by multiplying the number of Class IV Out-Performance Partnership Shares by the Conversion Factor.

5. ALLOCATIONS.

(a) From and after the Class IV Out-Performance Valuation Date, Profits and Losses shall be allocated to each of the holders of Class IV Out-Performance Partnership Shares not forfeited under Section 3 at the same time and in the same amount that would be allocated on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class IV Out-Performance Valuation Date) that is obtained by multiplying the number of Class IV Out-Performance Partnership Shares by the Conversion Factor.

(b) In the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article II of the Agreement, then, notwithstanding Section 5.06 of the Agreement, each holder of Class IV Out-Performance Partnership Shares not forfeited under Section 3 shall be, to the extent possible, specially allocated items of Partnership income and gain in an amount sufficient to cause the Capital Account of such holder to be equal to that of an Outside Partner that holds Partnership Units equal to the number of Class IV Out-Performance Partnership Shares held by such holder multiplied by the Conversion Factor. Amounts allocated pursuant to this Section 5(b) shall be excluded from “Profits” and “Losses” otherwise determined under the Agreement.

6. EXCHANGE.

If the Class IV Out-Performance Partnership Shares have not been forfeited under Section 3 and the Class IV Out-Performance Partnership Shares have been transferred by the Initial Holder in accordance with Section 8, the transferee and subsequent transferees of the Class IV Out-Performance Partnership Shares may exchange from time to time some or all of the Class IV Out-Performance Partnership Shares for a number Partnership Units equal to the Class IV Out-Performance Partnership Shares multiplied by the Conversion Factor.

7. REDEMPTION UPON CHANGE OF CONTROL.

Upon the occurrence of a Change of Control, and subject to the applicable requirements of Federal securities laws and any securities exchange or quotation system rules or regulations, each holder of Class IV Out-Performance Partnership Shares shall have the redemption rights of Limited Partners set forth in Section 8.05 of the Agreement with respect to a number of Partnership Units equal to the number of Class IV Out-Performance Partnership Shares multiplied by the Conversion Factor and the thirty-six (36) month transfer limitation period applicable to the Class IV Out-Performance Partnership Shares shall be deemed to have passed.

8. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

The restrictions on Transfer set forth in Article IX of the Agreement shall not apply to Transfers of Class IV Out-Performance Partnership Shares. Prior to the Class IV Out-Performance Valuation Date, the Class IV Out-Performance Partnership Shares shall be owned and held solely by the Initial Holder. On or after the later of the Class IV Out-Performance Valuation Date and the thirty-six (36) month period from the date the Class IV Out-Performance Partnership Shares are issued the Class IV Out-Performance Partnership Shares may be Transferred (i) by the Initial Holder to (a) any Person who is a member (a "Member") of the Initial Holder immediately prior to such transfer, (b) a Family Member of a Member, (c) a Family Controlled Entity of a Member, (d) any Person with respect to whom the Member constitutes a Family Controlled Entity, (e) upon the death of a Member, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity, and (ii) by any other Person to (a) a Family Member of a such Person, (b) a Family Controlled Entity of such Person, (c) any other Person with respect to whom such Person constitutes a Family Controlled Entity, (d) upon the death of such Person, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity; provided, however, that, until December 31, 2008, the Class IV Out-Performance Partnership Shares may not be Transferred by the Initial Holder without the approval of the managers of the Initial Holder.

9. ADJUSTMENTS.

(a) In the event of any Extraordinary Distribution occurring on or after January 1, 2006, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such Extraordinary Distribution shall be adjusted by multiplying such price by a fraction (i) the numerator of which shall be the price of a REIT Share on the date immediately prior to such Ex-Date, and (ii) the denominator of which shall be (A) the price of a REIT Share on the date immediately prior to such Ex-Date, minus (B) the fair market value on the date fixed for such determination of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share (as determined by the Company, whose determination shall be conclusive); provided further, that such amount shall be so adjusted for each such Extraordinary Distribution occurring on or after January 1, 2006.

(b) In the event that, on or after January 1, 2006, the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) splits or subdivides its outstanding REIT Shares, (iii) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, or (iv) otherwise reclassifies its outstanding REIT Shares, then, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such transaction shall be adjusted by multiplying such price by a fraction (x) the numerator of which shall be the number of REIT Shares issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification

(assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (y) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification.

(c) The Company shall have authority to appropriately adjust the UDR Market Capitalization, the UDR Total Return or the Value of a REIT Share if any other transaction or circumstance occurs or arises that without such adjustment would have an inequitable result.

10. GENERAL.

The ownership of Class IV Out-Performance Partnership Shares may (but need not, in the sole and absolute discretion of the Company) be evidenced by one or more certificates. The Company shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of Class IV Out-Performance Partnership Shares.

**PARTNERSHIP UNIT DESIGNATION
OF THE
CLASS V OUT-PERFORMANCE PARTNERSHIP SHARES
OF UNITED DOMINION REALTY, L.P.**

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Units is hereby designated as “Class V Out-Performance Partnership Shares,” and the number of Partnership Units initially constituting such class shall be Eight Hundred Five Thousand (805,000).

2. DEFINITIONS.

For purposes of this Partnership Unit Designation, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

“Change of Control” shall mean the occurrence of any of the following events:

(i) an acquisition of any voting securities of the Company (the “Voting Securities”) by any “person” (as the term “person” is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) immediately after which such person has “beneficial ownership” (within the meaning of Rule 13d-3 promulgated under the Exchange Act) (“Beneficial Ownership,” “Beneficial Owner” or “Beneficially Owned,” as the specific context requires) of 30% or more of the combined voting power of the Company’s then-outstanding Voting Securities; provided, however, in determining whether a Change in Control has occurred, Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. “Non-Control Acquisition” shall mean an acquisition by (A) an employee benefit plan (or a trust forming a part thereof) maintained by (1) the Company or (2) any corporation, partnership or other person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company or in which the Company serves as a general partner or manager (a “Subsidiary”), (B) the Company or any Subsidiary, or (C) any person in connection with a Non-Control Transaction (as hereinafter defined);

(ii) the individuals who constitute the Board of Directors of the Company as of January 1, 2007 (the “Incumbent Board”) cease for any reason to constitute at least two-thirds (2/3) of the members of the Board of Directors of the Company; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds (2/3) of the Incumbent

Board, such new director shall be considered as a member of the Incumbent Board; provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened “election contest” (as described in Rule 14a-11 promulgated under the Exchange Act) (an “Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company (a “Proxy Contest”) including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) approval by stockholders of the Company of: (A) a merger, consolidation, share exchange or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 60% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the “Surviving Company”) in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3) of the members of the board of directors of the Surviving Company, and (3) no persons (other than the Company or any Subsidiary of the Company, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Company or any Subsidiary of the Company), or any person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 30% or more of the then-outstanding Voting Securities has Beneficial Ownership of 30% or more of the combined voting power of the Surviving Company’s then-outstanding voting securities (a transaction described in clauses (1) through (3) is referred to herein as a “Non-Control Transaction”); (B) a complete liquidation or dissolution of the Company; or (C) an agreement for the sale or other disposition of all or substantially all of the assets of the Company to any person (other than a transfer to a Subsidiary of the Company).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because any person (a “Subject Person”) acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, such Subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then-outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change of Control shall occur.

“Class V Out-Performance Partnership Share” shall mean a Partnership Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this Exhibit G.

“Class V Out-Performance Valuation Date” shall mean the earlier to occur of (i) December 31, 2009, or (ii) the date on which a Change of Control occurs.

“Conversion Factor” shall mean the quotient obtained by dividing (i) the product of 2% of the Excess Return and the UDR Market Capitalization (provided, however, that the product obtained by this clause (i) shall not exceed .75% of the UDR Market Capitalization) by (ii) the market value of one REIT Share on the Class V Out-Performance Valuation Date, computed as the weighted average price per day of the REIT Shares for the 20 trading days immediately preceding the Class V Out-Performance Valuation Date.

“Determination Date” shall mean (i) when used with respect to any dividend or other distribution, the date fixed for the determination of the holders of the securities entitled to receive such dividend or distribution, or, if a dividend or distribution is paid or made without fixing such a date, the date of such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the date upon which such split, subdivision, reverse stock split, combination or reclassification becomes effective.

“Excess Return” shall mean the amount, if any, by which the cumulative Total Return of REIT Shares over the Measurement Period exceeds the Minimum Return.

“Ex-Date” shall mean (i) when used with respect to any dividend or distribution, the first date on which the securities on which the dividend or distribution is payable trade regular way on the relevant exchange or in the relevant market without the right to receive such dividend or distribution, and (ii) when used with respect to any split, subdivision, reverse stock split, combination or reclassification of securities, the first date on which the securities trade regular way on such exchange or in such market to reflect such split, subdivision, reverse stock split, combination or reclassification becoming effective.

“Extraordinary Distribution” shall mean the distribution by the Company, by dividend or otherwise, to all holders of its REIT Shares of evidences of its indebtedness or assets (including securities) other than cash.

“Family Controlled Entity” means, as to any holder of Class V Out-Performance Shares, (a) any corporation more than 50% of the outstanding voting stock of which is owned by such holder and such holder’s Family Members, (b) any trust, whether or not revocable, of which such holder and such holder’s Family Members are the sole beneficiaries, (c) any partnership of which such holder and such holder’s Family Members hold partnership interests representing at least 25% of such partnership’s capital and profits and (d) any limited liability company of which such holder is the manager and in which such holder and such holder’s Family Members hold membership interests representing at least 25% of such limited liability company’s capital and profits.

“Family Members” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption), brothers, sisters and inter vivos or testamentary trusts of which only such Person and his spouse, ancestors, descendants (whether by blood or by adoption), brothers and sisters are beneficiaries.

“Initial Holder” shall mean UDR Out-Performance III, LLC, a Delaware limited liability company.

“Measurement Period” shall mean the 36-month period beginning January 1, 2007 and ending on December 31, 2009.

“Minimum Return” shall mean the cumulative Total Return of the REIT Shares during the Measurement Period is at least the equivalent of a 36% Total Return or 12% annualized.

“Partnership” shall mean United Dominion Realty, L.P., a Delaware limited partnership.

