

UDR, Inc.
Form DEF 14A
March 27, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed
by
the
Registrant or by a Party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
CONFIDENTIAL, FOR USE OF THE
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Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

UDR, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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2019 PROXY STATEMENT HIGHLIGHTS

2018
Performance
Highlights

1, 3, 5 and 10-Year Total Shareholder Return as of December 31, 2018

| | 1-Year | 3-Year | 5-Year | 10-Year |
|------------------------|---------|--------|---------|---------|
| UDR | 6.41% | 16.42% | 101.16% | 320.82% |
| NAREIT Apartment Index | 3.70% | 10.63% | 79.88% | 298.20% |
| NAREIT Equity Index | (4.62)% | 8.91% | 46.27% | 213.82% |
| S&P 500 Index | (4.38)% | 30.42% | 50.33% | 243.03% |

185th Consecutive Dividend Paid

Our January 2019 dividend represented our 185th consecutive quarterly dividend paid. We are committed to returning value to our shareholders, and for 2018 we increased our dividend by 4.0%, and we have increased our dividend 5.1% annually over the past 3 years and 6.5% annually over the past 5 years.

| 1-Year | 3-Year Average | 5-Year Average |
|--------------------------------|--------------------------------|--------------------------------|
| 4.0% Dividend per share growth | 5.1% Dividend per share growth | 6.5% Dividend per share growth |
| 5.0% AFFO per share growth | 6.2% AFFO per share growth | 7.1% AFFO per share growth(a) |

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

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Our Five Strategic Objectives

- Our 2018 results consisted of improvement across all five of our strategic objectives, which are: 1) operating excellence, 2) balance sheet strength, 3) portfolio diversification, 4) capital allocation and 5) advance an empowering culture and a great place to work and live.

Below is a summary of our results categorized by objective:

1. Operating Excellence

2. Balance Sheet Strength

*We present reconciliations of certain non-GAAP financial measures to their most directly comparable US generally accepted accounting principles (GAAP) measures in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Apartment Community Operations” in our 2018 Annual Report, including reconciliations of net income/loss reported under GAAP to NOI, FFO, FFO as Adjusted and AFFO, as well as additional information about non-GAAP measures.

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

3. Portfolio Diversification

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4. Capital Allocation

5. Empowering Culture and a Great Place to Work and Live

UDR strives to create both a great place to work and a great place to live. We measure our success on this strategic objective through a variety of associate and resident surveys. During 2018, our results improved with respect to both associates and residents.

- Great Place to Work
- Great Place to Live

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Executive
Compensation
Highlights

Say-on-pay approved every year since it was first introduced in 2011; over the last five years, shareholder support for the vote on executive compensation has averaged 88.7%.

Focus on Variable Pay Linked to both Short-Term and Long-Term Performance

Focus on Performance Based Compensation

Our focus on equity-based compensation, together with our robust CEO and executive stock ownership guidelines of 110,000 shares for the CEO and the President, 50,000 shares for any Executive Vice President and 20,000 shares for any Senior Vice President, assist in creating long-term alignment with our shareholders.

2018 SHORT-TERM INCENTIVE

COMPENSATION:

PERFORMANCE METRICS

FFO as Adjusted per share

Same-Store Revenues

Percentage of markets where UDR is at or above the median relative to peer apartment REITs

Development/Redevelopment FFO

Calculated as NOI plus capitalized interest for pre-determined projects

Total Transactions

Acquisitions/Sales/Development/Redevelopment during the year

Three-Year Liquidity

Calculated as projected 2020 year ending revolving loan and commercial paper borrowing capacity, assuming approved and likely to be approved sources and uses of capital

Transaction Yields

FFO yield on transactions in prior years versus pre-established FFO yield expectations on such projects

Associate Engagement

2018 LONG-TERM INCENTIVE
COMPENSATION:

PERFORMANCE METRICS

30% 1-Year FFO as Adjusted per share

35%

3-Year Relative Cumulative
TSR vs. Apartment Peers

20% 3-Year Relative Cumulative
TSR vs. NAREIT Equity
REITs Total Return Index

15% 3-Year Relative Cumulative
FFO as Adjusted Growth
Rate vs. Apartment Peers

Calculated by the “Overall Health of UDR Workforce” score

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Corporate
Governance
Highlights

Shareholder Engagement

In 2018 we had 393 interactions with our investors through meetings and property tours, representing ownership of more than 80.4% of our outstanding common stock.

Investor Relations

In 2017 we were the Gold Award winner of NAREIT's Investor Care Award.

Proxy Access

The Company's Amended and Restated Bylaws ("bylaws") include a proxy access provision, which permits a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years, to nominate and include in the Company's proxy materials director candidates constituting up to 20% of the board.

Majority Voting

The Company's bylaws specify a majority voting standard in uncontested director elections, which incorporates a director resignation policy for any director who does not receive the requisite vote.

Bylaw Amendment

Prior to our 2018 annual meeting, we reached out to shareholders holding approximately 74% of our outstanding common stock regarding a proposed amendment to our bylaws. We discussed the proposed amendment with 24 of our largest shareholders representing approximately 63% of our outstanding common stock. Following such discussions, we amended our Charter and our bylaws to provide that a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years, may propose binding amendments to our bylaws. The amendment to our charter received the approval of 74% of the votes cast.

Director Succession Planning

We remain focused on refreshing the membership of the board. Over the last several years, we have added new independent directors to the board, most recently including the addition of Clint D. McDonnough in 2016, Mary Ann King in 2015 and Robert A. McNamara and Mark R. Patterson in 2014. Two of our long-serving directors, Robert P. Freeman and Lynne B. Sagalyn, will not be standing for re-election at the annual meeting.

Lead Independent Director

In 2017, our board determined that it was appropriate to appoint our Chief Executive Officer and President, Thomas W. Toomey, as Chairman of the Board, and, in connection therewith, to appoint James D. Klingbeil as Lead Independent Director in accordance with our governance standards. Such appointments were effective January 1, 2018.

Succession Planning and Talent Development

In 2019, the Board appointed Jerry A. Davis to President – Chief Operating Officer and five Vice Presidents were appointed to Senior Vice President.

Honored in 2018 and 2019 for Board Composition

The Company was honored at the biennial Breakfast for Corporate Champions for having at least 30% of its board seats held by women.

Corporate Responsibility

Corporate responsibility is part of our culture and our values. Accordingly, during 2018 we formed a corporate responsibility committee made up of members of management. The committee was formed in order to formalize our efforts with respect to environmental, social and governance initiatives and allow us to better recognize and manage risks and opportunities. During 2018 we also hired a consultant well known in the multifamily real estate industry to assist us in reporting our efforts to the Global Real Estate Sustainability Benchmark (“GRESB”) Survey. We will begin reporting to GRESB in 2019 and expect that GRESB will publish its initial report on us in 2020.

We take an inclusive approach to corporate responsibility, addressing not only governance, see pages 8 to 19, but also the impact that our efforts have on the lives of our associates and our residents and the communities of which we are a part as well as the impact of our apartment communities on the environment. Some of our highlights with respect to our associates and residents are set forth elsewhere in this proxy statement, see page 31. With respect to our communities, for a number of years we have considered environmental impacts when making decisions regarding acquisitions, development and re-development. Certain of our results in recent years are set forth below:

LETTER FROM OUR LEAD INDEPENDENT DIRECTOR

Dear Fellow Shareholders:

In 2017, the board unanimously concluded that combining the roles of Chairman and Chief Executive Officer and appointing a strong Lead Independent Director was the appropriate leadership structure for the Company, and in January 2018, I was appointed Lead Independent Director.

In my role I work closely with our Chairman and Chief Executive Officer, Tom Toomey, and we have partnered effectively. As Lead Independent Director, I approve the agendas for board meetings and at each board meeting I lead an executive session of the independent directors. In addition, I manage our annual evaluation of the board's, and each director's, effectiveness.

As a company with a strong culture of performance, we believe that having a strong Lead Independent Director and Tom as both Chairman and Chief Executive Officer drives long-term value creation for our shareholders.

On behalf of the entire board, I want to express our continued dedication to maintaining an open dialog with shareholders, soliciting and considering your input and comments, and a commitment to enhance our corporate governance program as appropriate. We very much value your support and sincerely appreciate and thank you for the trust and confidence you have placed in us.

Sincerely,

James D. Klingbeil

Lead Independent Director

UDR, Inc.

Dear Fellow Shareholders:

It is my pleasure to invite you to attend our Annual Meeting of Shareholders. The meeting will be held on May 16, 2019, at 10:00 a.m. local time at the Hermitage Hotel Nashville, 231 6th Avenue North, Nashville, Tennessee 37219.

The business to be conducted at the meeting is set forth in the formal notice of annual meeting of shareholders and proxy statement that accompany this letter. At the meeting, we will also report on the Company's performance and respond to questions.

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement. Voting through the Internet or by telephone will eliminate the need to return your proxy card.

Last, to the extent you have not previously done so, please consider signing up to receive your proxy materials electronically through the Internet. This can be done by following the instructions in the Notice of Internet Availability, which you received. Enrolling for electronic delivery will reduce the environmental impact of our proxy statement as well as reduce our printing and mailing expense.

Sincerely,

Thomas W. Toomey

Chairman and Chief Executive Officer

UDR, Inc.



NOTICE OF 2019 ANNUAL MEETING OF SHAREHOLDERS

When: Thursday, May 16, 2019, at 10:00 a.m. local time.
Where: Hermitage Hotel Nashville

Items of Business: 231 6th Avenue North, Nashville, Tennessee 37219
Proposal 1 - To elect eight directors to serve until the next annual meeting of shareholders or until their successors are elected and qualified.

Proposal 2 - To ratify the appointment of Ernst & Young LLP to serve as independent registered public accounting firm for the year ending December 31, 2019.

Proposal 3 - To vote to approve, on an advisory basis, the compensation of our named executive officers disclosed in this proxy statement.

Who Can Vote: In addition, to transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.
Holders of UDR common stock at the close of business on Monday, March 18, 2019. Each share of common stock is entitled to one vote for each director position and one vote for each of the other proposals.

Date of Mailing: On or about March 27, 2019, we intend to mail to our shareholders of record a notice containing instructions on how to access our 2019 proxy statement and our annual report for the year ended December 31, 2018, and how to vote online. The notice also provides instructions on how you can request a paper copy of these documents if you desire, and how you can enroll in e-delivery. If you received your annual meeting materials via email, the email contains voting instructions and links to our annual report and proxy statement on the Internet.

How To Vote In Advance

Your vote is important. Whether or not you plan to attend the meeting, we urge you to vote your shares electronically through the Internet, by telephone or, if you have requested and received a paper copy of the proxy statement, by completing, signing and returning the paper proxy card enclosed with the proxy statement.

By Telephone: You can submit your vote by proxy over the telephone by following the instructions provided on the separate proxy card if you received a printed set of the proxy materials.

By Internet: You can go to www.proxyvote.com and vote through the Internet.

By Mail: If you have requested and received a paper copy of the proxy statement, you can mark, sign, date and return the paper proxy card enclosed with the proxy statement in the postage-paid envelope that we have provided to you. Please note that if you vote through the Internet or by telephone, you do not need to return your proxy card.

By Order of the Board of Directors

Important Notice Regarding the Availability of Proxy Materials for UDR, Inc.'s Annual Meeting of Shareholders to be held on May 16, 2019.

WARREN L. TROUPE

Senior Executive Vice President

and Corporate Secretary

This Notice of Annual Meeting and Proxy Statement and UDR, Inc.'s Annual Report/Form 10-K for the year ended December 31, 2018 are available on the Internet at the following website: www.proxyvote.com.