“Total Return” shall mean, for any security and for any period, the cumulative total return for such security over such period, assuming that all cash dividends are reinvested in such security as of the payment date for such dividend based on the security price on the dividend payment date, computed by taking the market value of the accumulated shares at the end of the period (including fractional shares acquired with dividend proceeds) and dividing by the market value of a share at the beginning of the period.

“UDR Market Capitalization” shall mean the average number of REIT Shares outstanding over the Measurement Period (including, for this purpose, REIT Shares, Partnership Units and common stock equivalents, but not including Class V Out-Performance Partnership Shares) multiplied by the daily closing price of the REIT Shares.

“UDR Total Return” shall mean the Total Return of the REIT Shares for the Measurement Period.

3. FORFEITURE.

If, on the Class V Out-Performance Valuation Date, there is no Excess Return, then, from and after such date, each Class V Out-Performance Partnership Share shall, without any action on the part of the Partnership, the Company or the holder thereof, be automatically forfeited and be no longer outstanding.

4. DISTRIBUTIONS.

Subject to Section 5.06 of the Agreement, on and after the Class V Out-Performance Valuation Date, the holders of Class V Out-Performance Partnership Shares not forfeited under Section 3 shall be entitled to receive distributions at the same time and in the same amount that would be received on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class V

Out-Performance Valuation Date) that is obtained by multiplying the number of Class V Out-Performance Partnership Shares by the Conversion Factor.

5. ALLOCATIONS.

(a) From and after the Class V Out-Performance Valuation Date, Profits and Losses shall be allocated to each of the holders of Class V Out-Performance Partnership Shares not forfeited under Section 3 at the same time and in the same amount that would be allocated on the number of Partnership Units held by Outside Partners (assuming such Partnership Units were originally issued on the Class V Out-Performance Valuation Date) that is obtained by multiplying the number of Class V Out-Performance Partnership Shares by the Conversion Factor.

(b) In the event that the Partnership disposes of all or substantially all of its assets in a transaction that will lead to a liquidation of the Partnership pursuant to Article II of the Agreement, then, notwithstanding Section 5.06 of the Agreement, each holder of Class V Out-Performance Partnership Shares not forfeited under Section 3 shall be, to the extent possible, specially allocated items of Partnership income and gain in an amount sufficient to cause the Capital Account of such holder to be equal to that of an Outside Partner that holds Partnership Units equal to the number of Class V Out-Performance Partnership Shares held by such holder multiplied by the Conversion Factor. Amounts allocated pursuant to this Section 5(b) shall be excluded from “Profits” and “Losses” otherwise determined under the Agreement.

6. EXCHANGE.

If the Class V Out-Performance Partnership Shares have not been forfeited under Section 3 and the Class V Out-Performance Partnership Shares have been transferred by the Initial Holder in accordance with Section 8, the transferee and subsequent transferees of the Class V Out-Performance Partnership Shares may exchange from time to time some or all of the Class V Out-Performance Partnership Shares for a number Partnership Units equal to the Class V Out-Performance Partnership Shares multiplied by the Conversion Factor.

7. REDEMPTION UPON CHANGE OF CONTROL.

Upon the occurrence of a Change of Control, and subject to the applicable requirements of Federal securities laws and any securities exchange or quotation system rules or regulations, each holder of Class V Out-Performance Partnership Shares shall have the redemption rights of Limited Partners set forth in Section 8.05 of the Agreement with respect to a number of Partnership Units equal to the number of Class V Out-Performance Partnership Shares multiplied by the Conversion Factor and the thirty-six (36) month transfer limitation period applicable to the Class V Out-Performance Partnership Shares shall be deemed to have passed.

8. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

The restrictions on Transfer set forth in Article IX of the Agreement shall not apply to Transfers of Class V Out-Performance Partnership Shares. Prior to the Class V Out-Performance Valuation Date, the Class V Out-Performance Partnership Shares shall be owned and held solely by the Initial Holder. On or after the later of the Class V Out-Performance Valuation Date and the thirty-six (36) month period from the date the Class V Out-Performance Partnership Shares are issued the Class V Out-Performance Partnership Shares may be Transferred (i) by the Initial Holder to (a) any Person who is a member (a "Member") of the Initial Holder immediately prior to such transfer, (b) a Family Member of a Member, (c) a Family Controlled Entity of a Member, (d) any Person with respect to whom the Member constitutes a Family Controlled Entity, (e) upon the death of a Member, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity, and (ii) by any other Person to (a) a Family Member of a such Person, (b) a Family Controlled Entity of such Person, (c) any other Person with respect to whom such Person constitutes a Family Controlled Entity, (d) upon the death of such Person, by will or by the laws of descent and distribution to any Family Member or Family Controlled Entity; provided, however, that, until December 31, 2008, the Class V Out-Performance Partnership Shares may not be Transferred by the Initial Holder without the approval of the managers of the Initial Holder.

9. ADJUSTMENTS.

(a) In the event of any Extraordinary Distribution occurring on or after January 1, 2006, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such Extraordinary Distribution shall be adjusted by multiplying such price by a fraction (i) the numerator of which shall be the price of a REIT Share on the date immediately prior to such Ex-Date, and (ii) the denominator of which shall be (A) the price of a REIT Share on the date immediately prior to such Ex-Date, minus (B) the fair market value on the date fixed for such determination of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share (as determined by the Company, whose determination shall be conclusive); provided further, that such amount shall be so adjusted for each such Extraordinary Distribution occurring on or after January 1, 2006.

(b) In the event that, on or after January 1, 2006, the Company (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) splits or subdivides its outstanding REIT Shares, (iii) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, or otherwise reclassifies its outstanding REIT Shares, then, for purposes of determining the Value of a REIT Share or the UDR Total Return, each price of a REIT Share determined as of a date on or after the Ex-Date for such transaction shall be adjusted by multiplying such price by a fraction (x) the numerator of which shall be the number of REIT Shares issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification

(assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (y) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the Determination Date for such dividend, distribution, split, subdivision, reverse stock split, combination or reclassification.

(c) The Company shall have authority to appropriately adjust the UDR Market Capitalization, the UDR Total Return or the Value of a REIT Share if any other transaction or circumstance occurs or arises that without such adjustment would have an inequitable result.

10. GENERAL.

The ownership of Class V Out-Performance Partnership Shares may (but need not, in the sole and absolute discretion of the Company) be evidenced by one or more certificates. The Company shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of Class V Out-Performance Partnership Shares.

**PARTNERSHIP UNIT DESIGNATIONS
OF THE
LTIP UNITS
OF
UNITED DOMINION REALTY, L.P.**

1. Defined Terms.

The following defined terms used in this Exhibit H shall have the meaning specified below. Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Second Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., as amended (the “*Agreement*”).

“*Adjustment Event*” has the meaning set forth in Section 6 hereof. “*Auto*

Conversion” has the meaning set forth in Section 11(d) hereof.

“*Auto Conversion Notice*” has the meaning set forth in Section 11(d) hereof. “*Capital*

Account Limitation” has the meaning set forth in Section 11(b) hereof. “*Class 1 LTIP*

Units” has the meaning set forth in Section 2 hereof.

“*Class 1 Performance LTIP Units*” has the meaning set forth in Section 2 hereof. “*Class 2*

LTIP Units” has the meaning set forth in Section 2 hereof.

“*Class 2 Performance LTIP Units*” has the meaning set forth in Section 2 hereof. “*Constituent*

Person” has the meaning set forth in Section 11(g) hereof.

“*Conversion Date*” means, as applicable, (i) with respect to Class 1 or Class 2 LTIP Units, the date set forth in a Conversion Notice or a Forced Conversion Notice or the date of an Auto Conversion, and (ii) with respect to Performance LTIP Units, the date set forth in a Performance LTIP Unit Conversion Notice or a Forced Performance LTIP Unit Conversion Notice or the date of an Expiration Conversion.

“*Conversion Notice*” has the meaning set forth in Section 11(b) hereof.

“*Conversion Right*” has the meaning set forth in Section 11(a) hereof.

“Economic Capital Account Balance” means, with respect to a holder of LTIP Units, its Capital Account balance, plus the amount of its share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to its ownership of LTIP Units.

“Eligible Unit” means, as of the time any Liquidating Gain is available to be allocated to an LTIP Unit, an LTIP Unit to the extent, since the date of issuance of such LTIP Unit, such Liquidating Gain when aggregated with other Liquidating Gains realized since the date of issuance of such LTIP Unit exceeds Liquidating Losses realized since the date of issuance of such LTIP Unit.

“Equity Plan” means any stock or other equity-based compensation plan now or hereafter adopted by the Partnership or the General Partner, including the Plan.

“Expiration Conversion” has the meaning set forth in Section 12(f) hereof. *“Expiration*

Conversion Notice” has the meaning set forth in Section 12(f) hereof.

“Expiration Date” means, for any Performance LTIP Unit, the date specified in the Vesting Agreement or other documentation pursuant to which such Performance LTIP Unit is granted.

“Forced Conversion” has the meaning set forth in Section 11(c) hereof. *“Forced*

Conversion Notice” has the meaning set forth in Section 11(c) hereof.

“Forced Performance LTIP Unit Conversion” has the meaning set forth in Section 12(e) hereof.

“Forced Performance LTIP Unit Conversion Notice” has the meaning set forth in Section 12(e) hereof.

“Full Distribution Participation Date” means, (i) for any Class 2 LTIP Unit, the date specified in the Vesting Agreement or other documentation pursuant to which such Class 2 LTIP Unit is granted, and (ii) for any Performance LTIP Unit (and any LTIP Unit into which a Performance LTIP Unit is converted pursuant to Section 12 hereof), the date upon which such Performance LTIP Unit is converted into Class 1 LTIP Units or Class 2 LTIP Units pursuant to Section 12 hereof or such other date as may be specified in the Vesting Agreement or other documentation pursuant to which such Performance LTIP Unit is granted. Any reference to a “Class 2 LTIP Unit Distribution Participation Date” in an LTIP Agreement issued before the effectiveness of this Exhibit (as amended) shall be deemed a reference to a Full Distribution Participation Date.

“Gross Asset Value” has the meaning set forth in Section 5(b) hereof.

“Initial Sharing Percentage” means, (i) for any Class 2 LTIP Unit, ten percent (10%) or such other percentage specified in the Vesting Agreement or other documentation pursuant to which such Class 2 LTIP Unit is granted, and (ii) for any Performance LTIP Unit, two percent (2%) or such other percentage specified in the Vesting Agreement or other documentation pursuant

to which such Performance LTIP Unit is granted. Any reference to a “Class 2 LTIP Unit Initial Sharing Percentage” in an LTIP Agreement issued before the effectiveness of this Exhibit (as amended) shall be deemed a reference to an Initial Sharing Percentage.

“*Issue Price*” means, for any Performance LTIP Unit, the amount specified in the Vesting Agreement or other documentation pursuant to which such Performance LTIP Unit is granted.

“*Liquidating Gains*” means any net gain realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon liquidation of the Partnership), including but not limited to net gain realized in connection with a revaluation of the Partnership’s property pursuant to Section 4.04 of the Agreement, with such net gain calculated in all cases by excluding adjustments to the basis of the Partnership’s assets for depreciation and amortization (as determined for purposes of book allocations under Section 704(b) of the Code and the Regulations thereunder) unless and to the extent the General Partner determines, in its sole discretion, such exclusions would result in unintended consequences.

“*Liquidating Losses*” means any net loss realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon liquidation of the Partnership), including but not limited to net loss realized in connection with a revaluation of the Partnership’s property pursuant to Section 4.04 of the Agreement, with such net loss calculated in all cases by excluding adjustments to the basis of the Partnership’s assets for depreciation and amortization (as determined for purposes of book allocations under Section 704(b) of the Code and the Regulations thereunder) unless and to the extent the General Partner determines, in its sole discretion, such exclusions would result in unintended consequences.

“*LTIP Agreement*” has the meaning set forth in Section 5(b) hereof.

“*LTIP Unit Distribution Payment Date*” has the meaning set forth in Section 7(c) hereof. “*LTIP Unit Redemption Threshold*” means a threshold that will be met with respect to one or more LTIP Units if, when and to the extent, such LTIP Units have satisfied the Capital Account Limitation.

“*LTIP Units*” means the Partnership Units designated as such having the rights, powers, privileges, restrictions, qualifications and limitations set forth herein, in the Plan and in an applicable Vesting Agreement. LTIP Units may be issued in one or more classes, or one or more series of any such classes bearing such relationship to one another as to allocations, distributions, and other rights as the General Partner shall determine in its sole and absolute discretion subject to Maryland law and the Agreement. For the avoidance of doubt, the Performance LTIP Units are LTIP Units.

“*Partnership Common Unit*” means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to the Agreement, but does not include any Partnership Unit owned by the General Partner, Class A Partnership Unit, Class I Out-Performance Partnership Share, Class II Out-Performance Partnership Share, Class III Out-Performance Partnership Share, Class IV Out-Performance Partnership Share, Class V Out-Performance Partnership Share, LTIP Unit or any other Partnership Unit, the terms of which provide that such other Partnership Unit is not a Partnership Common Unit.

“Performance LTIP Unit” has the meaning provided in Section 2.

“Performance LTIP Unit Conversion Notice” has the meaning provided in Section 12(c) hereof.

“Performance LTIP Unit Conversion Right” has the meaning provided in Section 12(a) hereof.

“Performance LTIP Unit Value” means, for any Performance LTIP Unit as of any date, the product of (i) the excess (if any) of the REIT Share Value on such date over the Issue Price for such Performance LTIP Unit, and (ii) the Conversion Factor.

“Plan” means the UDR, Inc. 1999 Long-Term Incentive Plan, as amended from time to time.

“Post-Conversion Period Performance LTIP Unit” means a Performance LTIP Unit that was not converted on or prior to its Expiration Date pursuant to Section 12.

“Proposed Section 83 Safe Harbor Regulation” has the meaning set forth in Section 14 hereof.

“Qualifying Party” means a Limited Partner other than the Original Limited Partner.

“REIT Share Economic Target” means, as of any date and with respect to any LTIP Unit, the product of (i) the REIT Share Value on such date, and (ii) the Conversion Factor.

“REIT Share Value” means, as of the date of valuation, the fair market value of a REIT Share, determined as follows: (i) if the REIT Share is listed or admitted to trading on any securities exchange or The Nasdaq National Market, the closing price, regular way, of a REIT Share on such day or, if no sale takes place on such day, the average of the closing bid and asked prices of a REIT Share on such day, (ii) if the REIT Share is not listed or admitted to trading on any securities exchange or The Nasdaq National Market but is regularly quoted by a recognized quotation source, the last reported sale price of a REIT Share on such day or, if no sale takes place on such day, the average of the closing bid and asked prices of a REIT Share on such day, as reported by a recognized quotation source designated by the Company, or (iii) if the REIT Share is not listed or admitted to trading on any securities exchange or The Nasdaq National Market but is regularly quoted by a recognized quotation source and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices of a REIT Share on such day, as reported by a recognized quotation source designated by the General Partner, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, of a REIT Share on the most recent day (not more than twenty (20) days prior to the date in question) for which prices have been so reported; provided, that if there are no bid and asked prices reported during the twenty (20) days prior to the date in question, the value of a REIT Share shall be determined by the General Partner acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event that a REIT Share includes any additional rights the value of which is not included within such price, then the value of such rights shall be determined by the General Partner acting in good

faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate, and included in determining the “REIT Share Value” of such REIT Share.

“*Section 83 Safe Harbor*” has the meaning set forth in Section 14 hereof.

“*Transaction*” has the meaning set forth in Section 11(g) hereof.

“*Unvested LTIP Units*” has the meaning set forth in Section 5(a) hereof.

“*Vested LTIP Units*” has the meaning set forth in Section 5(a) hereof.

“*Vesting Agreement*” has the meaning set forth in Section 5(a) hereof.

2. Designation. A class of Partnership Units in the Partnership designated as the “*LTIP Units*” is hereby established. The number of LTIP Units that may be issued is not limited by the Agreement. Four classes of LTIP Units in the Partnership are hereby designated as the Class 1 LTIP Units, the Class 1 Performance LTIP Units, the Class 2 LTIP Units, and the Class 2 Performance LTIP Units (each Class 1 Performance LTIP Unit and Class 2 Performance LTIP Unit, a “*Performance LTIP Unit*”). The numbers of Class 1 LTIP Units, Class 1 Performance LTIP Units, Class 2 LTIP Units, and Class 2 Performance LTIP Units shall be determined from time to time by the General Partner in accordance with the terms of the Plan.

3. Issuances of LTIP Units. From time to time, the General Partner is hereby authorized to issue LTIP Units, including Class 1 LTIP Units, Class 1 Performance LTIP Units, Class 2 LTIP Units, and Class 2 Performance LTIP Units, to Persons providing services to or for the benefit of the Partnership for such consideration or for no consideration as the General Partner may determine to be appropriate and on such terms and conditions as shall be established by the General Partner, and admit such Persons as Limited Partners. Except to the extent that a Capital Contribution is made with respect to an LTIP Unit, each LTIP Unit is intended to qualify as a “profits interest” in the Partnership within the meaning of the Code, the Regulations, and any published guidance by the Internal Revenue Service with respect thereto. Except as may be provided from time to time by the General Partner with respect to one or more series of LTIP Units, and except as provided in an applicable LTIP Agreement, LTIP Units shall have the terms set forth in this Exhibit H. Pursuant to the terms of the Agreement, this Exhibit H or an applicable LTIP Agreement, an LTIP Unit may be convertible, exchangeable or otherwise transmutable, in substance, into another type of LTIP Unit or other type of Partnership Unit.

4. Admission to Partnership. A Person (other than an existing Partner) who is issued LTIP Units in accordance with Section 3 hereof shall be admitted to the Partnership as an additional Limited Partner only upon the satisfactory completion of the requirements an assignee is required to complete pursuant to Section 9.03(a)(i) through (v) of the Agreement.

5. Vesting.

(a) Vesting, Generally. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on Transfer pursuant to the terms of an award, vesting or other similar agreement (a “*Vesting Agreement*”). The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject

to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Plan or any other Equity Plan, if applicable. LTIP Units that were fully vested when issued or that have vested and are no longer subject to forfeiture under the terms of a Vesting Agreement are referred to as “*Vested LTIP Units*”; all other LTIP Units shall be treated as “*Unvested LTIP Units*”.

(b) Forfeiture. Unless otherwise specified in an applicable Vesting Agreement, the Plan or in any applicable Equity Plan or other compensatory arrangement or incentive program pursuant to which LTIP Units are issued (collectively, the “*LTIP Agreement*”), upon the occurrence of any event specified in such LTIP Agreement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, if the Partnership or the General Partner exercises such right to repurchase or upon the occurrence of the event causing forfeiture in accordance with the applicable LTIP Agreement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the applicable LTIP Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date and with respect to such LTIP Units prior to the effective date of the forfeiture.

6. Adjustments. The Partnership shall maintain at all times a one-to-one correspondence between LTIP Units (excluding Performance LTIP Units before their conversion) and Partnership Common Units for conversion, distributions, allocations and other purposes, including without limitation complying with the following procedures; provided, that the foregoing is not intended to alter the special allocations pursuant to Section 8 hereof, differences between distributions to be made with respect to the Class 2 LTIP Units or Performance LTIP Units and the Partnership Common Units prior to the Full Distribution Participation Date for such Class 2 LTIP Units or Performance LTIP Units, or differences between distributions to be made with respect to LTIP Units and Partnership Common Units pursuant to Section 5.06 and Section 7(b) hereof in the event that the Capital Accounts attributable to the LTIP Units are different than those attributable to Partnership Common Units. If an Adjustment Event (as defined below) occurs, then the General Partner shall take any action reasonably necessary, including any amendment to the Agreement or update to Exhibit A to the Agreement adjusting the number of outstanding LTIP Units or subdividing or combining outstanding LTIP Units, to maintain a one-for-one conversion and economic equivalence ratio between Partnership Common Units and LTIP Units (excluding Performance LTIP Units before their conversion). The following shall be “*Adjustment Events*”: (i) the Partnership makes a distribution on all outstanding Partnership Common Units in Partnership Units, (ii) the Partnership subdivides the outstanding Partnership Common Units into a greater number of units or combines the outstanding Partnership Common Units into a smaller number of units, or (iii) the Partnership issues any Partnership Units in exchange for its outstanding Partnership Common Units by way of a reclassification or recapitalization of its Partnership Common Units. If more than one Adjustment Event occurs, any adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan, or (z) the issuance of any Partnership Units to the General Partner

in respect of a Capital Contribution to the Partnership. If the Partnership takes an action affecting the Partnership Common Units other than actions specifically described above as “Adjustment Events” and in the opinion of the General Partner such action would require an action to maintain the one-to-one correspondence described above, the General Partner shall have the right to take such action, to the extent permitted by law, the Plan and by any applicable Equity Plan or other compensatory arrangement or incentive program pursuant to which LTIP Units are issued, in such manner and at such time as the General Partner, in its sole discretion, may determine to be reasonably appropriate under the circumstances. Notwithstanding the foregoing, if any Adjustment Event or any other action described in the preceding sentence occurs, the General Partner may independently adjust the number of Performance LTIP Units outstanding or held by a particular holder of Performance LTIP Units, the Issue Price of any Performance LTIP Unit, or the number of Class 1 LTIP Units or Class 2 LTIP Units (as applicable) into which any Performance LTIP Unit may be converted, or may undertake any combination of the foregoing, in such manner as the General Partner determines in good faith to be equitable. If an amendment is made to the Agreement adjusting the number of outstanding LTIP Units as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer’s certificate setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall mail a notice to each holder of LTIP Units setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment. Any adjustment to the number of outstanding LTIP Units pursuant to this Section 6 shall be binding on the Partnership and every Limited Partner.