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PROXY SUMMARY

This summary highlights selected information about the items to be voted on at the annual meeting. This summary does not contain all of the information that you should consider in deciding how to vote. You should read the entire proxy statement carefully before voting.

Meeting Agenda and Voting Recommendations

Election of 8 Directors

The Board recommends a vote FOR each of the director nominees.

Diverse slate of directors with broad leadership experience.

All candidates are highly successful executives with relevant skills and expertise.

Average director tenure of 11 years with 7 of 8 directors to be voted upon independent of management.

See pages 1 - 7 for further information

Our Existing Board

| Name | Principal Professional Experience (1) | Years of Tenure | # of Other Public Company Boards | Committee Memberships (2) |
|------------------------|-------------------------------------------------------------------------------------------------|-----------------|----------------------------------|---------------------------|
| Katherine A. Cattanach | General Partner of INVESCO Private Capital, Inc. | 130 | | ACC GCNCEC |
| Robert P. Freeman(3) | Senior Managing Director and Principal of Greyfields Investors LLC | 210 | | C |
| Jon A. Grove | Chairman, President and CEO of ASR Investments Corporation | 210 | | |
| Mary Ann King | Co-Chairman of Moran & Company | 4 | 0 | |
| James D. Klingbeil(4) | Chairman and CEO of Klingbeil Capital Management and The Klingbeil Company | 210 | | CC |
| Clint D. McDonnough | Office Managing Partner for Ernst & Young LLP's Dallas office | 3 | 1 | C |
| Robert A. McNamara | Group Chief Risk Officer of Lend Lease Corporation | 5 | 1 | |
| Mark R. Patterson | President of MP Realty Advisors, LLC | 5 | 3 | C |
| Lynne B. Sagalyn(3) | Earle W. Kazis and Benjamin Schore Professor Emerita of Real Estate at Columbia Business School | 231 | | |

Thomas W.
Toomey(5)

Chairman and CEO of UDR, Inc.

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- (1) The professional experiences listed for Dr. Cattanach and Messrs. Grove, McDonnough and McNamara are these nominees' former principal occupations.
 - (2) Committee assignments for the period from the 2019 annual meeting to the 2020 annual meeting will be made after the annual election of directors at the 2019 annual meeting.
 - (3) Mr. Freeman and Dr. Sagalyn will not stand for re-election to the board and their terms on the board and their committee memberships will end immediately following the 2019 Annual Meeting.
 - (4) Lead Independent Director.
 - (5) Chairman and Chief Executive Officer.
- KEY: AC = Audit and Risk Management Committee CC = Compensation and Management Development Committee GC = Governance Committee
NC = Nominating Committee EC = Executive Committee = Member C = Chair

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PROXY STATEMENT and notice of annual meeting of SHAREHOLDERS 2019

Information About Our Board And Committees (Page 16)

| | Number of | | Number of |
|---------------------------------------------------|-----------|-------------|----------------------|
| | Members | Independent | Meetings During 2018 |
| Full Board of Directors | 10 | 90.0% | 6 |
| Audit and Risk Management Committee | 4 | 100.0% | 9 |
| Compensation and Management Development Committee | 4 | 100.0% | 5 |
| Governance Committee | 3 | 100.0% | 4 |
| Nominating Committee | 4 | 100.0% | 0* |
| Executive Committee | 3 | 66.7% | 0 |

* During 2018, the board of directors as a whole discussed board succession and refreshment.

GOVERNANCE HIGHLIGHTS (Page 8)

UDR has a history of strong corporate governance guided by three primary principles – dialogue, transparency and responsiveness. The board has adjusted our governance approach over time to align with evolving best practices, drive sustained shareholder value and best serve the interests of shareholders.

| | |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholder Rights | Annual Election of All Directors Majority Voting in Uncontested Director Elections Proxy Access for Eligible Director Candidates Nominated by Eligible Shareholders No Shareholder Rights Plan (Poison Pill) Confidential Voting No material restrictions on Shareholders’ right to call a special meeting Shareholder engagement with holders of approximately 80.4% of outstanding shares in 2018 Ability for Shareholders to propose binding bylaw amendments See page 11 for changes made during 2018 |
| Independent Oversight | Strong Lead Independent Director role with clearly articulated responsibilities |

Audit, Compensation, Governance and Nominating Committees consist entirely of Independent Directors
All directors are independent, except the Chairman and Chief Executive Officer
Independent Directors Meet Regularly in Executive Session
Good Extensive board dialogue with formal processes for shareholder engagement and frequent cross-committee and board communications
Governance Annual board and committee Self-Evaluations
Strong annual individual director evaluation process
Periodic continuing education for directors
All Directors Attended at Least 75% of Meetings Held
Annual Advisory Approval of Named Executive Officer Compensation
Robust Code of Business Conduct and Ethics, and Code of Ethics for Senior Financial Officers
Stock Ownership Guidelines for Executive Officers and Directors
Prohibition on Hedging Transactions
Pledging Transactions Prohibited Without Prior Approval
Policy on Recoupment of Performance-Based Incentives

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Independent Registered Public Accounting Firm

The Board recommends a vote FOR ratification of Ernst & Young LLP for 2019.

Independent firm with few ancillary services and reasonable fees.
Significant industry and financial reporting expertise.

See page 64 for further information

Ernst & Young LLP, independent registered public accounting firm, served as our auditors for fiscal 2018. Our Audit Committee has selected Ernst & Young LLP to audit our financial statements for fiscal 2019. Although it is not required to do so, the board is submitting the Audit Committee's selection of our independent registered public accounting firm for ratification by the shareholders at the annual meeting in order to ascertain the view of our shareholders regarding such selection. Below is summary information about Ernst & Young's fees for services during fiscal years 2018 and 2017:

| Description of Services | 2018 | 2017 |
|-------------------------|--------------|--------------|
| Audit Fees | \$ 1,325,590 | \$ 1,428,839 |
| Audit-Related Fees | — | — |
| Tax Fees | 75,597 | 157,532 |
| All Other Fees | — | — |
| TOTAL | \$ 1,401,187 | \$ 1,586,371 |

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Say-on-Pay: Advisory Vote on the Compensation of the Named Executive Officers

The Board recommends a vote FOR this proposal.

Independent oversight by our Compensation and Management Development Committee, with the assistance of an independent consultant.

Executive compensation comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation, and is determined based on the consideration of a number of factors described in more detail in “Executive Compensation — Compensation Discussion and Analysis.”

Executive compensation that is competitive with our peers and that is structured to be aligned with total return to shareholders and our strategy.

Our total shareholder return compares favorably to the peer group.

See page 65 for further information

Executive Compensation Matters (Page 26)

We are requesting your non-binding vote to approve the compensation of our named executive officers as described on pages 26 through 61 of this proxy statement. The goals for our executive compensation program are to (i) attract, retain and motivate effective executive officers, (ii) align the interests of our executive officers with the interests of the Company and our shareholders, (iii) incentivize our executive officers based on clearly defined performance goals and measures of successful achievement, and (iv) align market competitive compensation with our short-term and long-term performance.

Our Compensation and Management Development Committee, which we refer to as the “Compensation Committee,” determines the form and amount of compensation, as well as the overall structure of our executive compensation program. The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants’ fees and other retention terms. The Compensation Committee has engaged FPL Advisory Group, or “FPL,” as its independent compensation consultant.

The compensation of our “named executive officers,” who are identified in “Executive Compensation,” is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation paid in a mix of cash and equity, and is determined based on the consideration of a number of factors described in more detail in “Executive Compensation — Compensation Discussion and Analysis.” Under our executive compensation program, as an executive officer’s level of responsibility increases with his or her relative ability to impact the long-term performance of the Company as a whole, a greater portion of that executive officer’s compensation is based on performance-based incentive compensation, and less is based on base salary, thereby creating the potential for greater variability in the executive officer’s compensation level from year to year. The mix, level and structure of the components of compensation generally reflect the executive officer’s role and relative impact on business results, as well as competitive market practices.

The key components of our named executive officers’ compensation are described in more detail in the following table:

| Compensation Component | Objectives Associated with the Compensation Component |
|------------------------|-------------------------------------------------------|
| Base Salary | • |

- Short-Term
Incentive Compensation
- Designed to reward individual effort associated with job-related duties and to attract and retain talented executive officers for our Company.
- Designed to encourage outstanding individual and Company performance by motivating the named executive officers to achieve short-term Company and individual goals by rewarding performance measured against key annual strategic objectives and, for the CEO, using the independent directors' evaluation of his performance towards achieving short-term goals.
- Long-Term
Incentive Compensation
- Our long-term incentive compensation is designed to foster significant ownership of our common stock by our executive officers, to align the interests of our executive officers with the creation of shareholder value and to motivate our executive officers to achieve long-term growth and success for our Company.

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PROXY STATEMENT and notice of annual meeting of SHAREHOLDERS 2019

Our shareholders have consistently supported our executive compensation program. At our 2018 Annual Meeting of Shareholders, 84% of the votes cast were voted in favor of our resolution seeking advisory approval of our executive compensation. Over the last five years, shareholder support for our advisory vote on executive compensation has averaged 88.7% (with no year below 84%). While we have consistently had strong shareholder support for our executive compensation program, we do continue to engage in a dialogue with shareholders on executive compensation issues. We will continue to consider the outcome of future advisory votes on executive compensation when establishing the Company's compensation programs and policies and making compensation decisions regarding our named executive officers.

Our Use of Abbreviations: We use a number of abbreviations in this proxy statement. We refer to UDR, Inc. as “UDR,” “the Company,” “we,” “us” or “our” and to our board of directors as the “board.” The term “proxy materials” includes this proxy statement, as well as the enclosed proxy card. References to “fiscal 2018” and “fiscal 2019” mean our 2018 fiscal year, which began on January 1, 2018 and ended on December 31, 2018, and our 2019 fiscal year, which began on January 1, 2019 and will end on December 31, 2019, respectively. We refer to the Audit and Risk Management Committee as the “Audit Committee.” We refer to the U.S. Securities and Exchange Commission as the “SEC” and we refer to the New York Stock Exchange as the “NYSE.” Our 2019 Annual Meeting of Shareholders to be held on May 16, 2019 is simply referred to as the “meeting” or the “annual meeting.”

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PROXY STATEMENT and notice of annual meeting of SHAREHOLDERS 2019

PROPOSAL NO. 1 ELECTION OF DIRECTORS

The eight individuals listed below, each of whom is currently a member of the board, have been nominated for election to the board at the 2019 annual meeting of shareholders. Mr. Freeman and Dr. Sagalyn, who are currently directors, will not stand for reelection to the board. If any of the nominees is unable or declines to serve as a director at the time of the meeting, the proxies will be voted for any nominee who is designated by the present board to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director. The directors elected will hold their respective offices until the next annual meeting of shareholders or until their successors are elected and qualified.

Each nominee brings a strong and unique background and set of skills to our board, giving the board as a whole competence and experience in a wide variety of areas of value to the Company, including corporate governance and board service, executive management, corporate finance and financial markets, real estate investment and the real estate industry and civic leadership. For each of our director nominees, set forth below are the specific experience, qualifications, attributes or skills that led the board to conclude that the person should serve as a director for the Company. There is no family relationship between any of our directors or executive officers.

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Board Expertise

At UDR, we believe that diversity of background and perspective is an important attribute of a well-functioning board. Collectively, the members of our board standing for election embody a range of viewpoints, backgrounds and expertise:

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KATHERINE A.

JON A. GROVE

CATTANACH, PH.D.

Age: 74

Age: 74

UDR Board Service

UDR Board Service

Tenure: 13 years (2006)

Tenure: 21 years (1998)

Audit Committee

Compensation Committee

Governance Committee

Independent

Independent

Professional Experience

Professional Experience

Former General Partner of INVESCO Private Capital, Inc. (formerly Sovereign Financial Services, Inc.), a company specializing in private equity investments, from 1987 to 2005.