7. Distributions.

(a) Operating Distributions. Except as otherwise provided in the Agreement, the Plan, any other applicable Equity Plan, any applicable LTIP Agreement or by the General Partner with respect to any particular class or series of LTIP Units, holders of LTIP Units shall be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, regular, special, extraordinary or other distributions (other than distributions upon or pursuant to the liquidation of the Partnership) which may be made from time to time, in an amount per unit equal to the amount of any such distributions that would have been payable to such holders if the LTIP Units had been Partnership Common Units of the same number (if applicable, assuming such LTIP Units were held for the entire period to which such distributions relate); provided, however, that for each Class 2 LTIP Unit and each Performance LTIP Unit, until any applicable Full Distribution Participation Date occurs, such LTIP Unit will be entitled to receive only such distributions in an amount equal to the product of the Initial Sharing Percentage for such LTIP Unit and the amount otherwise distributable with respect to such LTIP Unit pursuant to this Section 7(a).

(b) Liquidating Distributions. Holders of LTIP Units shall also be entitled to receive, if, when and as authorized by the General Partner out of funds or other property legally available for the payment of distributions, distributions upon liquidation of the Partnership in an amount equal to the positive balances of the Capital Accounts of the holders of such LTIP Units to the extent attributable to the ownership of such LTIP Units as set forth in Section 5.06(a) of the Agreement.

(c) Distributions Generally. Distributions on the LTIP Units, if authorized, shall be payable on such dates and in such manner as may be authorized by the General Partner (any such date, an “*LTIP Unit Distribution Payment Date*”). Absent a contrary determination by the General Partner, the LTIP Unit Distribution Payment Date shall be the same as the corresponding date relating to the corresponding distribution on the Partnership Common Units, and the record date for determining which holders of LTIP Units are entitled to receive distributions shall be the Partnership Record Date. A holder of LTIP Units will be entitled to distributions with respect to an LTIP Unit only as set forth in this Exhibit H and, in making distributions pursuant to Section 5.02 of the Agreement, the General Partner of the Partnership shall take into account the provisions of this Section 7.

8. Allocations.

(a) General. Holders of LTIP Units shall be allocated Profit, Loss and depreciation and amortization expenses of the Partnership in amounts per LTIP Unit equal to the amounts allocated per Partnership Common Unit; provided, however, that prior to the Full Distribution Participation Date with respect to a Class 2 LTIP Unit or Performance LTIP Unit, the amounts allocated to such LTIP Unit shall equal only the product of the Initial Sharing Percentage for such LTIP Unit and the amount otherwise allocable with respect to such LTIP Unit pursuant to this Section 8(a). The allocations provided by the preceding sentence shall be subject to Section 5.01(a) of the Agreement and in addition to any special allocations required by Section 8(b) hereof. The General Partner is authorized in its discretion to delay or accelerate the participation of the LTIP Units in allocations of Profit, Loss and depreciation and amortization expenses of the Partnership under this Section 8(a), or to adjust the allocations made under this Section 8(a), so that the ratio of (i) the total amount of Profit, Loss and depreciation and amortization expenses of the Partnership allocated with respect to each LTIP Unit in the taxable year in which that LTIP Unit’s Full Distribution Participation Date, if any, falls (excluding special allocations under Section 8(b) hereof), to (ii) the total amount distributed to that LTIP Unit with respect to such period, is more nearly equal to the ratio of (A) the Profit, Loss and depreciation and amortization expenses of the Partnership allocated with respect to the Partnership Common Units in such taxable year to (B) the amounts distributed with respect to such Partnership Common Units in such taxable year.

(b) Special Allocations with Respect to LTIP Units. In the event that Liquidating Gains are allocated under this Section 8(b), Profit, Loss and depreciation and amortization expenses of the Partnership allocable under Section 5.01(a) of the Agreement to Partners other than Class A Partners shall be recomputed without regard to the Liquidating Gains so allocated. This Section 8(b) shall not affect any allocations to Class A Partners. After giving effect to the special allocations set forth in Sections 5.01(b), 5.01(c) and 5.01(d) of the Agreement and Sections 8(c) and 8(d) hereof, and notwithstanding the provisions of Section 5.01(a) of the Agreement (except insofar as they allocate Profit, Loss and depreciation and amortization expenses of the Partnership to Class A Partners), the recalculated Liquidating Gains shall first be allocated to the holders of Eligible Units until the Economic Capital Account Balances of such holders, to the extent attributable to their ownership of Eligible Units, are equal to (i) the REIT Share Economic Target (with respect to LTIP Units other than Performance LTIP Units prior to their conversion) and/or Performance LTIP Unit Value (with respect to Performance LTIP Units prior to their conversion), multiplied by (ii) the number of their Eligible Units. In addition, if any Capital Account balance

attributable to a Performance LTIP Unit exceeds the applicable Performance LTIP Unit Value, and Liquidating Losses are available to be allocated to a holder of LTIP Units, then such Liquidating Losses shall be allocated to each holder of such a Performance LTIP Unit until each such holder's Capital Account, to the extent attributable to such holder's Performance LTIP Units, is equal (on a per-unit basis) to the applicable Performance LTIP Unit Value. For purposes of the foregoing allocations, (i) unless and to the extent otherwise determined by the General Partner, calculations shall be made separately with respect to the Eligible Units, including Eligible Units that are Performance LTIP Units with different Performance LTIP Unit Values, and (ii) any such allocations shall be made in proportion to the amounts required to be allocated to each relevant holder under this Section 8(b). The parties agree that the intent of this Section 8(b) is to make the Capital Account balances of the holders of LTIP Units with respect to their LTIP Units economically equivalent (on a per-unit basis) to the applicable REIT Share Economic Target or Performance LTIP Unit Value (calculated in each case using the REIT Share Value on the date as of which such special allocation under this Section 8(b) is being made), but only to the extent the Partnership has recognized cumulative gains (calculated in the same manner as is applicable to calculating Liquidating Gains) with respect to its assets since the issuance of the relevant LTIP Unit. Notwithstanding the foregoing, (i) the special allocations of Liquidating Gains and Losses pursuant to the preceding provisions of this Section 8(b) shall cease to apply to any Eligible Unit (other than a Performance LTIP Unit prior to its conversion) once such Eligible Unit has met the LTIP Unit Redemption Threshold and any Post-Conversion Period Performance LTIP Unit once it becomes a Post-Conversion Period Performance LTIP Unit, and (ii) the General Partner may adjust future allocations with respect to any holder of a Post-Conversion Period Performance LTIP Unit in any manner it determines in its sole discretion necessary or convenient to cause the Capital Account balance of such holder to (x) equal the balance that would have obtained had no allocations of Liquidating Gains or Liquidating Losses been made with respect to such Post-Conversion Period Performance LTIP Unit pursuant to the preceding provisions of this Section 8(b), and (y) otherwise equitably reflect the intended economic entitlements of such holder. The allocations set forth in this Section 8(b) shall be taken into account for determining the Capital Account of each Partner, including for purposes of Section 5.06(a) of the Agreement.

(c) Capital Account Adjustments and Allocations upon Forfeiture. Except as otherwise provided in the Agreement or any applicable LTIP Agreement, in connection with any repurchase or forfeiture of LTIP Units pursuant to Section 5(b), the balance of the portion of the Capital Account of the holder of such LTIP Units that is attributable to all of his or her LTIP Units shall be reduced, to the greatest extent possible, by the amount, if any, by which it exceeds the target balance contemplated by Section 8(b) hereof, calculated with respect to such holder's remaining LTIP Units, if any. Such reduction shall be accomplished in such manner as the General Partner determines, in its sole and absolute discretion, including a reduction with or without a reallocation of such amount among other Partners, special allocations of items of income, gain, loss or deduction (including pursuant to finalized Treasury Regulations), a "book down" in the value of Partnership assets in the amount of such reduction, or a combination of the foregoing. Notwithstanding the foregoing, in no event shall the foregoing affect the allocations to the Class A Partners.

(d) Regulatory Allocations. For purposes of the allocations set forth in Sections 5.01(b), prior to the Full Distribution Participation Date for a Class 2 LTIP Unit or Performance

LTIP Unit, the Percentage Interest for such LTIP Unit shall be the Percentage Interest of a Partnership Common Unit multiplied by the applicable Initial Sharing Percentage.

9. Transfers.

(a) Subject to the terms of any Vesting Agreement, a holder of LTIP Units shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Partnership Common Units are entitled to transfer their Partnership Common Units pursuant to Article 9 of the Agreement.

(b) Neither a conversion of an LTIP Unit into Partnership Common Units, a conversion of a Performance LTIP Unit pursuant to Section 12 hereof, nor a conversion or other transmutation of an LTIP Unit into another type, in substance, of Partnership Unit, pursuant to the terms of this Agreement or an applicable LTIP Agreement, is a “Transfer” for purposes of the Agreement.