Former Chairman, President and Chief Executive Officer of ASR Investments Corporation from its organization in 1987 until our acquisition of ASR in 1998.

Relevant Skills

Former Chairman and director of American Southwest Holdings, LLC and SecurNet Mortgage Securities LLC.

Currently a member of the Institute of Chartered Financial Analysts.

Relevant Skills

Has a strong background in both business and academia, and her expertise in investments and finance is recognized nationally and internationally.

From 1987 to 1998, served as the Chairman, President and Chief Executive Officer of a publicly traded real estate investment trust that owned and operated apartment communities.

Has executive management experience, having served as Founder and Chief Executive Officer of Sovereign Financial Services, Inc. and as Executive Vice President of Captiva Corporation.

Has a Ph.D. in Finance and has served on the faculty of the College of Business at the University of Denver and as an Associate Professor of Finance at the University of Denver's

Graduate School of Business.

Other

Secretary and a member of the Board of Trustees of Great Outdoors Colorado. She is active in, and serves as a member of, numerous charitable organizations.

Member of the board of directors and chair of the audit committee of Great West Trust Company.

Extensive civic leadership, including the Colorado Commission on Higher Education, the Governing Board for the Colorado State University System, the Foundation for Metropolitan State College, the Board of Trustees for the Colorado Chapter of the Nature Conservancy and the Board of Trustees for the Yellowstone Association.

From 2005 to March 2006, she served as a director and member of the audit and compensation committees of Collect America, Ltd.

Has served as a member of several corporate boards and board committees and on several partnership advisory boards.

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MARY ANN KING

Age: 66

UDR Board Service

Tenure: 4 years (2015)

Audit Committee

Independent

Professional Experience

Co-Chair of Moran & Company, a real estate brokerage firm focusing exclusively on multifamily assets and mixed use assets with significant multifamily components.

Partner in Charge of Moran & Company's Irvine, California office.

Relevant Skills

Ms. King has been in the apartment industry since 1983.

Has served three terms as a ULI trustee.

Is currently a member of the National Multifamily Housing Council's Executive Committee.

Previously served on the National Multifamily Housing Council's Leadership Team from 2000 to 2008 and chaired that organization from 2006 to 2008.

Other

Over the Rainbow Association Member of the Board of Directors, Member of the Executive Committee and Development Committee and Member and Vice Chairman of

JAMES D. KLINGBEIL

Age: 83

UDR Board Service

Tenure: 21 years (1998)

Lead Independent Director

Executive Committee Chair

Nominating Committee Chair

Independent

Professional Experience

Lead Independent Director since January 2018.

Chairman of the Board of Directors from March 2010 to December 2017 and Vice Chairman of the Board from October 2000 until March 2010.

Chairman of Klingbeil Capital Management and The Klingbeil Company.

Chairman and Chief Executive Officer of American Apartment Communities II from 1995 until its merger with the Company in December of 1998.

He currently serves as a director of numerous private companies and on the Board of Trustees of The Ohio State University. He is also the past Chairman and a lifetime member of the Board of Trustees of the Urban Land Institute and a member of the ULI Foundation Board.

Relevant Skills

Mr. Klingbeil has been active in nearly every aspect of real estate investment, development and management for over 50 years, with a special focus on building, acquiring, managing and/or selling multifamily communities.

the Association's LIFE Fund.

Member of the Advisory Board of Sack Properties.

Full Member of ULI and Member of MFC-Blue Product Council; former Trustee from 2012-2015 and former Product Council Counselor for all four Multifamily Product Councils.

Chairman and Chief Executive Officer of American Apartment Communities II, which had a value of \$800 million when we acquired it in December 1998, and he has demonstrated exceptional leadership abilities as a member of our board since that acquisition.

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CLINT D. MCDONNOUGH

Age: 63

UDR Board Service

Tenure: 3 years (2016)

Audit Committee Chair

Nominating Committee

Independent

Professional Experience

Managing Partner of McDonnough Consulting LLC, a consulting firm, since May 2016.

Served 38 years for Ernst & Young LLP before retiring in June, 2015.

In his role as Office Managing Partner for Dallas, Texas, he was responsible for day-to-day practice operations.

Prior to serving as the Office Managing Partner, Mr. McDonnough was the firm's Managing Partner of Assurance & Advisory Business Services for the Southwest Area practice. He also served as Ernst & Young's National Director of Real Estate Advisory Services.

Relevant Skills

Served as Ernst & Young's National Director of Real Estate Advisory Services, creating a unified national real estate consulting practice.

Other

Has an extensive background in accounting, auditing and advisory services, having worked for 38 years with Ernst & Young LLP,

ROBERT A. MCNAMARA

Age: 65

UDR Board Service

Tenure: 5 years (2014)

Compensation Committee

Independent

Professional Experience

Former Group Chief Risk Officer of the Lend Lease Corporation (ASX), an international property and infrastructure firm from 2014 to 2017.

Former Chief Executive Officer Americas of Lend Lease Corporation (ASX) from 2010 to 2014.

Former Chairman and Chief Executive Officer of Penhall/LVI International, an environmental remediation, concrete services and infrastructure repair firm, from 2006 to 2010.

Mr. McNamara held various positions at Fluor Corporation, a global engineering and construction company, from 1996 to 2006, including Senior Executive and Group President.

Mr. McNamara began his career at Marshall Contractors, Inc., a general contractor, where he held various positions from 1978 to 1996, including President and Chief Operating Officer.

Relevant Skills

Was responsible for ensuring Lend Lease achieves world's best practice in risk management and

including as the firm's Office Managing Partner for Dallas, Texas, as Managing Partner of Assurance & Advisory Business Services for the Southwest Practice Area and as Director of Real Estate Advisory Services.

Mr. McDonnough serves on the board of directors and is chair of the audit committee of Forterra (Nasdaq), a manufacturer of water and drainage pipe and products, and serves on the board of directors and chair of the audit committee of Orix USA, a diversified financial services company.

Active in, and serves on the boards of, several charitable, civic and educational organizations.

operational excellence. He also oversaw Lend Lease's Building, Engineering and Services business in Australia.

Mr. McNamara is an accomplished senior executive with significant expertise in construction, development and real estate investment.

He brings to the board over 35 years of experience managing global businesses in the development, design and delivery of projects in the government, institutional, infrastructure and industrial sectors in senior management positions.

Other

Member of the Board of Directors and a member of the audit committee of Jacobs Engineering Group, Inc. (NYSE), a provider of technical, professional and construction services.

Former Board member of several privately-held firms.

Mr. McNamara has also served on the board of the US China Business Council and as Chairman for the Construction Industry Institute's Technology Implementation Task Force.

MARK R. PATTERSON

Age: 58

UDR Board Service

Tenure: 5 years (2014)

Compensation Committee Chair

Nominating Committee

THOMAS W. TOOMEY

Age: 58

UDR Board Service

Tenure: 18 years (2001)

Chairman of the Board

Executive Committee

Independent

Professional Experience

Currently a real estate consultant and financial advisor and is a director and President of MP Realty Advisors, LLC.

From September 2010 until March 2016, Mr. Patterson was Chairman, and until January 2015, Chairman and Chief Executive Officer, of Boomerang Systems, Inc., a manufacturer of fully automated, robotic parking systems. In August 2015, Boomerang Systems, Inc. filed for bankruptcy under Chapter 11 of the US Bankruptcy Code.

Until January 2009, Mr. Patterson was a Managing Director and the Head of Real Estate Global Principal Investments at Merrill Lynch, where he oversaw the real estate principal investing activities of Merrill Lynch. Mr. Patterson joined Merrill Lynch in April 2005 as the Global Head of Real Estate Investment Banking and in 2006 he also became the Co-Head of Global Commercial Real Estate, which encompassed real estate investment banking, principal investing and mortgage debt.

Prior to joining Merrill Lynch, Mr. Patterson spent 16 years at Citigroup, where he was the Global Head of Real Estate Investment Banking since 1996.

Previously, Mr. Patterson was with Chemical Realty Trust in New York

Professional Experience

Chairman and Chief Executive Officer of UDR, Inc., an \$18 billion, S&P 500 company, having served as Chief Executive Officer and a member of the board since joining the Company in 2001. Mr. Toomey also served as President of the Company from 2001 to 2019.

Over his tenure, Mr. Toomey has been instrumental in repositioning UDR's portfolio, including the acquisition and disposition of over \$17 billion in multifamily communities and development of \$4 billion in multifamily communities, which has led to above average return of 13% for UDR's shareholders. As of December 2018, UDR owned or had an ownership interest in approximately 48,860 apartment homes in select markets across the U.S.

Relevant Skills

Chief Executive Officer of UDR.

Prior to heading UDR, Mr. Toomey held various senior positions, including Chief Operating Officer and Chief

from 1987 to 1989, as an Associate in the Real Estate Investment Banking group and in the Real Estate Group at Arthur Andersen in Houston, Texas from 1982 to 1985.

Relevant Skills

Mr. Patterson has a strong background in real estate finance. During his tenure as Managing Director and Head of Real Estate Global Principal Investments at Merrill Lynch, Mr. Patterson oversaw investment banking, private equity and real estate debt.

Other

Mr. Patterson is Chair of the board of directors, Chair of the governance committee and a member of the compensation committee and the investment committee of Americold Realty Trust (NYSE), a REIT focused on temperature-controlled warehouses, serves on the board of directors and is a member of the audit committee and compensation committee of Digital Realty Trust (NYSE), a REIT focused on data centers, and serves on the board of directors and is a member of the compensation committee and governance committee of Paramount Group, Inc. (NYSE), a REIT focused on Class A office properties.

Between 2011 and 2017, Mr. Patterson served on the board of directors and was a member of the audit, compensation and governance committees of General Growth Properties, a REIT focused on shopping malls, which was listed on the NYSE until its acquisition in 2018.

Mr. Patterson is an Advisory Director for Investcorp International, Inc., a global private equity manager, and a senior advisor to Rockefeller Capital Management, a private wealth

Financial Officer, with AIMCO (NYSE), a multifamily REIT peer. At AIMCO, Mr. Toomey was instrumental in transforming the company into the largest apartment owner in the U.S., growing its portfolio ten-fold over his tenure.

Prior to AIMCO, Mr. Toomey served as a Senior Vice President with Lincoln Property Company, a multifaceted, national real estate firm, for five years.

Other

As a leader in the real estate industry, Mr. Toomey is Global Chair, a Trustee, Governor and Board member of the Urban Land Institute (ULI), a member of the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), on the Executive Committee of the National Multi Housing Council (NMHC), a member of The Real Estate Roundtable and is Chair and a Trustee of the Oregon State University Foundation.

Mr. Toomey served on the board of directors and was a member of the audit committee of The Ryland Group, Inc. (NYSE), a home builder, from December 2013 until its merger with Standard Pacific in October 2015.

management firm.

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Vote Required and Board of Directors' Recommendation

The affirmative vote of a majority of the votes cast is required for the election of a director in an uncontested election. A majority of the votes cast means that the number of shares voted “for” a director’s election exceeds fifty percent of the total number of votes cast with respect to that director’s election. If an incumbent director does not receive a majority of the votes cast for his or her election, the director is required to tender his or her resignation for the consideration of the board. See “Corporate Governance Matters – Majority Voting Standard for Uncontested Director Elections.”

Our board recommends that the
shareholders vote “FOR” the director nominees listed above.

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CORPORATE GOVERNANCE MATTERS

Corporate Governance Overview

We believe that effective and transparent corporate governance is critical to our long-term success and our ability to create value for our shareholders. We frequently review our corporate governance policies, monitor emerging developments in corporate governance and enhance our policies and procedures when our board determines that it would benefit our Company and our shareholders to do so.

We maintain a corporate governance page on our website that includes key information about UDR's corporate governance, including our:

- Statement on Corporate Governance;
- Code of Business Conduct and Ethics;
- Code of Ethics for Senior Financial Officers;
- Related Person Transactions Policy;
- Amended and Restated Insider Trading Policy;
- Recoupment of Performance-Based Incentives Policy;
- Executive Stock Ownership Guidelines;
- Charter of the Audit Committee;
- Charter of the Compensation Committee;
- Charter of the Governance Committee; and
- Charter of the Nominating Committee.

All of these documents can be found by accessing the "Investor Relations" page at ir.udr.com and then clicking on "Corporate Governance" and "Governance Documents." The documents noted above will also be provided without charge to any shareholder who requests them. Any changes to these documents, and any waivers granted by us with respect to our Code of Business Conduct and Ethics and our Code of Ethics for Senior Financial Officers, will be posted on our website.

We also monitor our corporate governance policies and practices to maintain compliance with the provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the rules of the SEC and the corporate governance rules of the NYSE. Our policies and practices meet, and in many cases exceed, the listing requirements of the NYSE, applicable SEC rules and the corporate governance requirements of the Sarbanes-Oxley Act and the Dodd-Frank Act, including:

- The board has adopted clear corporate governance policies;
-

Nine of our ten current board members (and seven of the eight to be voted on at the 2019 annual meeting) are independent directors as defined by the NYSE;

- The independent directors meet regularly without the presence of management;

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- All members of the Audit Committee, Compensation Committee, Governance Committee and Nominating Committee are independent directors;
- While the Chairman and Chief Executive Officer role is combined, the board has appointed a Lead Independent Director in accordance with our Statement on Corporate Governance;
- The charters of the board committees clearly establish their respective roles and responsibilities and are reviewed annually;
- The board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees;
- We have a Code of Ethics for Senior Financial Officers that applies to our senior financial officers; and
- We have a hotline with a 1-800 number and a third-party anonymous reporting system at www.mysafeworkplace.com available to all employees, and our Audit Committee has procedures in place for the anonymous submission of any employee complaint, including those relating to accounting, internal controls or auditing matters. Instructions for making a report are published in the Corporate Governance subsection of the Investor Relations page of the Company's website at ir.udr.com.

Majority Voting Standard for Uncontested Director Elections

The Company's bylaws specify a majority voting standard in uncontested director elections, which incorporates a director resignation policy for any director who does not receive the requisite vote. Under this majority voting standard, the affirmative vote of a majority of the votes cast is required for the election of a director in an uncontested election. A majority of the votes cast means that the number of shares voted "for" a director's election exceeds fifty percent of the total number of votes cast with respect to that director's election. If an incumbent director does not receive a majority of the votes cast for his or her election, the director is required to tender his or her resignation to the board. The board would then decide within 90 days following certification of the shareholder vote, through a process managed by the Governance Committee and excluding the nominee in question, whether to accept or reject the tendered resignation, or whether other action is recommended. The board would promptly publicly disclose its decision and rationale. If an incumbent director's resignation is accepted by the board, then the board may fill the resulting vacancy or decrease the size of the board in accordance with the bylaws. If a director's resignation is not accepted by the board, such director will continue to serve until his or her successor is duly elected and qualified, or his or her earlier death, resignation, retirement or removal. For the purposes of applying this majority voting standard, an election is considered "uncontested" if no shareholder provides notice of intention to nominate one or more candidates to compete with the boards' nominees in the manner required by the bylaws, or if any such shareholder or shareholders have withdrawn all such nominations at least ten (10) days prior to the filing our definitive proxy statement with the SEC. In any contested election, each director shall be elected by a plurality of votes cast, in which case each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted.

Our Commitment to Shareholder Engagement

The Company has an ongoing proactive practice of meeting with and discussing corporate governance issues with significant shareholders throughout the year. During 2018, we again demonstrated our commitment to shareholder engagement, communication and transparency. During the year, representatives of the Company had 393 interactions with holders of our common stock, through meetings and property tours, representing more than 80.4% of our outstanding common stock.

Identification and Selection of Nominees for Directors

Our Nominating Committee works closely with our Chairman and Chief Executive Officer (“CEO”) and Lead Independent Director (who currently serves as Chairman of the Nominating Committee) in recommending to the board criteria for open board positions, taking into account such factors as the Nominating Committee deems important, including, among others, the current composition of the board, the range of talents, experiences, expertise and skills that would complement those already represented on the board and those that would help achieve the Company’s goals. In evaluating a nominee, the board, acting through our Nominating Committee, will consider, among other things, whether a potential director nominee has the time available, in light of other business and personal commitments, to perform the responsibilities required for effective service on the board. The Nominating Committee considers candidates that are suggested by members of the board, as well as management, our shareholders and any director search firm retained by the board or the Nominating Committee, using the same criteria to evaluate all candidates.

The board believes its effectiveness is enhanced by being comprised of individuals with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of our business. Accordingly, the board, through the Nominating Committee and in consultation with our CEO, will regularly review the changing needs of the business and the skills and experience of its board members, with the intention that the board will be periodically “renewed” as certain directors rotate off and new directors are recruited. The board’s commitment to diversity and renewal will be tempered by the need to balance change with continuity and experience. The board believes that its commitment in this regard has been effective in establishing a board that consists of members with diverse backgrounds, skills and experience that are relevant to the role of the board and the needs of the business, and the board will continue to monitor the effectiveness of these efforts as part of its periodic self-assessment process.

Once a potential director nominee has been identified, the Nominating Committee, in consultation with the Chairman and CEO and Lead Independent Director, will evaluate the prospective nominee against the specific criteria that have been established, as well as the standards and qualifications contained in our Statement on Corporate Governance. If it is determined based upon a preliminary review that a candidate warrants further consideration, members of the board, as appropriate, will interview the prospective nominee. After completing this evaluation and interview process, the board makes the final determination as to whether to nominate or appoint the new director.

In addition to any other applicable requirements, Section 2.11 of the bylaws sets forth the procedures and requirements relating to nominations of directors by shareholders. Any shareholder who wishes to recommend a prospective nominee for consideration at our 2020 annual meeting of shareholders must submit specified information, no sooner than October 29, 2019 and no later than November 28, 2019.

Each proposed candidate also must submit a written questionnaire, representation and agreement specifically addressing agreements, arrangements or understandings that the candidate has with certain other persons, including with respect to voting commitments and compensation, as well as a representation and agreement to comply with our applicable policies, codes and guidelines. Such information should be sent to the attention of our Corporate Secretary at 1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129-1540.

Proxy Access

The Company's bylaws include a proxy access provision which permits a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years, to nominate and include in the Company's proxy materials director candidates constituting up to 20% of the board, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in the bylaws.

Shareholder Bylaw Amendments

At our 2018 annual meeting, the Company sought shareholder approval to amend our charter to remove the exclusive ability of the board, as is permitted by Maryland law, to amend our bylaws. The amendment to our charter received the approval of 74% of the votes cast.

Prior to our 2018 annual meeting, we reached out to shareholders holding approximately 74% of our outstanding common stock regarding our proposed amendment to our bylaws. We discussed the proposed amendment with 24 of our largest shareholders representing approximately 63% of our outstanding common stock. Based on such discussions, the vast majority of such shareholders' view was that an ownership limit in excess of that provided by Rule 14a-8 promulgated by the Securities and Exchange Commission would be appropriate in order to ensure that the shareholder proposing an amendment to our bylaws was committed to the long-term success of the Company as evidenced by being a long-term investor with a substantial ownership interest in the Company. While there were shareholders who informed us that our proposed ownership limit was acceptable, there was not a consensus as to what is the appropriate ownership limit, with some shareholders indicating that they consider it on a case-by-case basis. In addition, our own research confirmed that a number of public companies require a supermajority vote of shareholders to amend the bylaws and that a number of companies incorporated in Maryland provided and continue to provide their board of directors with the exclusive ability to amend the bylaws, as is permitted by Maryland law.

Following the approval by our shareholders of the charter amendment, the board amended our bylaws to provide that a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least three years could propose a binding amendment to our bylaws. A shareholder proposal submitted under our amended bylaws may not alter, modify or repeal Article VII of the bylaws (which addresses indemnification) or Section 8.5 (which addresses procedures for amending the bylaws) without the approval of any indemnitees adversely affected or our board, respectively.

While the board believes that the bylaw amendment is appropriate, the board routinely considers governance matters, including the views of our shareholders, and may in the future determine that it is appropriate to take further action with respect to our shareholders' ability to propose binding amendments to our bylaws.

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Director Rotation and Retirement

Directors are elected annually to serve for a term until the next annual meeting of shareholders or until their successors are elected and qualified. The board does not impose arbitrary limits on the number of terms a director may serve. However, the Nominating Committee will consider various criteria, including a director's contribution to the board, in determining whether or not to recommend a director for re-election. Employee directors are required to resign as a director after ceasing to be an employee, unless the board asks them to continue to serve. The Chairman will refer the resignation to the Governance Committee for review. The board will decide, in light of the circumstances and the recommendation of the Governance Committee, the date at which the resignation will become effective. A vacancy created by a director's retirement may be filled by a majority of the remaining directors in accordance with our bylaws. A director so appointed to fill the vacancy will stand for re-election at the first annual meeting of shareholders following that director's appointment to the board if recommended for re-election by the Nominating Committee. In addition, the Company requires that directors tender their resignation when they change employment or other significant organizational affiliations. The board then decides, in light of the circumstances and the recommendation of the Governance Committee, whether to accept such resignation.

Director Independence

The board's policy is that a significant majority of its members should be independent directors (see our Statement on Corporate Governance, which is available on our website at ir.udr.com). Each year, the board affirmatively determines whether each director has any material relationship with the Company (directly, or as a partner, shareholder or officer of an organization that has such a relationship with the Company), as defined under the NYSE listing standards and the Company's director independence standards. The board has determined that all directors who served in 2018, and the directors who are standing for election at the annual meeting, are independent under both sets of standards, except Mr. Toomey, who is not independent because, in addition to serving as Chairman, he is the Company's Chief Executive Officer. Additional information about each of the directors standing for election is set forth under Proposal No. 1 in this proxy statement. In making these independence determinations, the board considered information submitted by the directors in response to directors' questionnaires and information obtained from the Company's internal records.

Succession Planning

One of the primary responsibilities of the board is to ensure that the Company has the necessary senior management talent to pursue our strategies and to be successful. The Company's Statement on Corporate Governance states that the board is responsible for appointing the CEO, and planning for his succession, as well as the succession for other executive officers of the Company. The Compensation Committee is responsible for annually reviewing the development and retention plans for the Company's key executive officers, including the CEO, reviewing and approving a succession plan for the CEO, and ensuring succession plans are in place for the Company's key executive officers reporting to the CEO. Consistent with its responsibilities, the Compensation Committee regularly reviews succession plans for the CEO and the key executive officers, and reports to the board regarding those plans. Under the direction of the Compensation Committee, the CEO and the SVP of HR have undertaken and continue to undertake a concerted effort to develop and implement a strategy to identify, assess and develop successors for the key executive officers. This effort involves potential candidates working with third party consultants and completing a series of leadership assessment programs with the goal of determining skill sets and executive potential as potential successors for key executive officers.

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The graphic below illustrates the activities taken in connection with succession planning.

The Company has a proven track record on talent development and succession. For example, Mr. Davis was promoted to President and five Vice Presidents were promoted to Senior Vice Presidents in 2019, and we had successful CFO and Chief Accounting Officer transitions in 2017.

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The following outlines certain highlights of our succession planning:

Management Succession

The Company maintains an executive talent pipeline for every executive officer position, including the CEO position.