10. Legend. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation any Vesting Agreement, apply to the LTIP Unit.

11. Conversion of Class 1 LTIP Units and Class 2 LTIP Units to Partnership Common Units.

(a) A Qualifying Party holding LTIP Units shall have the right (the “*Conversion Right*”), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into Partnership Common Units, taking into account all adjustments (if any) made pursuant to Section 6 hereof; provided, however, that a Qualifying Party may not exercise the Conversion Right for less than one thousand (1,000) Vested LTIP Units or, if such Qualifying Party holds less than one thousand (1,000) Vested LTIP Units, all of the Vested LTIP Units held by such Qualifying Party that are not subject to the limitation on conversion under Section 11(b) hereof. Qualifying Parties shall not have the right to convert Unvested LTIP Units into Partnership Common Units until they become Vested LTIP Units; provided, however, that when a Qualifying Party is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such Qualifying Party may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the Qualifying Party, shall be accepted by the Partnership subject to such condition. In all cases, the conversion of any LTIP Units into Partnership Common Units shall be subject to the conditions and procedures set forth in this Section 11.

(b) A Qualifying Party may convert his or her Vested LTIP Units into an equal number of fully paid and non-assessable Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 6 hereof. Notwithstanding the foregoing, in no event may a Qualifying Party convert a number of Vested LTIP Units that exceeds (i) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to his or her ownership of Vested LTIP Units, divided by (ii) the REIT Share Economic Target applicable to such Vested LTIP Units, in each case as determined as of a date on which satisfaction of the LTIP Unit Redemption Threshold is being determined (in either case, the “*Capital Account Limitation*”). After one or more LTIP Units have satisfied the LTIP Unit Redemption Threshold, such units shall

forever have satisfied such threshold and the Capital Account Limitation shall thereafter apply only to any LTIP Units which have not previously satisfied such threshold. In order to exercise his or her Conversion Right, a Qualifying Party shall deliver a notice (a “*Conversion Notice*”) in the form attached hereto as Annex I to the Partnership (with a copy to the General Partner) not less than three (3) nor more than ten (10) days prior to the Conversion Date specified in such Conversion Notice; provided, however, that if the General Partner has not given to the Qualifying Party notice of a proposed or upcoming Transaction (as defined below) at least thirty (30) days prior to the effective date of such Transaction, then the Qualifying Party shall have the right to deliver a Conversion Notice until the earlier of (x) the tenth (10th) day after such notice from the General Partner of a Transaction or (y) the third Business Day immediately preceding the effective date of such Transaction. A Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement. Each Qualifying Party seeking to convert Vested LTIP Units covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 11 shall be free and clear of all liens. Notwithstanding anything herein to the contrary, if the Vested LTIP Units have been held for at least one year, subject to any restrictions set forth in an applicable LTIP Agreement, a Qualifying Party may deliver a Notice of Redemption pursuant to Section 8.05(a) of the Agreement relating to the Partnership Common Units into which such Vested LTIP Units are being converted in advance of the Conversion Date; provided, however, that the redemption of such Partnership Common Units by the Partnership shall in no event take place until on or after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put a Qualifying Party in a position where, if he or she so wishes, the Partnership Common Units into which his or her Vested LTIP Units will be converted can be redeemed by the Partnership pursuant to Section 8.05(a) of the Agreement simultaneously with such conversion, with the further consequence that, if the General Partner elects to assume the Partnership’s redemption obligation with respect to such Partnership Common Units under Section 8.05(b) of the Agreement by delivering to such Qualifying Party REIT Shares rather than cash, then such Qualifying Party can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Partnership Common Units. The General Partner shall cooperate with a Qualifying Party to coordinate the timing of the different events described in the foregoing sentence. For the avoidance of doubt, subject to the limitations of this Section 11, a Qualifying Party may deliver a Conversion Notice with respect to Vested LTIP Units held on the applicable Conversion Date as a result of such Qualifying Party’s exercise of its Performance LTIP Unit Conversion Right (as defined below).

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units to be converted (a “*Forced Conversion*”) into an equal number of Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 6 hereof; provided, however, that the Partnership may not cause a Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such Qualifying Party pursuant to Section 11(b) hereof. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a “*Forced Conversion Notice*”) in the form attached hereto as Annex II to the applicable holder of LTIP Units not less than ten (10) nor more than sixty (60) days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement.

(d) Except as otherwise provided in an applicable Vesting Agreement, immediately after each such time that either (i) LTIP Units become Vested LTIP Units pursuant to Section 5(a)

or (ii) the assets of the Partnership are revalued pursuant to Section 4.04 of the Agreement, all Vested LTIP Units not previously converted into Partnership Common Units shall automatically be converted (an “*Auto Conversion*”) into an equal number of Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 6 hereof; provided, however, that no Auto Conversion shall occur with respect to any LTIP Units that would not at the time be eligible for conversion at the option of such Qualifying Party pursuant to Section 11(b) hereof. Following an Auto Conversion, the Partnership shall deliver a notice (an “*Auto Conversion Notice*”) in the form attached hereto as Annex III to the applicable holder of LTIP Units as soon as reasonably possible following the Conversion Date (provided that the failure to deliver an Auto Conversion Notice will not affect the Auto Conversion or subject the General Partner or the Partnership to any liability). An Auto Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement.

(e) A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice or with respect to which an Auto Conversion has occurred shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such holder of LTIP Units, other than the surrender of any certificate or certificates evidencing such Vested LTIP Units, as of which time such holder of LTIP Units shall be credited on the books and records of the Partnership as of the opening of business on the next day with the number of Partnership Common Units into which such LTIP Units were converted. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon his or her written request, a certificate of the General Partner certifying the number of Partnership Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The assignee of any Limited Partner pursuant to Article 9 of the Agreement may exercise the rights of such Limited Partner pursuant to this Section 11 and such Limited Partner shall be bound by the exercise of such rights by the assignee.

(f) For purposes of making future allocations under Section 8(b) hereof and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable holder of LTIP Units that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the REIT Share Economic Target determined for each such LTIP Unit as of the date on which satisfaction of the LTIP Unit Redemption Threshold for such LTIP Unit was determined.

(g) If the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self-tender offer for all or substantially all Partnership Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership’s assets, but excluding any transaction which constitutes an Adjustment Event) in each case as a result of which Partnership Common Units shall be exchanged for or converted into the right, or the holders shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a “*Transaction*”), then the General Partner shall, immediately prior to the Transaction, exercise its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion (or that will become eligible for conversion as a result of a contemporaneous or prior Forced Performance LTIP Unit Conversion), taking into account any allocations that occur in connection with the Transaction or that would occur in connection with

the Transaction if the assets of the Partnership were sold at the Transaction price or the portion thereof attributable to the Partnership as determined by the General Partner in good faith, or if applicable, at a value for the Partnership assets determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction and the conversion shall occur immediately prior to the effectiveness of the Transaction). In anticipation of such Forced Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of LTIP Units to be afforded the right to receive in connection with such Transaction in consideration for the Partnership Common Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Partnership Common Units, assuming such holder is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a “*Constituent Person*”), or an affiliate of a Constituent Person. In the event that holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each holder of LTIP Units of such opportunity, and shall use commercially reasonable efforts to afford the holder of LTIP Units the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Partnership Common Units in connection with such Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of Partnership Common Units would receive if such holder of Partnership Common Units failed to make such an election. Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and the relevant terms of the Plan or any other applicable Equity Plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 11(g) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any holder of LTIP Units whose LTIP Units will not be converted into Partnership Common Units in connection with the Transaction that will (i) contain provisions enabling the Qualifying Parties that remain outstanding after such Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement, including this Exhibit H, for the benefit of the holder of LTIP Units.

(h) No conversion of LTIP Units into Partnership Common Units, or Partnership Units that are not LTIP Units, may be made by a Person if, based on the advice of the Partnership’s counsel or accounting firm, the Partnership believes there is a material risk that such conversion could (i) result in the Partnership’s being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) adversely affect the ability of the Company to continue to qualify as a REIT or subject the Company to any additional taxes under Section 857 or Section 4981 of the Code, or (iii) be effectuated through an “established securities market” or a “secondary market (or the substantial equivalent thereof)” within the meaning of Section 7704 of the Code or cause the Partnership to fail to qualify for a safe harbor from such treatment which the Partnership desires to preserve.

(i) Notwithstanding the foregoing, nothing in this Section 11 shall apply to a Performance LTIP Unit (including, for the avoidance of doubt, the Capital Account balance attributable to such Performance LTIP Unit), other than with respect to Vested LTIP Units into which a Performance LTIP Unit has been converted pursuant to Section 12.

12. Conversion of Performance LTIP Units to Class 1 LTIP Units or Class 2 LTIP Units.

(a) The holder of a Class 1 Performance LTIP Unit or a Class 2 Performance LTIP Unit may convert such Unit into a Class 1 LTIP Unit or a Class 2 LTIP Unit (as applicable) at any time (i) on or after such Performance LTIP Unit becomes a Vested LTIP Unit, and (ii) before the Expiration Date of such Performance LTIP Unit (the “*Performance LTIP Unit Conversion Right*”); provided, however, that a Performance LTIP Unit holder may not exercise a Performance LTIP Unit Conversion Right with respect to the lesser of (i) one thousand (1,000) Performance LTIP Units and (ii) 100% of the Performance LTIP Units held by such person that are Vested LTIP Units. If a Performance LTIP Unit holder is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, such holder may give the Partnership a Performance LTIP Unit Conversion Notice conditioned upon and effective as of the time of vesting and such Performance LTIP Unit Conversion Notice, unless subsequently revoked by such person, shall be accepted by the Partnership subject to such condition. In all cases, the conversion of any Performance LTIP Units into Class 1 LTIP Unit or a Class 2 LTIP Unit (as applicable) shall be subject to the conditions and procedures set forth in this Section 12.