The executive talent pipeline includes “interim,” “ready now,” and “under development” candidates for each position. The Company has an intentional focus on those formally under development for executive roles. Management is also focused on attracting, developing and retaining strong talent across the organization.

The executive talent pipeline is formally updated annually and is the main topic of at least two of the Compensation Committee’s meetings each year. The Compensation Committee also reviews the pipeline in connection with year-end performance and compensation reviews for every executive officer position. The pipeline is discussed regularly at the executive management level as well.

Talent development and succession planning is a coordinated effort among the CEO, the Compensation Committee, and the Company’s Human Resources team, as well as each succession candidate.

The board is provided exposure to succession candidates for executive officer positions, including by attendance of potential candidates at board meetings from time-to-time.

All executive succession candidates have formal development plans.

All CEO succession candidates receive one-on-one development from a professional executive coach.

The CEO provides formal updates to the Compensation Committee and the Board annually on CEO succession candidates’ development plan progress.

The Company maintains a forward-looking approach to succession. Positions are filled considering the business strategy and needs at the time of a vacancy and the candidate’s skills, experience, expertise, leadership and fit.

Director Responsibilities and Obligations

Our directors have specific responsibilities and obligations arising from their service on the board and the Committees of the board, as described in the table below:

| | |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Responsibilities of the Board of Directors: | In addition to each director’s basic duties of care and loyalty, the board has separate and specific obligations under our Statement on Corporate Governance. Among other things, these obligations require directors to effectively monitor management’s capabilities, compensation, risk oversight, leadership and performance, without undermining management’s ability to successfully operate the business. In addition, the board and the board’s committees have the authority to retain outside legal, accounting or other advisors, as necessary, to carry out their responsibilities. |
| Director Education: | All directors are expected to be knowledgeable about the Company and its industry and to understand their duties and responsibilities as directors. The Company recognizes the importance of continuing education for directors and is committed to supporting continuing director education in order to enhance board and committee performance. We conduct periodic continuing education for directors and, at a director’s request, we will arrange for the director’s participation in cost-effective continuing education programs offered by third parties that are relevant to the director’s role as a board and committee member. All of our independent directors are expected to participate in orientation programs. In addition, orientation sessions are conducted by senior management to familiarize directors with the Company’s strategic plans, significant financial, accounting and risk management issues, our compliance programs, our Code of Business Conduct and Ethics, and our |

principal officers, as well as our internal and external auditors. Finally, certain board meetings are held in locations where we own properties so that directors can observe our properties and operations.

Director Evaluations: The board, acting through the Governance Committee, annually evaluates the effectiveness of the board collectively and of board members individually, and the performance of each standing board committee. The Governance Committee determines the appropriate means for this evaluation.

Committee Evaluations: Each committee of the board annually evaluates the effectiveness and performance of each respective committee collectively and of the members of each respective committee individually.

Directors' Share Ownership Guidelines: Our Statement on Corporate Governance provides that each director is expected to develop a meaningful equity stake in our Company over time and that after the fifth anniversary of election to the board, each director is required to own shares of the Company's common stock and/or LTIP Units (as described below) equivalent to not less than 5 times their respective annual cash retainer. Each of our directors is in compliance with our share ownership guidelines.

Board Attendance at Annual Meeting: The board has adopted the following policy on director attendance at meetings: Absent extenuating circumstances, directors are expected to attend in person our annual meeting of shareholders, all regularly scheduled board and committee meetings and to participate telephonically in regularly scheduled board and committee meetings when they are unable to attend in person. All of our directors attended our 2018 annual meeting of shareholders.

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Board Leadership Structure and Committees

The leadership structure of the board and information regarding the Audit, Compensation, Governance and Nominating Committees is provided in the following table:

Board Leadership Structure: The board periodically evaluates our board leadership structure. As stated in our Statement on Corporate Governance, the board will exercise its discretion in combining or separating the offices of Chairman of the Board and Chief Executive Officer. The determination is based on the board's judgment of the best interests of the Company and its shareholders from time to time.

We currently combine the roles of the Chairman of the Board and Chief Executive Officer. Effective January 1, 2018, the board appointed Mr. Toomey Chairman of the Board, in addition to his roles at that time of Chief Executive Officer and President. The appointment of Mr. Toomey to the role of Chairman of the Board, Chief Executive Officer and President in 2018 reflected his strong knowledge of the multifamily real estate industry and the complex operations of UDR. Effective January 1, 2019, Mr. Toomey resigned as President and Mr. Davis was appointed President – Chief Operating Officer. The board believes that while serving as Chairman and Chief Executive Officer, Mr. Toomey is best equipped to lead the board in the discussion of key business and strategic matters, and to focus the board on the most critical issues facing UDR. The board further believes that, in serving as the Chairman and Chief Executive Officer, Mr. Toomey offers the Company-specific expertise and extensive industry knowledge that is necessary as we pursue our five strategic objectives, which are operating excellence, balance sheet strength, portfolio diversification, capital allocation and creating an empowering culture and a great place to work and live, while at the same time leading the board's efforts in oversight of the Company and its management.

Our Statement on Corporate Governance provides that if the offices of Chairman of the Board and Chief Executive Officer are combined, or if the Chairman does not qualify as an independent director, the board will designate a Lead Independent Director, who will chair the executive sessions of the board and have such other duties as the board deems appropriate. The name of the Lead Independent Director will be disclosed in our annual proxy statement.

Effective January 1, 2018, the board appointed Mr. Klingbeil as Lead Independent Director. Mr. Klingbeil has extensive experience leading the board, having served as Chairman of the Board since 2010, and having served as Vice Chairman of the Board from 2000 to 2010. Mr. Klingbeil has served on the board since 1998. As Lead Independent Director, Mr. Klingbeil's duties include:

- presiding at all meetings of the board at which the Chairman is not present;
- calling meetings of the independent directors;
- chairing meetings of the independent directors;

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- serving as a liaison between the Chairman and the independent directors;
- approving agendas for the meetings of the board;
- approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- developing and managing (with oversight from the Governance Committee) a process for the annual evaluation of the effectiveness of directors and the board;
- serving as an informal advisor to the Chairman on matters pertaining to board practices; and
- performing such other duties as the board may from time to time delegate.

The board's administration of its risk oversight function has not affected the board's leadership structure.

Independence of the Audit,

Compensation, Governance
and Nominating Committees:

The Audit, Compensation, Governance and Nominating Committees consist entirely of independent directors, as defined in the NYSE listing standards and the Company's director independence standards. Each member of the Audit Committee and the Compensation Committee also satisfies the additional independence requirements set forth in rules under the Securities Exchange Act of 1934 and the NYSE listing standards.

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| | |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit Committee | Each member of the Audit Committee is financially literate, and the board has determined that each member of the Audit Committee is an “audit committee financial expert” within the meaning of the SEC’s regulations. |
| Financial Expert: | |
| Executive Sessions of Independent Directors: | Our independent directors hold regularly scheduled executive sessions at which our independent directors meet without the presence of management. These executive sessions generally occur around regularly scheduled meetings of the board. The Lead Independent Director presides as chairman of these executive sessions. The Lead Independent Director is an independent director. |
| Compensation Committee | The members of the Compensation Committee in fiscal 2018 included Jon A. Grove, Robert A. McNamara, Mark A. Patterson (Chairman) and Lynne B. Sagalyn. None of the members of the Compensation Committee during fiscal 2018, or as of the date of this proxy statement, is a former or current officer or employee of the Company or has any interlocking relationships as set forth in applicable SEC rules. In addition, during 2018 and through the date of this proxy statement, none of our executive officers has served as a member of the board or compensation committee of any other entity that has one or more executive officers serving as a member of our board or Compensation Committee. |
| Interlocks and Insider Participation: | |

Role of Compensation Committee and Compensation Consultants

Our Compensation Committee is responsible for developing and administering compensation programs for (1) our directors, (2) our executive officers, including base salaries and short-term and long-term incentive compensation plans, and (3) long-term incentive compensation plans for all of our associates. Annually, the entire board submits an evaluation of the CEO’s performance to the Chairman of the Compensation Committee and then the board meets in executive session to discuss and evaluate the performance of our CEO. After that, the members of the Compensation Committee meet in executive session, without the CEO present, to further discuss and evaluate the performance of our CEO.

Our CEO makes recommendations to, and consults with, the Compensation Committee with respect to the compensation for the executive officers who report directly to our CEO.

The Compensation Committee has the sole authority to retain and terminate any compensation consultants to be used to assist in establishing compensation for our executive officers and to approve such consultants’ fees and other retention terms. The Compensation Committee engaged FPL Advisory Group as its independent compensation consultant.

FPL reports directly to the Compensation Committee, and the Compensation Committee is free to replace FPL or to hire additional consultants from time to time. FPL does not have any conflict of interest with the Company, the members of the Compensation Committee or our executive officers. For more information regarding the Compensation Committee’s compensation consultants, see “Executive Compensation — Compensation Discussion and Analysis — Compensation Consultants.”

Board of Directors and Committee Meetings

The board held six meetings during fiscal 2018, including two meetings that were held by teleconference. No director attended fewer than 75% of the aggregate of (1) the total number of meetings of the board, and (2) the total number of

meetings held by all committees of the board on which he or she served during fiscal 2018. The board has standing Audit, Compensation, Governance, Nominating and Executive Committees to assist it in discharging its duties. Information regarding each committee is set forth below:

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| | Members on | Key Functions | Number of Meetings in 2018 |
|-----------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Committee Audit | 12/31/2018 Clint D. McDonnough(1) Katherine A. Cattanach Robert P. Freeman Mary Ann King | <ul style="list-style-type: none"> Assists the board in its general oversight of our accounting financial reporting process, audits of our financial statements, internal controls and internal audit functions Appointment, compensation and oversight of our independent auditors Represents and assists the board in its oversight of: <ul style="list-style-type: none"> the quality or integrity of our financial statements; our compliance with legal and regulatory requirements; and the performance of our internal audit department and independent auditors Discusses the adequacy and effectiveness of our internal controls over financial reporting Oversees our compliance with procedures and processes pertaining to corporate ethics and standards of business conduct Establishes procedures for the receipt, retention and treatment of complaints received concerning accounting, auditing, internal controls and financial reporting matters Oversees risk management policies and risk assessment | 9 |
| Compensation | Mark R. Patterson(1) Jon A. Grove Robert A. McNamara Lynne B. Sagalyn | <ul style="list-style-type: none"> Pre-approves all non-audit services to be provided to the Company by the independent auditors Administers and approves general compensation policies applicable to our key executive officers Reviews and approves compensation for the board and its committees | 5 |

| | | | |
|------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| | | <ul style="list-style-type: none"> • Reviews and ensures the appropriate administration of our compensation and benefit plans, programs and policies • Determines and approves the compensation of our CEO • Sets annual objectives for, and evaluates the performance of, our CEO, with input from the board • Reviews and recommends to the board short- and long-term compensation for the principal officers of the Company who report directly to our CEO • Approves all employment and severance agreements for senior vice presidents and above • Reviews and approves the contributions and awards, if any, under the management incentive programs and other management compensation, if any, including the long-term incentive plan • Appoints and provides oversight of independent compensation consultants | |
| Governance | Robert P. Freeman(1) | <ul style="list-style-type: none"> • Exercises general oversight of board governance matters | 4 |
| | Katherine A. Cattanach | <ul style="list-style-type: none"> • Reviews the size, role, composition and structure of our board and its committees | |
| | Lynne B. Sagalyn | <ul style="list-style-type: none"> • Reviews and evaluates the board and its members • Reviews and updates our Corporate Governance Policies • Considers, develops and makes recommendations to the board regarding matters related to corporate governance | |
| Nominating | James D. Klingbeil(1) | <ul style="list-style-type: none"> • Ensures that each committee conducts an annual assessment • Identifies, evaluates and recommends to the board individuals | 0* |
| | Robert P. Freeman | <ul style="list-style-type: none"> qualified to serve as directors of the Company | |
| | Clint D. McDonnough | <ul style="list-style-type: none"> • Establishes criteria for the selection of new directors | |
| | Mark R. Patterson | <ul style="list-style-type: none"> • Reviews the suitability for continued service as a director of board members • Establishes procedures for the submission or recommendations by shareholders | |

| Members on | | | Number of |
|------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| | | | Meetings |
| Committee | 12/31/2018 | Key Functions | in 2018 |
| Executive | James D. Klingbeil(1) | <ul style="list-style-type: none"> • Performs the duties and exercises the powers delegated to it by the board | 0 |
| | Lynne B. Sagalyn | <ul style="list-style-type: none"> • Meets only when board action on a significant matter is required and it is impractical or not feasible to convene a full meeting of the board | |
| | Thomas W. Toomey | | |
| (1) | Committee Chair. | | |
| * | During 2018, the board as a whole discussed board succession and refreshment. | | |

The Role of the Board in Risk Oversight

The board has oversight responsibility with respect to risk management and is not responsible for day-to-day management of risk, which is the responsibility of senior management. The board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal, strategic, cybersecurity and reputational risks. The Audit Committee, established in accordance with the applicable provisions of the Securities Exchange Act of 1934, assists the board in fulfilling its oversight responsibility by performing the following:

- reviewing with management the Company's major financial exposures, including risk exposure to floating rate debt and the steps management has taken to monitor and control such exposures, including the Company's risk assessment process and risk management policies and net financial funding requirements, including financial flexibility, balance sheet maturities and financial ratios;
- reviewing and discussing with management, the internal auditors and the independent auditors, the Company's policies with respect to risk assessment and risk management, including operational risks such as cybersecurity risk;
- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;
- at each meeting reviews and discusses our cybersecurity risk matrix that identifies cybersecurity risks and measures our efficiency with respect to initiatives (including training initiatives) related to cybersecurity; and
- at each meeting reviews and discusses our enterprise risk management and key risks, controls and mitigants.

Board Evaluation

The board, through the Governance Committee, annually evaluates the board and its members as follows:

STEPS TO ACHIEVE BOARD EFFECTIVENESS – EVALUATION PROCESSES

Communicating with the Board

Our board provides a process for shareholders and all other interested parties to send communications to the board. Any shareholder and all other interested parties who wish to communicate with the board or any specific director, including the Chairman or the Lead Independent Director, may write to:

UDR, Inc.

Attn: Board of Directors

1745 Shea Center Drive,

Suite 200

Highlands Ranch, Colorado 80129-1540

Depending on the subject matter of the communication, management will:

- forward the communication to the director or directors to whom it is addressed;
- attempt to handle the inquiry directly where the communication does not appear to require direct attention by the board, or an individual member of the board, e.g., the communication is a request for information about the Company or is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

Shareholders and all other interested parties may submit concerns regarding accounting matters via the Company's third-party anonymous reporting system at www.mysafeworkplace.com or by calling 1-800-461-9330. Instructions for making a report are published in the Corporate Governance section of the Investor Relations page of the Company's website at ir.udr.com.

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COMPENSATION OF DIRECTORS

The following table provides information concerning the compensation of our directors for fiscal 2018.

Director Compensation Table

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Non-Equity Incentive Option Plan Awards Compensation (\$) | | | Change in Pension Value and Nonqualified Deferred Compensation All Other Compensation (\$) | | Total (\$) |
|-------------------------------|----------------------------------------|-------------------------|--------------------------------------------------------------------|---------|---------|--------------------------------------------------------------------------------------------------------------|-------------|------------|
| | | | (d) | (e) | (f) | (g)(3) | (h) | |
| (a) Katherine A. Cattanach(4) | (b) 80,000 | (c)(1)(2) 113,114 | (d) -0- | (e) -0- | (f) -0- | (g)(3) 7,217 | (h) 200,331 | |
| Robert P. Freeman(4) | 80,000 | 108,112 | -0- | -0- | -0- | 7,217 | 195,329 | |
| Jon A. Grove(4) | 80,000 | 121,232 | -0- | -0- | -0- | 7,720 | 208,952 | |
| Mary Ann King(4) | 80,000 | 108,112 | -0- | -0- | -0- | 7,217 | 195,329 | |
| James D. Klingbeil(4) | 120,000 | 186,227 | -0- | -0- | -0- | 11,748 | 317,975 | |
| Clint D. McDonnough(4) | 80,000 | 133,113 | -0- | -0- | -0- | 7,720 | 220,833 | |
| Robert A. McNamara | 80,000 | 118,115 | -0- | -0- | -0- | 4,531 | 202,646 | |
| Mark R. Patterson | 80,000 | 118,115 | -0- | -0- | -0- | 4,531 | 202,646 | |
| Lynne B. Sagalyn(4) | 80,000 | 108,112 | -0- | -0- | -0- | 7,217 | 195,329 | |
| Thomas W. Toomey(5) | -0- | -0- | -0- | -0- | -0- | -0- | -0- | |

- (1) The dollar amount reflected in the “Stock Awards” column reflects the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of a grant of shares of restricted stock or Class 1 LTIP Units, which vested on the first anniversary date of the grant, as discussed below under “Director Compensation Table Discussion.” For those independent directors who elected to receive restricted stock, the amount of restricted stock was 3,547 shares (6,043 shares for an independent

Chairman of the Board), which was priced at \$38.06 per share, which was the closing sales price of our common stock on January 2, 2018, the date of grant. For those independent directors who elected to receive Class 1 LTIP Units, the amount was 3,547 units (6,043 units for an independent Chairman of the Board), and the Class 1 LTIP Units were priced at \$38.06 per unit, which was the closing sales price of our common stock on January 2, 2018, the date of grant.

- (2) The following table sets forth the restricted stock awards and Class 1 LTIP Unit awards outstanding as of December 31, 2018 for each of our independent directors. Mr. Toomey’s holdings are set forth under the heading “Executive Compensation” in this proxy statement. The restrictions relating to these awards are described in more detail below under the heading “Director Compensation Table Discussion — 2018 Director Compensation Program.”

| Director | Non-Qualified Stock | | |
|------------------------|-----------------------------------------|----------------------------------|------------------------------|
| | Restricted Stock Awards Outstanding* | LTIP Unit Awards Outstanding* | Option Awards Outstanding |
| Katherine A. Cattanach | 1,051 | 4,598 | -0- |
| Robert P. Freeman | -0- | 5,649 | -0- |
| Jon A. Grove | -0- | 6,043 | -0- |
| Mary Ann King | -0- | 5,649 | -0- |
| James D. Klingbeil | -0- | 9,196 | -0- |
| Clint D. McDonnough | 2,496 | 3,547 | -0- |
| Robert A. McNamara | -0- | 3,547 | -0- |
| Mark R. Patterson | -0- | 3,547 | -0- |
| Lynne B. Sagalyn | -0- | 5,649 | -0- |

* Restricted stock or LTIP Unit awards that were granted on January 2, 2019 pursuant to our 2019 independent director compensation program are not included in this table, but are discussed below under “Director Compensation Table Discussion — 2019 Director Compensation Program.”

- (3) The dollar amount in this column includes dividends on all outstanding stock awards.

- (4) These directors elected to receive their fees in restricted stock and/or Class 1 LTIP Units, as follows: Dr. Cattanach received 1,051 Class 1 LTIP Units and 1,051 shares of restricted stock, Messrs. Freeman and Grove and Ms. King and Dr. Sagalyn each received 2,102 Class 1 LTIP Units, Mr. Klingbeil received 3,416 Class 1 LTIP Units and Mr. McDonnough received 2,102 shares of restricted stock.

- (5) Mr. Toomey is our Chairman and Chief Executive Officer. Because he is an employee of the Company, he receives no additional compensation for service as a director of the Company. His total compensation for 2018 is set forth below under the heading “Executive Compensation.”

Director Compensation Table Discussion

Our compensation program for independent directors is designed to attract and retain highly qualified board members who can work with senior management to establish key strategic goals in support of long-term shareholder value creation. The program consists of a combination of a cash retainer fee and a grant of equity awards. Total compensation was targeted at the median level of a diversified group of public REITs. The compensation program was set at competitive levels in recognition of the time commitments and responsibility levels associated with serving on public company boards within the current environment.

The Compensation Committee reviews our independent director compensation annually to ensure that we are competitive and to allow us to recruit and retain qualified candidates to serve as directors of the Company. The Compensation Committee utilizes FPL to assist the Compensation Committee in reviewing and assessing

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our independent director compensation program and both a benchmarking study prepared by FPL and other industry data in determining director compensation.

2018 Director Compensation Program

Retainer. For 2018 there was no change to the independent director compensation program, each independent director receives an annual retainer fee of \$80,000 (\$120,000 for the Lead Independent Director). The chairpersons of each of the Audit and Compensation Committees also receive an annual retainer fee of \$15,000. These fees were paid in January 2018.

The independent directors can elect to receive their 2018 compensation in cash, in stock or Class 1 LTIP Units, or in a combination of cash, stock or Class 1 LTIP Units.

Equity Grant. Each independent director also receives a grant of \$135,000 in value of shares of restricted stock and/or Class 1 LTIP Units (\$230,000 for the Lead Independent Director). For those independent directors who elected to receive restricted stock, the restricted stock was priced at \$38.06 per share, which was the closing sales price of our common stock on January 2, 2018, the date of grant. The shares of restricted stock vest on December 31, 2018. The independent directors receiving restricted stock are entitled to receive dividends during the vesting period; however, any unvested shares at the end of the one-year vesting period will be returned to us and cancelled.

For those independent directors who elected to receive Class 1 LTIP Units, the Class 1 LTIP Units were priced at \$38.06 per unit, the closing sales price of our common stock on January 2, 2018, the date of grant. The Class 1 LTIP Units vest on December 31, 2018. The independent directors who received Class 1 LTIP Units were entitled to receive distributions during the vesting period, however any unvested Class 1 LTIP Units at the end of the one-year vesting period would be returned to us and cancelled.

Directors who are also employees of the Company receive no additional compensation for service as a director. All independent directors are reimbursed for expenses incurred in connection with attending a board meeting or committee meeting in accordance with our Director Expense Reimbursement Policy.

2019 Director Compensation Program

The Board of Directors increased the annual independent director equity grant to \$160,000 (\$230,000 for the Lead Independent Director) in value of shares of restricted stock and/or Class 1 LTIP Units. In addition, the chairpersons of each of the Audit, Compensation and Governance Committees also receive an annual retainer fee of \$15,000. No other changes were made to the independent director compensation program for 2019.

For those independent directors who elected to receive restricted stock, the restricted stock was priced at \$38.39 per share, which was the closing sales price of our common stock on January 2, 2019, the date of grant. The shares of restricted stock vest on December 31, 2019. The independent directors receiving restricted stock are entitled to receive dividends during the vesting period; however, any unvested shares at the end of the one-year vesting period will be returned to us and cancelled.

For those independent directors who elected to receive Class 1 LTIP Units, the Class 1 LTIP Units were priced at \$38.39 per unit, the closing sales price of our common stock on January 2, 2019, the date of grant. The Class 1 LTIP Units vest on December 31, 2019. The independent directors who received Class 1 LTIP Units are entitled to receive distributions during the vesting period, however any unvested Class 1 LTIP Units at the end of the one-year vesting period would be returned to us and cancelled.

All independent directors are reimbursed for expenses incurred in connection with attending a board meeting or committee meeting in accordance with our Director Expense Reimbursement Policy.