(b) Any Performance LTIP Units being converted pursuant to a Performance LTIP Unit Conversion Notice, a Forced Performance LTIP Unit Conversion, or an Expiration Conversion will convert to a number of Class 1 LTIP Units or Class 2 LTIP Units (as applicable) equal to (i) the applicable Performance LTIP Unit Value, multiplied by (ii) the number of Performance LTIP Units being converted, and divided by (iii) the REIT Share Value on the Conversion Date. For the avoidance of doubt, the foregoing calculation shall be adjusted as necessary to take into account any differences in the Performance LTIP Unit Values of the Performance LTIP Units being converted. A conversion of Performance LTIP Units under this Section 12 shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such holder of Performance LTIP Units, other than the surrender of any certificate or certificates evidencing such Performance LTIP Units, as of which time such holder of Performance LTIP Units shall be credited on the books and records of the Partnership as of the opening of business on the next day with the number of Class 1 LTIP Units or Class 2 LTIP Units into which such LTIP Units were converted. After the conversion of Performance LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon his or her written request, a certificate of the General Partner certifying the number of Class 1 LTIP Units or Class 2 LTIP Units, as applicable, and remaining Performance LTIP Units, if any, held by such person immediately after such conversion. Notwithstanding the preceding two sentences, if (x) a Performance LTIP Unit is converted under this Section 12, (y) the corresponding Class 1 LTIP Units or Class 2 LTIP Units are converted into Partnership Common Units pursuant to Section 11 as of the same conversion date, and (z) such Partnership Common Units are not redeemed as of the same date, the relevant holder shall be reflected as a holder of Partnership Common Units (rather than as a holder of LTIP Units) as of the opening of the business day following such conversions and may be provided a certificate certifying the number of Partnership Common Units

(rather than LTIP Units) owned by such holder based on such conversions. The assignee of any Limited Partner pursuant to Article 9 of the Agreement may exercise the rights of such Limited Partner pursuant to this Section 12 and such Limited Partner shall be bound by the exercise of such rights by the assignee.

(c) To exercise his or her Performance LTIP Unit Conversion Right, a Performance LTIP Unit holder shall deliver a notice (a “*Performance LTIP Unit Conversion Notice*”) in the form attached hereto as Annex IV to the Partnership (with a copy to the General Partner) not less than three (3) nor more than ten (10) days prior to the Conversion Date specified in such Performance LTIP Unit Conversion Notice; provided, however, that if the General Partner has not given to the holder notice of a proposed or upcoming Transaction (as defined above) at least thirty (30) days prior to the effective date of such Transaction, then the holder shall have the right to deliver a Performance LTIP Unit Conversion Notice until the earlier of (x) the tenth (10th) day after such notice from the General Partner of a Transaction or (y) the third Business Day immediately preceding the effective date of such Transaction. Any Performance LTIP Unit Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement. Each Qualifying Party seeking to convert Performance LTIP Units covenants and agrees with the Partnership that all Units to be converted pursuant to this Section 12 shall be free and clear of all liens. Notwithstanding anything herein to the contrary, if the Performance LTIP Units have been held for at least one year, subject to any restrictions set forth herein or in an applicable LTIP Agreement, a Qualifying Party may deliver a Notice of Redemption pursuant to Section 8.05(a) of the Agreement relating to the Partnership Common Units into which the Class 1 LTIP Units or Class 2 LTIP Units receivable on conversion of such Performance LTIP Units ultimately are convertible in advance of the Conversion Date; provided, however, that the redemption of such Partnership Common Units by the Partnership shall in no event take place until on or after the Conversion Date. For clarity, it is noted that the objective of this paragraph (together with Section 11(b) above) is to put a Performance LTIP Unit holder in a position where, if he or she so wishes, (i) the Class 1 LTIP Units or Class 2 LTIP Units into which his or her Performance LTIP Units convert can be converted into Partnership Common Units simultaneously by the Partnership, and (ii) the Partnership Common Units into which such Class 1 LTIP Units or Class 2 LTIP Units convert can be redeemed by the Partnership pursuant to Section 8.05(a) of the Agreement simultaneously, with the further consequence that, if the General Partner elects to assume the Partnership’s redemption obligation with respect to such Partnership Common Units under Section 8.05(b) of the Agreement by delivering to such Performance LTIP Unit holder REIT Shares rather than cash, then such holder can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Performance LTIP Units into Class 1 or Class 2 LTIP Units and corresponding conversion of such LTIP Units into Partnership Common Units, in all events subject to any restrictions on conversion or redemption set forth herein or in an applicable LTIP Agreement. The General Partner shall cooperate with a holder of Performance LTIP Units to coordinate the timing of the different events described in the foregoing sentence.

(d) No conversion of Performance LTIP Units may be made by a Person if, based on the advice of the Partnership’s counsel or accounting firm, the Partnership believes there is a material risk that such conversion could (i) result in the Partnership’s being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) adversely affect the ability of the Company to continue to qualify as a REIT or subject the Company to any additional taxes under Section 857 or Section 4981 of

the Code, or (iii) be effectuated through an “established securities market” or a “secondary market (or the substantial equivalent thereof)” within the meaning of Section 7704 of the Code or cause the Partnership to fail to qualify for a safe harbor from such treatment which the Partnership desires to preserve.

(e) If the Partnership or the General Partner shall be a party to any Transaction, then the General Partner shall, immediately before the Transaction, be entitled to cause a conversion of Performance LTIP Units (a “*Forced Performance LTIP Unit Conversion*”) with respect to the maximum number of Performance LTIP Units then eligible for conversion under this Section 12, taking into account any allocations that occur in connection with the Transaction or that would occur in connection with the Transaction if the assets of the Partnership were sold at the Transaction price or the portion thereof attributable to the Partnership as determined by the General Partner in good faith, or if applicable, at a value for the Partnership assets determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Transaction (in which case the Conversion Date shall be the effective date of the Transaction and the conversion shall occur immediately prior to the effectiveness of the Transaction). In anticipation of such Forced Performance LTIP Unit Conversion and the consummation of the Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of Performance LTIP Units to be afforded the right to receive in connection with such Transaction in consideration for the Partnership Common Units into which his or her Performance LTIP Units ultimately will be converted (based on the conversion ratios set forth herein) the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Transaction by a holder of the same number of Partnership Common Units, assuming such holder is not a Constituent Person or an affiliate of a Constituent Person. In the event that holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Transaction, prior to such Transaction the General Partner shall give prompt written notice to each holder of Performance LTIP Units of such opportunity, and shall use commercially reasonable efforts to afford the holder of Performance LTIP Units the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each Performance LTIP Unit held by such holder into Class 1 LTIP Units or Class 2 LTIP Units, as applicable, and corresponding conversion of such LTIP Units into Partnership Common Units in connection with such Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any of its transferees) shall receive the same kind and amount of consideration (determined after taking into account the conversion ratios herein) that a holder of Partnership Common Units would receive if such holder of Partnership Common Units failed to make such an election. Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and the relevant terms of the Plan or any other applicable Equity Plan, the Partnership shall use commercially reasonable effort to cause the terms of any Transaction to be consistent with the provisions of this Section 12(e) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any holder of LTIP Units whose LTIP Units will not be converted into Partnership Common Units in connection with the Transaction that will (i) contain provisions enabling the holders of Performance LTIP Units that remain outstanding after such Transaction to convert their Performance LTIP Units into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units (taking into account the conversion ratio derived from Section 12(b)) and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in the Agreement,

including this Exhibit H, for the benefit of the holders of Performance LTIP Units with respect to the Performance LTIP Units under this Section 12(e). To exercise its right of Forced Performance LTIP Unit Conversion, the Partnership shall deliver a notice (a “*Forced Performance LTIP Unit Conversion Notice*”) in the form attached hereto as Annex V to the applicable holder of Performance LTIP Units not less than ten (10) nor more than sixty (60) days prior to the Conversion Date specified in such Forced Performance LTIP Unit Conversion Notice. A Forced Performance LTIP Unit Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement.

(f) Except as otherwise provided in an applicable Vesting Agreement, and subject to the express limitations and restrictions of this Section 12, any Performance LTIP Unit that would have a Performance LTIP Unit Value greater than zero upon becoming a Post-Conversion Period Performance LTIP Unit, instead of becoming a Post-Conversion Period Performance LTIP Unit, automatically and without any action of any party shall be converted into a number of Class 1 LTIP Units or Class 2 LTIP Units, as applicable, calculated in accordance with Section 12(b). Each such conversion (each, an “*Expiration Conversion*”) shall be effective immediately upon the close of business on the applicable Expiration Date and all calculations under Section 12(b) shall be made based on the relevant Performance LTIP Unit Value as of such time. Following an Expiration Conversion, the Partnership shall deliver a notice (an “*Expiration Conversion Notice*”) in the form attached hereto as Annex VI to the applicable holder of LTIP Units as soon as reasonably practical (provided that the failure to deliver an Expiration Conversion Notice will not affect the Expiration Conversion or subject the General Partner or the Partnership to any liability). Each Expiration Conversion Notice shall be provided in the manner provided in Section 12.01 of the Agreement.

(h) For the avoidance of doubt, any Class 1 LTIP Unit and Class 2 LTIP Unit resulting from a conversion under this Section 12, (i) is not a Performance LTIP Unit and (ii) is a Vested LTIP Unit that may be converted (including, if applicable, simultaneously with the conversion of the applicable Performance LTIP Unit) into a Partnership Common Unit under (and subject to the limitations of) Section 11 hereof. Upon conversion into Class 1 LTIP Units or Class 2 LTIP Units under this Section 12, a Performance LTIP Unit shall cease to be treated as outstanding.

13. Redemption of LTIP Units. Holders of LTIP Units shall not be entitled to the Redemption Right provided for in Section 8.05 of the Agreement unless, until and to the extent such LTIP Units have been converted into Partnership Common Units in accordance with their terms.

14. Voting. Limited Partners shall have the same voting rights in respect of their LTIP Units as Limited Partners holding Partnership Common Units, with the LTIP Units voting together as a single class with the Partnership Common Units and having one vote per LTIP Unit and holders of LTIP Units shall not be entitled to approve, vote on or consent to any other matter.