Strategy – Updated 2-Year Strategic Plan

ACTIVE AND ENGAGED BOARD –
SELECT ACTIONS OVER LAST FIVE
YEARS

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the shares of our common stock beneficially owned by (1) each of our directors, (2) the named executive officers, (3) all of our directors and executive officers as a group, and (4) all persons known by us to beneficially own more than 5% of our outstanding voting stock. We have determined the beneficial ownership shown on this table in accordance with the rules of the SEC. Under those rules, shares are considered beneficially owned if held by the person indicated, or if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, to direct the voting of and/or to dispose of or to direct the disposition of such security. Except as otherwise indicated in the accompanying footnotes, beneficial ownership is shown as of March 18, 2019.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Shares for Which Beneficial Ownership can be Acquired upon Redemption of Partnership Interests(2) | | Total Beneficial Ownership | |
|--------------------------------------------------------------|-------------------------------------------|-----|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------|------------------------|
| | Shares Beneficially Owned(1) | | Shares for Which Beneficial Ownership can be Acquired Within 60 Days | Shares for Which Beneficial Ownership can be Acquired upon Redemption of Partnership Interests(2) | Number of Shares(3) | Percent of Class(3)(4) |
| Thomas W. Toomey | 1,682,826 | (5) | — | 1,026,671 | 2,709,497 | * |
| James D. Klingbeil | 162,620 | (6) | — | 2,249,665 | 2,412,285 | * |
| Warren L. Troupe | 495,761 | | — | 344,598 | 840,359 | * |
| Jerry A. Davis | 213,065 | | — | 390,580 | 603,645 | * |
| Harry G. Alcock | 127,284 | | — | 357,067 | 484,351 | * |
| Jon A. Grove | 450,058 | | — | 24,948 | 475,006 | * |
| Joseph D. Fisher | 31,644 | | — | 197,358 | 229,002 | * |
| Robert P. Freeman | 93,404 | (7) | — | 24,554 | 117,958 | * |
| Lynne B. Sagalyn | 77,887 | (8) | — | 15,319 | 93,206 | * |
| Katherine A. Cattanaach | 62,698 | | — | 18,418 | 81,116 | * |
| Clint D. McDonnough | 11,496 | | — | 17,273 | 28,769 | * |
| Mary Ann King | 2,549 | | — | 23,729 | 26,278 | * |
| Mark R. Patterson | 8,983 | | — | 15,531 | 24,514 | * |
| Robert A. McNamara | 7,651 | | — | 15,141 | 22,792 | * |
| All directors and executive officers as a group (14 persons) | 3,427,926 | | — | 4,720,852 | 8,148,778 | 2.85 % |
| The Vanguard Group (9) | 44,425,797 | | — | — | 44,425,797 | 15.80 % |
| Vanguard Specialized Funds (10) | 12,737,633 | | — | — | 12,737,633 | 4.53 % |
| Cohen & Steers, Inc. (11) | 45,939,237 | | — | — | 45,939,237 | 16.34 % |
| BlackRock, Inc.(12) | 30,737,677 | | — | — | 30,737,677 | 10.93 % |
| FMR LLC(13) | 15,696,929 | | — | — | 15,696,929 | 5.58 % |
| State Street | 16,226,071 | | — | — | 16,226,071 | 5.77 % |

Corporation(14)

- * Represents beneficial ownership of less than 1%, based on 281,178,352 shares of common stock outstanding as of March 18, 2019. On March 18, 2019, there were 2,780,994 shares of our Series E preferred stock and 15,797,155 shares of our Series F preferred stock outstanding.
- (1) In addition to the shares of common stock beneficially owned, Mr. Klingbeil is deemed to beneficially own indirectly 2,221,214 shares of our Series F preferred stock held by certain trusts, limited partnerships, limited liability companies and other entities, or 14.06% of our outstanding Series F preferred stock.
 - (2) Includes the number of shares of common stock into which OP Units and granted LTIP Units of the Operating Partnership, beneficially owned by the person, are redeemable if the Company elects to issue shares of common stock rather than pay cash on such redemption. The holder of the OP Units has the right to require the Operating Partnership to redeem all or a portion of the OP Units held by the holder in exchange for a cash payment based on the market value of our common stock at the time of redemption. However, the Operating Partnership's obligation to pay the cash amount is subject to the prior right of the Company to acquire such OP Units in exchange for either the cash amount or shares of our common stock. Granted LTIP Units vest over periods between one and four years and may be converted into OP Units provided that such LTIP Units have been outstanding for at least two years from the date of grant. However, Class 2 LTIP Units are granted at the maximum potential payout and will vest only to the extent that pre-established performance metrics are met for the applicable performance period, subject to continued employment.

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- (3) Such beneficial ownership calculations assume that all OP Units beneficially owned by the person indicated and outstanding as of March 18, 2019, are redeemed in exchange for shares of common stock (notwithstanding any holding period requirements or exchange rights). See Notes (2) and (6).
- (4) Based on 281,178,352 shares of common stock outstanding at the close of business on March 18, 2019. Shares issuable upon redemption of the OP Units are deemed outstanding for computing the percentage of the person holding such shares, but are not deemed outstanding for computing the percentage of any other person.
- (5) Includes 178,324 shares of common stock subject to a pledge by Mr. Toomey. Includes 110,000 shares of common stock indirectly held in a trust for Mr. Toomey's children.
- (6) Mr. Klingbeil is deemed to indirectly beneficially own 909,236 shares of

common stock into which OP Units directly owned by certain trusts, limited partnerships, limited liability companies and other entities are redeemable if the Company elects to issue shares of common stock rather than pay cash on such redemption.

Includes 592,663 OP Units owned directly by Mr. Klingbeil that were pledged as security for a line of credit, as well as 57,730 OP Units that were pledged as security for a line of credit by a company wholly-owned by Mr. Klingbeil. In connection with the OP Units, Mr.

Klingbeil and certain of such trusts, limited partnerships, limited liability companies and other entities have entered into certain reimbursement agreements with us pursuant to which such entities may be required to reimburse us if certain debt owed to us by the Operating Partnership is not paid.

- (7) Includes 66,940 shares of common stock pledged in a margin account.
- (8) Includes 540 shares of common stock owned in a trust for

Dr. Sagalyn's daughter, which shares Dr. Sagalyn may be deemed the beneficial owner of as a result of her shared power to vote and dispose of such shares. Dr. Sagalyn disclaims any beneficial ownership interest in such shares.

- (9) Beneficial ownership is as of December 31, 2018, as reflected in a statement on Schedule 13G filed by The Vanguard Group ("Vanguard") with the SEC on February 11, 2019. Vanguard has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Vanguard has the sole power to dispose of 43,748,918 shares owned and the sole power to vote or direct the voting of 565,136 shares owned. Vanguard has shared power to dispose of 676,879 shares of common stock owned, and the shared power to vote or direct the voting of 378,578 shares owned. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, is the beneficial owner of 229,443 shares as a result of its serving

as investment
manager of collective
trust accounts.

Vanguard

Investments

Australia, Ltd., a

wholly owned

subsidiary of

Vanguard, is the

beneficial owner of

783,129 shares as a

result of serving as

investment manager

or Australian

investment offerings.

- (10) Beneficial ownership is as of December 31, 2018, as reflected in the statement on Schedule 13G filed by Vanguard Specialized Funds – Vanguard REIT Index Fund (“Vanguard Specialized”) with the SEC on January 31, 2019. Vanguard Specialized has its principal business office at 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Vanguard Specialized has the sole power to vote or direct the voting of 12,737,633 shares of common stock owned.

- (11) Beneficial ownership is as of December 31, 2018, as reflected in a statement on Schedule 13G filed by Cohen & Steers, Inc. (“C&S”) with the SEC on February 14, 2019. According to such Schedule 13G,

C&S, a parent holding company, reported that it has sole voting power with respect to 28,874,495 shares of common stock and sole dispositive power with respect to 45,939,237 shares of common stock.

Cohen & Steers Capital Management, Inc. (“CSCA”), a wholly-owned subsidiary of C&S and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, reported that it has sole voting power with respect to 28,714,430 shares and sole dispositive power with respect to 44,845,041 shares.

Cohen & Steers UK Limited reported that it has sole voting power with respect to 160,065 shares and sole dispositive power with respect to 1,094,196 shares.

The address for each of C&S and CSCA is 280 Park Avenue, 10th Floor, New York, New York 10017. The address for Cohen & Steers UK Limited is 50 Pall Mall, 7th Floor, London, United Kingdom SW1Y 5JH.

- (12) Beneficial ownership is as of December 31, 2018, as reflected in

a statement on Schedule 13G filed by BlackRock, Inc. (“BlackRock”) with the SEC on January 31, 2019. BlackRock has its principal business office at 55 East 52nd Street, New York, New York 10055. BlackRock has the sole power to dispose of 30,737,677 shares of common stock owned and the sole power to vote or direct the voting of 28,333,896 shares owned. BlackRock is the beneficial owner as a result of being a parent company or control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares of common stock:
BlackRock (Luxembourg) S.A.;
BlackRock (Netherlands) B.V.;
BlackRock (Singapore) Limited;
BlackRock Advisors (UK) Limited;
BlackRock Advisors, LLC; BlackRock Asset Management Canada Limited; BlackRock Asset Management Ireland Limited; BlackRock Asset Management North Asia Limited; BlackRock Asset Management Schweiz AG;

BlackRock Financial Management, Inc.; BlackRock Fund Advisors; BlackRock Fund Managers Ltd; BlackRock Institutional Trust Company, National Association; BlackRock International Limited; BlackRock Investment Management (Australia) Limited; BlackRock Investment Management (UK) Ltd; BlackRock Investment Management, LLC; BlackRock Japan Co Ltd; and BlackRock Life Limited.

- (13) Beneficial ownership is as of December 31, 2018, as reflected in a statement on Schedule 13G filed by FMR LLC with the SEC on February 13, 2019. FMR LLC has its principal business office at 245 Summer Street, Boston, Massachusetts 02210. FMR LLC has sole power to dispose of 15,696,929 shares owned and the sole power to vote or direct the voting of 8,256,965 shares owned. According to the Schedule 13G, FMR LLC is the beneficial owner as a result of being a parent company or

control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares of common stock: FIAM LLC; Fidelity Institutional Asset Management Trust Company; Fidelity Management & Research Company; FMR Co., Inc.; and Strategic Advisers, Inc. The Schedule 13G indicates that Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC. Members of the family of Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common

shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ("Fidelity Funds") advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.

(14) Beneficial ownership is as of December 31, 2018, as reflected in a statement on Schedule 13G filed by State Street Corporation ("State Street") with the SEC on February 14, 2019. State Street has

its principal business office at State Street Financial Center, One Lincoln Street, Boston, MA 02111, State Street has shared power to dispose of 16,223,588 shares owned and the shared power to vote or direct the voting of 14,735,875 shares owned. State Street is the beneficial owner as a result of being a parent company or control person of the following subsidiaries, each of which holds less than 5% of the outstanding shares of common stock: SSGA Funds Management, Inc.; State Street Global Advisor Trust Company; State Street Global Advisors, Australia Limited; State Street Global Advisors (Asia) Ltd; State Street Global Advisors (Japan) Co., Ltd; State Street Global Advisors Ireland Limited; State Street Global Advisors Singapore Ltd.; State Street Global Advisors Limited (UK); State Street Global Advisors Ltd (Canada); and State Street Global Advisors GmbH.