15. Section 83 Safe Harbor. Each Partner authorizes the General Partner to elect to apply the safe harbor (the “*Section 83 Safe Harbor*”) set forth in proposed Regulations Section 1.83-3(l) and proposed Internal Revenue Service Revenue Procedure published in Notice 2005-43 (together, the “*Proposed Section 83 Safe Harbor Regulation*”) (under which the fair market value of a Partnership Interest that is Transferred in connection with the performance of services

is treated as being equal to the liquidation value of the interest), or in similar Regulations or guidance, if such Proposed Section 83 Safe Harbor Regulation or similar Regulations are promulgated as final or temporary Regulations. If the General Partner determines that the Partnership should make such election, the General Partner is hereby authorized to amend the Agreement without the consent of any other Partner to provide that (i) the Partnership is authorized and directed to elect the Section 83 Safe Harbor, (ii) the Partnership and each of its Partners (including any Person to whom a Partnership Interest, including an LTIP Unit, is Transferred in connection with the performance of services) will comply with all requirements of the Section 83 Safe Harbor with respect to all Partnership Interests Transferred in connection with the performance of services while such election remains in effect and (iii) the Partnership and each of its Partners will take all actions necessary, including providing the Partnership with any required information, to permit the Partnership to comply with the requirements set forth or referred to in the applicable Regulations for such election to be effective until such time (if any) as the General Partner determines, in its sole discretion, that the Partnership should terminate such election. The General Partner is further authorized to amend the Agreement to modify Section 5.01(a) of the Agreement to the extent the General Partner determines in its discretion that such modification is necessary or desirable as a result of the issuance of any applicable law, Regulations, notice or ruling relating to the tax treatment of the transfer of a Partnership Interests in connection with the performance of services. Notwithstanding anything to the contrary in the Agreement, each Partner expressly confirms that it will be legally bound by any such amendment.

ANNEX I

NOTICE OF ELECTION BY PARTNER TO CONVERT LTIP UNITS INTO PARTNERSHIP COMMON UNITS

The undersigned holder of LTIP Units hereby irrevocably (i) elects to convert as of the Conversion Date set forth below the number of LTIP Units in United Dominion Realty, L.P. (the “*Partnership*”) set forth below into Partnership Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of Partnership Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of LTIP Unit Holder:

Please Print Name as Registered with Partnership

Number of LTIP Units to be Converted:

Conversion Date:

(Signature of LTIP Unit Holder)

(Street Address)

(City) (State) (Zip Code)

Issue Check Payable to:

Please insert social security or identifying
number:

Annex I

ANNEX II

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO PARTNERSHIP COMMON UNITS

United Dominion Realty, L.P. (the “*Partnership*”) hereby irrevocably elects to cause as of the Conversion Date set forth below the number of LTIP Units held by the LTIP Unit holder set forth below to be converted into Partnership Common Units in accordance with the terms of Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of LTIP Unit Holder:

Name as Registered with Partnership

Number of LTIP Units to be Converted:

Conversion Date:

Annex II

ANNEX III

NOTICE OF AUTOMATIC CONVERSION OF LTIP UNITS INTO PARTNERSHIP COMMON UNITS

United Dominion Realty, L.P. (the “*Partnership*”) hereby gives you notice that the number of LTIP Units held by the LTIP Unit holder set forth below have been converted into Partnership Common Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended, effective as of the Conversion Date set forth below.

Name of LTIP Unit Holder:

Name as Registered with Partnership

Number of LTIP Units to be Converted:

Conversion Date:

Annex III

ANNEX IV

PERFORMANCE LTIP UNIT CONVERSION NOTICE

The undersigned holder of Performance LTIP Units hereby irrevocably elects to convert as of the Conversion Date set forth below the number of Performance LTIP Units in United Dominion Realty, L.P. (the "*Partnership*") set forth below into Class 1 LTIP Units or Class 2 LTIP Units (as applicable) in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended. The undersigned hereby represents, warrants, and certifies that the undersigned (a) has title to such Performance LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership; (b) has the full right, power, and authority to cause the conversion of such Performance LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons or entities, if any, having the right to consent or approve such conversion.

Name of Performance LTIP Unit Holder: _____

Please Print Name as Registered with Partnership

Number of Class 1 Performance LTIP Units to be Converted: _____

Number of Class 2 Performance LTIP Units to be Converted: _____

Date of Award of Class 1 Performance LTIP Units to be Converted: _____

Date of Award of Class 2 Performance LTIP Units to be Converted: _____

Conversion Date: _____

(Signature of LTIP Unit Holder)

(Street Address)

(City) (State) (Zip Code)

Please insert social security or identifying
number:

ANNEX V

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF PERFORMANCE LTIP UNITS

United Dominion Realty, L.P. (the “*Partnership*”) hereby irrevocably elects to cause as of the Conversion Date set forth below the number of Performance LTIP Units held by the LTIP Unit holder set forth below to be converted into Class 1 LTIP Units or Class 2 LTIP Units (as specified below) in accordance with the terms of Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

Name of LTIP Unit Holder:

Name as Registered with Partnership

Number of Class 1 Performance LTIP Units to be Converted:

Number of Class 2 Performance LTIP Units to be Converted:

Date of Award of Class 1 Performance LTIP Units to be Converted:

Date of Award of Class 2 Performance LTIP Units to be Converted:

Class 1 LTIP Units Resulting From Conversion:

Class 2 LTIP Units Resulting From Conversion:

Conversion Date:

Annex V

ANNEX VI

EXPIRATION CONVERSION NOTICE

United Dominion Realty, L.P. (the “*Partnership*”) hereby gives you notice that the number of Performance LTIP Units held by the LTIP Unit holder set forth below have been converted into Partnership Class 1 LTIP Units or Class 2 LTIP Units, as applicable, in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended, effective as of the Conversion Date set forth below.

Name of Performance LTIP Unit Holder: _____
Name as Registered with Partnership

Number of Class 1 Performance LTIP Units Converted: _____

Number of Class 2 Performance LTIP Units Converted: _____

Date of Award of Class 1 Performance LTIP Units Converted: _____

Date of Award of Class 2 Performance LTIP Units Converted: _____

Class 1 LTIP Units Resulting From Conversion: _____

Class 2 LTIP Units Resulting From Conversion: _____

Conversion Date: _____

Annex VI

**PARTNERSHIP UNIT DESIGNATIONS
OF THE
LH UNITS
OF
UNITED DOMINION REALTY, L.P.**

1. Defined Terms.

The following defined terms used in this Exhibit I shall have the meanings specified below. Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Second Amended and Restated Agreement of Limited Partnership of United Dominion Realty, L.P., as amended (the “**Agreement**”).

“**Adjustment Event**” has the meaning set forth in Section 10 hereof.

“**Capital Receipts**” means cash receipts of the Partnership or any of its Subsidiaries from the sale, exchange or other disposition of any assets of the Partnership or any Subsidiary thereof, including the issuance of any equity interest by the Partnership or any Subsidiary thereof, or from the incurrence of any Indebtedness by the Partnership or any Subsidiary thereof.

“**Current Profit**” shall mean, for any fiscal year, the net taxable income of the Partnership for such fiscal year, as determined for federal income tax purposes, as modified by Regulations Section 1.704-1(b)(2)(iv), except that “**Current Profit**”:

(a) shall not include:

(i) Items of income, gain and expense that are specially allocated pursuant to Sections 5.01(b), 5.01(c), and 5.01(d) of the Agreement;

(ii) Depreciation and amortization;

(iii) Items of loss from the disposition of Partnership assets; and

(iv) Deemed items of gain or loss described in the last sentence of Section 4.04 of the Agreement;

(b) shall not exceed the amount necessary to match allocations under Section 5(a)(i)(A) with distributions of cash under Section 5.02(a) and Section 5.03 of the Agreement; and

(c) shall not be less than zero.

“**LH A Partners**” means the Partners holding LH A Units in such capacity.

“**LH B Partners**” means the Partners holding LH B Units in such capacity.

“**LH Partners**” means the LH B Partners and the LH A Partners.

“Non-LH Partners” means the Partners holding Partnership Units other than the LH Units in such capacity.

“Partnership Common Unit” means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to the Agreement, but does not include any Partnership Unit owned by the General Partner or the Company (if the Company is not the General Partner), Class A Partnership Unit, Class I Out-Performance Partnership Share, Class II Out-Performance Partnership Share, Class III Out-Performance Partnership Share, Class IV Out-Performance Partnership Share, Class V Out-Performance Partnership Share, LTIP Unit or any other Partnership Unit, the terms of which provide that such other Partnership Unit is not a Partnership Common Unit. For the avoidance of doubt, although, pursuant to Section 3, LH Units shall be treated as Partnership Common Units for the purposes described therein and herein, references in the Agreement to Partnership Common Units shall not include LH Units except to the extent provided by Section 3 and the other provisions herein.

“Residual LH A Percent” means, initially, one percent (1%). Upon a redemption, exchange or other transaction in which an LH A Unit ceases to be outstanding, the Residual LH A Percent shall be reduced to equal the immediately prior Residual LH A Percent multiplied by a fraction, the numerator of which is the number of LH A Units outstanding immediately after such transaction and the denominator of which is the number of LH A Units outstanding immediately prior to such transaction.

“Residual LH B Percent” means, initially, one-tenth of one percent (.1%). Upon a redemption, exchange or other transaction in which an LH B Unit ceases to be outstanding, the Residual LH B Percent shall be reduced to equal the immediately prior Residual LH B Percent multiplied by a fraction, the numerator of which is the number of LH B Units outstanding immediately after such transaction and the denominator of which is the number of LH B Units outstanding immediately prior to such transaction.

“Residual Non-LH Percent” means (i) one hundred percent (100%) *minus* (ii) the sum of (A) the Residual LH A Percent and (B) the Residual LH B Percent.

“Residual Profit” and **“Residual Loss”** shall mean, for any fiscal year, the net taxable income or loss, as the case may be, of the Partnership for such fiscal year, as determined for federal income tax purposes, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Residual Profit and Residual Loss shall not include:

- (a) Items of income, gain and expense that are specially allocated pursuant to Section 5.01(b), 5.01(c), and 5.01(d) of the Agreement; and
- (b) Any items included within the definition of Current Profit for such fiscal year.

2. Designation. A general class of Partnership Units in the Partnership designated as the **“LH Units”** is hereby established. Two sub-classes of LH Units are hereby designated as the **“LH A Units”** and **“LH B Units”**. The number of each class of LH Units that may be issued is not limited by the Agreement and shall be determined from time to time by the General Partner.