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EXECUTIVE OFFICERS

The following table sets forth information about our executive officers. The executive officers listed below serve in their respective capacities at the discretion of our board.

| Name | Age | Office | Since | With the Company |
|------------------|-----|--------------------------------------------------|-------|------------------|
| Thomas W. Toomey | 58 | Chairman and Chief Executive Officer | 2001 | |
| Jerry A. Davis | 56 | President — Chief Operating Officer | 2002 | |
| Warren L. Troupe | 65 | Senior Executive Vice President | 2008 | |
| Harry G. Alcock | 56 | Senior Vice President — Chief Investment Officer | 2010 | |
| Joseph D. Fisher | 39 | Senior Vice President — Chief Financial Officer | 2017 | |

Set forth below is certain biographical information about our executive officers. Mr. Toomey's biographical information is provided in this proxy statement under the heading "Proposal No. 1 Election of Directors."

Mr. Davis oversees property operations, human resources and technology. He originally joined us in March 1989 as Controller and subsequently moved into Operations as an Area Director. In 2001 he accepted the position of Chief Operating Officer of JH Management Co., a California-based apartment company. He returned to the Company in August 2002 and, in 2013, Mr. Davis was promoted to Senior Vice President — Chief Operating Officer. In January 2019, Mr. Davis was promoted to President — Chief Operating Officer. He began his career in 1984 as a Staff Accountant for Arthur Young & Co. He currently serves as a member of the Executive Committee of the NMHC, and in 2017 and 2018 served on the Board of Directors of the National Apartment Association.

Mr. Troupe oversees all financial, treasury, compliance and legal functions of the Company. He joined us in March 2008 as Senior Executive Vice President. In May 2008, he was appointed the Company's Corporate Compliance Officer and in October 2008 he was named the Company's Corporate Secretary. Prior to joining us, Mr. Troupe was a partner with Morrison & Forester LLP from 1997 to 2008. He currently serves as a member of the Executive Committee of the National Multifamily Housing Council (NMHC), and is a member of the Urban Land Institute.

Mr. Alcock oversees the Company's acquisitions, dispositions, development, redevelopment and asset management. He joined us in December 2010 as Senior Vice President — Asset Management and in February 2017 was promoted to Senior Vice President — Chief Investment Officer. Prior to joining the Company, Mr. Alcock was with AIMCO for over 16 years, serving most recently as Executive Vice President, Co-Head of Transactions and Asset Management. He was appointed Executive Vice President and Chief Investment Officer in 1999, a position he held through 2007. Mr. Alcock established and chaired AIMCO's Investment Committee, established the portfolio management function and at various times led the property debt and redevelopment departments. He currently serves as a member of the Executive Committee of the NMHC, and is a member of the Multifamily Gold Council for Urban Land Institute.

Mr. Fisher oversees the areas of accounting, tax, financial planning and analysis, investor relations and SEC reporting. He joined us in January 2017 as Senior Vice President — Chief Financial Officer. Mr. Fisher previously served as Co-Head of the Americas and Co-Lead Portfolio Manager at Deutsche Asset and Wealth Management since 2007.

Prior to serving in those positions, he was Associate, Structured Debt Investments from April 2005 to June 2007, and Portfolio Analyst, Portfolio Management Group from May 2004 to June 2006. From June 2003 to May 2004, Mr. Fisher was an Asset Management Analyst at Principal Real Estate Investors.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we describe the material components of our executive compensation program for our NEOs, whose compensation is set forth in the 2018 Summary Compensation Table and other compensation tables contained in this Proxy Statement:

NAMED EXECUTIVE OFFICERS (NEOs)

Thomas W. Toomey, Chairman and Chief Executive Officer;

Jerry A. Davis, President – Chief Operating Officer;

Warren L. Troupe, Senior Executive Vice President;

Harry G. Alcock, Senior Vice President – Chief Investment Officer; and

Joseph D. Fisher, Senior Vice President – Chief Financial Officer.

We also provide an overview of our executive compensation philosophy and our executive compensation program. In addition, we explain how and why our Compensation Committee arrived at the specific compensation decisions involving the NEOs for fiscal year 2018.

2018 Financial Performance

UDR delivered a total shareholder return (“TSR”) of 6.41% during 2018, and our 1 year TSR exceeded the FTSE NAREIT Apartment REIT Index (“NAREIT Apartment Index”), the FTSE NAREIT Equity Index (“NAREIT Equity Index”) and the S&P 500 Index; our 3-year TSR exceeded both the NAREIT Apartment Index and the NAREIT Equity Index; and our 5-year and 10-year TSR both exceeded the NAREIT Apartment Index, the NAREIT Equity Index and the S&P 500 Index.

1, 3, 5 and 10-Year Total Shareholder Return as of December 31, 2018

| | 1-Year | 3-Year | 5-Year | 10-Year |
|------------------------|---------|--------|---------|---------|
| UDR | 6.41% | 16.42% | 101.16% | 320.82% |
| NAREIT Apartment Index | 3.70% | 10.63% | 79.88% | 298.20% |
| NAREIT Equity Index | (4.62)% | 8.91% | 46.27% | 213.82% |
| S&P 500 Index | (4.38)% | 30.42% | 50.33% | 243.03% |

185th Consecutive Dividend Paid

Our January 2019 dividend represented our 185th consecutive quarterly dividend paid. We are committed to returning value to our shareholders, and for 2018 we increased our dividend by 4.0%, and we have increased our dividend 5.1% annually over the past 3 years and 6.5% annually over the past 5 years.

| 1-Year | 3-Year Average | 5-Year Average |
|--------------------------------|--------------------------------|--------------------------------|
| 4.0% Dividend per share growth | 5.1% Dividend per share growth | 6.5% Dividend per share growth |
| 5.0% AFFO per share growth | 6.2% AFFO per share growth | 7.9% AFFO per share growth(a) |

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

2018 Operating Performance

Our Five Strategic Objectives

· Our 2018 results consisted of improvement across all five of our strategic objectives, which are: 1) operating excellence, 2) balance sheet strength, 3) portfolio diversification, 4) capital allocation and 5) create an empowering culture and a great place to work and live. Executing these objectives successfully should, over time, result in high quality, risk adjusted AFFO, dividend and net asset value growth which should result in above average total shareholder return. Below is a summary of our results categorized by objective.

1. Operating Excellence (drives quality AFFO and dividend growth over time)

Same-Store Revenue Growth

- We were 1st of the 7 (including UDR) multifamily peers in 2018 (NYSE: AIV, AVB, CPT, EQR, ESS, and MAA)(1).
- Same-Store Revenue Growth: 3.5%, exceeded the apartment peer average by 87 bps.
- Outperformed original 2018 guidance.

(1) AIV: Apartment Investment and Management Company; AVB: AvalonBay Communities, Inc.; CPT: Camden Property Trust; EQR: Equity Residential; ESS: Essex Property Trust, Inc.; and MAA: Mid-America Apartment Communities, Inc.

*We present reconciliations of certain non-GAAP financial measures to their most directly comparable US generally accepted accounting principles (GAAP) measures in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Apartment Community Operations” in our 2018 Annual Report, including reconciliations of net income/loss reported under GAAP to NOI, FFO, FFO as Adjusted and AFFO, as well as additional information about non-GAAP measures.

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Same-store net operating income growth

- We were 1st of the 7 multifamily peers in 2018.
- Same-store net operating income (“NOI”) growth: 3.4% (see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Apartment Community Operations” in our 2018 Annual Report for a reconciliation of net income/loss reported under US generally accepted accounting principles (GAAP) to NOI, as well as additional information about this non-GAAP measure).
- Exceeded the apartment peer average by 85 bps.

2018 FFO as Adjusted and AFFO both exceeded the midpoint of our beginning of year guidance ranges (see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Funds from Operations, Funds from Operations as Adjusted and Adjusted Funds from Operations” in our 2018 Annual Report for a reconciliation of net income/loss reported under US GAAP to FFO, FFO as Adjusted and AFFO, as well as additional information about these non-GAAP measures).

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2. Balance Sheet Strength (important to reduce risk and improve cost of capital)

*We present reconciliations of certain non-GAAP financial measures to their most directly comparable US generally accepted accounting principles (GAAP) measures in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Apartment Community Operations” in our 2018 Annual Report, including reconciliations of net income/loss reported under GAAP to NOI, FFO, FFO as Adjusted and AFFO, as well as additional information about non-GAAP measures.

(a) We present reconciliations of these non-GAAP financial measures to their most directly comparable GAAP measures, as well as additional information, in “Definitions” on page 72.

3. Portfolio Diversification (important to reduce cash flow volatility and market risk)

4. Capital Allocation (drives value creation and shareholder returns)

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5. An Empowering Culture and a Great Place to Work and Live (empowering associates, providing residents with a positive living experience, and giving back to the communities of which we are a part is an important part of our culture and we believe can over time assist in satisfying our objectives)

UDR strives to create both a great place to work and a great place to live. We measure our success on this strategic objective through a variety of associate and resident surveys. During 2018 our results improved with respect to both associates and residents.

- Great Place to Work
- Great Place to Live

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Compensation Philosophy and Objectives

Our executive compensation program has four principal goals:

- attract, retain and motivate effective executive officers;
- align the interests of our executive officers with the interests of the Company, our shareholders, our associates and our residents;
- incentivize our executive officers based on clearly defined performance goals and measures of successful achievement; and
- align market competitive compensation with our short-term and long-term performance.

Our Compensation Committee determines the form and amount of compensation, as well as the overall structure of our executive compensation program. The compensation of our “named executive officers,” who are identified above, is comprised of a mix of base salary, short-term incentive compensation and long-term incentive compensation and is influenced by both the named executive officer’s individual performance and the Company’s overall performance. The composition of our named executive officers’ compensation is determined based on the consideration of a number of factors described in more detail below, including a periodic review of relevant comparative market information and alignment of strategic and tactical objectives agreed upon by the board.

Under our executive compensation program, as an executive officer’s level of responsibility increases with his or her relative ability to impact the long-term performance of the Company as a whole, a greater portion of that executive officer’s compensation is based on performance-based incentive compensation, and less is based on base salary, thereby creating the potential for greater variability in the executive officer’s compensation level from year to year. The mix, level and structure of the components of compensation generally reflect the executive officer’s role and relative impact on business results as well as competitive market practices.

Our 2018 performance, including our 2018 performance relative to our peers, along with the individual performance of our named executive officers, including their contributions toward the achievements outlined below, served as key factors in determining compensation for 2018. Consistent with our variable pay-for-performance philosophy, the compensation mix for our CEO and the other named executive officers in 2018 placed a high emphasis on performance-based incentive compensation, as demonstrated in the graphics below showing the breakdown of our CEO’s Total Direct Compensation for 2018 and our named executive officers’ Total Direct Compensation for 2018. For this purpose, the term “Total Direct Compensation” refers to total compensation (including salary and short-term incentive compensation) and the amounts earned for target long-term incentive compensation in 2018 and “Fixed” refers to compensation that was determined at the beginning of 2018 and “Variable” refers to the compensation components that are determined based on the performance of the Company and the executive.

Our Compensation Best Practices

Our compensation policies and programs are built upon a strong foundation of corporate governance and compensation best practices, including:

WE DO:

Provide a significant portion of our named executive officers' total compensation in the form of awards tied to our long-term strategy and our performance relative to key business and personal objectives and performance versus our peers as measured by a diverse set of metrics.

Require compliance with our Executive Stock Ownership Guidelines, which require that our executive officers own a specified number of shares of the Company's common stock.

Have a Policy on Recoupment of Performance-Based Incentives, which applies to our executive officers, including our named executive officers, and their performance-based incentive compensation.

WE DO NOT:

X Have any employment agreements with our named executive officers.

X Permit any Company personnel, including our named executive officers, to engage in any short-term, speculative securities transactions, engage in short sales, buying or selling put or call options, trading in options (other than those granted by the Company) or engaging in hedging transactions.

X Permit purchasing securities on margin or pledging securities as collateral without prior approval.