3. General. LH Units shall have the terms set forth in this Exhibit I. Except to the extent provided otherwise in this Exhibit I: (i) each LH A Unit shall be treated as, and shall have the same rights, preferences, privileges and obligations as, any other Partnership Unit held by the applicable UDR Partner, and the holder of an LH A Unit shall be treated as, and shall have the same rights, preferences, privileges and obligations as, such UDR Partner with respect to its holding of such a Partnership Unit; and (ii) each LH B Unit, (A) in the case of an LH B Unit held by an Outside Partner, shall be treated as, and shall have the same rights, preferences, privileges and obligations as, a Partnership Common Unit, and each such holder of an LH B Unit in respect of each LH B Unit held by it shall be treated as, and shall have the same rights, preferences, privileges and obligations as, an Outside Partner with respect to its holding of such a Partnership Common Unit, and (B) in the case of an LH B Unit held by a UDR Partner, shall be treated as, and shall have the same rights, preferences, privileges and obligations as, any other Partnership Unit held by such UDR Partner, and each such holder of an LH B Unit in respect of each LH B Unit held by it shall be treated as, and shall have the same rights, preferences, privileges and obligations as, such a UDR Partner with respect to its holding of such a Partnership Unit.

4. Issuances of LH Units; Admission to Partnership.

(a) From time to time, the General Partner is hereby authorized to issue LH Units for such consideration or for no consideration as the General Partner may determine to be appropriate and on such terms and conditions as shall be established by the General Partner, and admit such Persons as Limited Partners. The General Partner shall amend Exhibit A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of, LH Units. For the avoidance of doubt, it is expected that LH A Units solely shall be issued to or acquired by UDR Partners, whereas LH B Units may be issued to or acquired by Outside Partners or UDR Partners (for example, in the case of an acquisition by the Company of an LH B Unit pursuant to Section 8.05(b) of the Agreement).

(b) Notwithstanding any other provision of the Agreement to the contrary, a Person (other than an existing Partner) who is issued LH Units in accordance with this Exhibit I shall be admitted to the Partnership as an additional Limited Partner upon the satisfactory completion of such conditions or requirements as the General Partner determines in its sole discretion. For the avoidance of doubt, the requirements of Section 9.03(a) of the Agreement shall not apply to the admission of a Person to the Partnership as a Limited Partner with respect to its LH Units unless and to the extent the General Partner determines such requirements shall apply to such admission.

5. Allocations. Notwithstanding Section 5.01 of the Agreement:

(a) In lieu of and prior to making any allocations under Section 5.01(a) of the Agreement:

(i) Current and Residual Profits for any fiscal year of the Partnership shall be allocated in the following order of priority:

(A) First, Current Profits shall be allocated to the LH Partners with respect to their LH Units in proportion to the amount of cash distributed to each such LH Partner with respect to such LH Units pursuant to Section 5.02(a) of the Agreement, until such LH Partners have received cumulative allocations of Current Profits pursuant to this Section 5(a)(i)(A) equal to the cumulative cash distributed to such LH Partners pursuant to Section 5.02(a) of the Agreement;

(B) Second, Residual Profits shall be allocated to the Partners in proportion to, and in the reverse order of, allocations of Residual Losses pursuant to Section 5(a)(ii), until the cumulative Residual Profits allocated to such Partners pursuant to this Section 5(a)(i)(B) equals the cumulative Residual Losses allocated to such Partners pursuant to Section 5(a)(ii), with the Non-LH Partners treated as a group; and

(C) Thereafter, (i) the Residual LH A Percent of Residual Profits shall be allocated to the LH A Partners in proportion to their respective Percentage Interests (as determined solely with respect to their LH A Units), (ii) the Residual LH B Percent of Residual Profits shall be allocated to the LH B Partners in proportion to their respective Percentage Interests (as determined solely with respect to their LH B Units), and (iii) the Residual Non-LH Percent of Residual Profits shall be allocated to the Non-LH Partners as a group.

(ii) Residual Losses for any fiscal year of the Partnership shall be allocated in the following order of priority:

(A) First, (i) the Residual LH A Percent of Residual Losses shall be allocated to the LH A Partners in proportion to their respective Percentage Interests (as determined solely with respect to their LH A Units), (ii) the Residual LH B Percent of Residual Losses shall be allocated to the LH B Partners in proportion to their respective Percentage Interests (as determined solely with respect to their LH B Units), and (iii) the Residual Non-LH Percent of Residual Losses shall be allocated to the Non-LH Partners as a group, until the aggregate positive Capital Account balances of the Non-LH Partners have been eliminated;

(B) Second, to the LH Partners in proportion to their positive Capital Account balances attributable to their LH Units, until such positive Capital Account balances have

been eliminated; and

(C) Thereafter, to the General Partner.

(iii) Amounts, and items thereof, allocated to the Non-LH Partners as a group pursuant to the foregoing provisions of this Section 5(a) then shall be allocated as Profit, Loss and depreciation and amortization expenses, as applicable, among the Non-LH Partners pursuant to Section 5.01(a) of the Agreement.

(b) As applied to the LH Units, references to Profit and Loss (and items thereof) in Sections 5.01(b) through (f) of the Agreement shall include references to Current Profit and Residual Profit and Loss (and items thereof), as applicable and as determined by the General Partner.

(c) Notwithstanding the foregoing, allocations of Current Profit and Residual Profit and Loss hereunder may be modified by the General Partner, in its discretion, to take into account any preferential or superseding allocation or distribution entitlements of other classes of Partnership Units, including, without limitation, to take into account the entitlement of LTIP Units to allocations of Liquidating Gains and Losses under Exhibit H of the Agreement and the entitlements of the Class A Partners.

6. Distributions. For purposes of Sections 5.02(a)(i) through (iv) of the Agreement, each LH Partner with respect to each of its LH Units shall be treated (i) in the case of an Outside Partner, in the same manner as an Outside Partner with respect to each of its Partnership Common Units, and (ii) in the case of a UDR Partner, in the same manner as a UDR Partner with respect to each of its Partnership Units (including, in each case, for purposes of determining its Dividend Equivalent entitlements and Percentage Interest). For purposes of Section 5.02(a)(v) of the Agreement: (i) with respect to any distribution of Capital Receipts under such subsection, each LH Partner with respect to its LH Units shall receive its Percentage Interest attributable to such LH Units of such distribution; (ii) with respect to any distribution of other than Capital Receipts under such subsection, (A) the LH A Partners with respect to their LH A Units shall receive solely the Residual LH A Percent of such distribution in proportion to their respective Percentage Interests (as determined solely with respect to their LH A Units), and (B) the LH B Partners with respect to their LH B Units shall receive solely the Residual LH B Percent of such distribution in proportion to their respective Percentage Interests (as determined solely with respect to their LH B Units); and (iii) for the avoidance of doubt, any Non-LH Partner with respect to its Partnership Units other than LH Units shall receive its Percentage Interest (as determined solely with respect to such Partnership Units) of the remaining amount of any distribution described in clauses (i) or (ii). The General Partner shall determine, in its sole discretion, the extent to which any distribution is of Capital Receipts.

7. Redemption Rights. Each Outside Partner with respect to each LH Unit held by such Outside Partner shall have the redemption rights set forth in Section 8.05 of the

Agreement as though such LH Unit was a Partnership Common Unit outstanding for more than one year and held by an Outside Partner. Each UDR Partner shall not have such redemption rights with respect to its LH Units.

8. Guaranty Opportunities. The terms of Section 8.07 of the Agreement shall not apply to LH Partners with respect to their LH Units, including the consent right set forth in Section 8.07(c) of the Agreement.

9. Voting. For the avoidance of doubt, (i) each LH Unit held or acquired by a UDR Partner shall have the same voting, consent or approval rights applicable to a Partnership Unit held by such UDR Partner, and (ii) each LH Unit held or acquired by an Outside Partner shall have the same voting, consent or approval rights applicable to a Partnership Common Unit held by an Outside Partner.

10. Adjustment Events and Other Events; Percentage Interests.

(a) If an Adjustment Event (as defined below) occurs, then the General Partner shall take any action reasonably necessary, including any amendment to this Exhibit I or the Agreement or update to Exhibit A to the Agreement, to adjust the number of outstanding LH Units (including within any class thereof), including through subdivision or combination of outstanding LH Units (including within any class thereof), or to adjust the Percentage Interest attributable to an LH Unit (including for specific purposes), to preserve the economic entitlements of the LH Units relative to the Partnership Common Units, and to otherwise preserve the intended economic arrangement, in each case as set forth in this Exhibit I and the Agreement. The following shall be “**Adjustment Events**”: (i) the Partnership makes a distribution on all outstanding Partnership Common Units in Partnership Units; (ii) the Partnership subdivides the outstanding Partnership Common Units into a greater number of units or combines the outstanding Partnership Common Units into a smaller number of units; or (iii) the Partnership issues any Partnership Units in exchange for its outstanding Partnership Common Units by way of a reclassification or recapitalization of its Partnership Common Units. If more than one Adjustment Event occurs, any adjustment to the LH Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events unless and to the extent determined appropriate by the General Partner: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business transaction; (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan; or (z) the issuance of any Partnership Units to the General Partner or the Company in respect of a Capital Contribution to the Partnership.

(b) If the Partnership takes an action affecting the

Partnership Common Units or any other action, other than actions specifically described above as “Adjustment Events”, and, in the opinion of the General Partner, such action would require an action to preserve the intended economic arrangement described above, the General Partner shall have the right to take such action, to the extent permitted by law, in such manner and at such time as the General Partner, in its sole discretion, may determine to be reasonably appropriate under the circumstances. If an amendment is made to the Agreement adjusting the number of outstanding LH Units as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer’s certificate setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall notify each holder of LH Units setting forth the adjustment to its LH Units and the effective date of such adjustment. Any adjustment to the number of outstanding LH Units pursuant to this Section 10 shall be binding on the Partnership and every Partner.

CERTIFICATION

I, Thomas W. Toomey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: July 28, 2026

/s/ Thomas W. Toomey

Thomas W. Toomey
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, David D. Bragg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: July 28, 2026

/s/ David D. Bragg

David D. Bragg
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission (the “Report”), I, Thomas W. Toomey, Chairman of the Board, President 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: July 28, 2026

/s/ Thomas W. Toomey

Thomas W. Toomey
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

In connection with the periodic report of UDR, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission (the “Report”), I, David D. Bragg, 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: July 28, 2026

/s/ David D. Bragg

David D. Bragg
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
