

**UDR Announces \$1.7 Billion Portfolio Sale****-- 25,684 apartment homes in 86 communities to be sold****-- Company transformed for greater growth****-- Share repurchase authorization expanded to 22 million shares**

Company Release - 01/29/2008 17:54

DENVER--(BUSINESS WIRE)--

UDR, Inc. (NYSE:UDR) today announced that it has entered into a contract to sell 25,684 apartment homes in 86 communities for \$1.7 billion to DRA Advisors LLC in a joint venture with Steven D. Bell & Company. Upon completion of the transaction, the Company will own 40,183 homes in 146 communities.

The transaction is expected to close on or about March 3, 2008, at which time the Company will receive \$1.5 billion in cash and a note in the principal amount of \$200 million. The note matures on the same date as the buyer's senior financing, may be pre-paid 14 months from the date of the note, bears interest at a fixed rate of 7.5% per annum and is secured by a pledge and security agreement and a guarantee. Closing is subject to customary closing conditions.

"We have dramatically accelerated UDR's transformation with this portfolio sale," stated Thomas W. Toomey, President and Chief Executive Officer. "This transaction captures the disparity in value between private and public markets, and focuses the Company in locations demonstrating high rent growth, strong job growth and low single family home affordability. We will invest proceeds in share repurchases, debt pay down, new acquisitions and our development and redevelopment programs. We are very pleased with the sales price and believe this transaction unlocks value for shareholders and repositions the Company for accelerated growth."

**Homes Sold**

The \$1.7 billion sales price is equivalent to \$66,578 per home. At December 31, 2007, the portfolio being sold had total income per home of \$744 per month, average occupancy of 94.4 percent, and operating margin of 62.3 percent. The average age of the portfolio was 24 years. A complete list of the communities sold can be found at [www.udr.com](http://www.udr.com).

The homes were sold at a 6.56% capitalization rate, calculated on trailing twelve months net operating income, \$650 per home capital expenditure reserve and a 2.75 percent management fee.

**90% of Repositioned Portfolio Located in Pacific Coast, DC Corridor and Florida Markets**

Upon completion of the sale, approximately 47 percent of net operating income will be generated from homes on the Pacific coast, another 24 percent will be from the Virginia - Washington D.C. corridor and 19 percent will be from Florida.

The Company believes that average 2008 total monthly income per home for the 40,183 homes it owns upon completion of the sale will exceed \$1,200, operating margin will exceed 70 percent, and recurring capital expenditures will be 35 percent less per home than the portfolio being sold when measured as a percent of net operating income. The average age of the remaining portfolio is approximately 15 years.

**Use of Proceeds, Share Repurchase, Current Dividend to be Maintained**

The Company plans to invest \$500 to \$600 million of the proceeds in acquisitions, of which approximately \$320 million are currently under contract in targeted markets. The Company expects to use \$500 to \$600 million of proceeds to reduce debt. The \$300 to \$500 million of remaining cash proceeds and \$200 million from the note receivable are expected to be used to fund additional acquisitions, repurchase stock and for a potential special dividend. The Company plans to maintain its current quarterly dividend of \$0.33 per share.

The Board of Directors has authorized increasing its share-repurchase program by 15 million shares, effective immediately. This increase gives the Company the ability to repurchase a total of approximately 22 million shares.

**Supplemental Information**

Additional details on the transaction are provided in Presentation Slides available on the Company's website at [www.udr.com](http://www.udr.com).

**Advisors**

MJC Associates LLC acted as the broker and financial advisor to the Company and Merrill Lynch and Co. acted as financial advisor and provided portfolio strategy to the Company.

**Fourth Quarter and Full Year 2007 Financial Results**

The Company is releasing fourth quarter and full year 2007 financial results today, January 29, 2008. The press release and supplemental information that provides details regarding the financial position and operating results of the Company can be accessed at [www.udr.com](http://www.udr.com).

The Company will host a conference call and webcast for financial analysts and investors on January 30, 2008 at 11 a.m. Eastern Time to discuss the \$1.7 billion portfolio sale and 2007 results, and to answer questions.

**Conference Call Information**

Date: January 30, 2008

Time: 11:00 a.m. Eastern Time

**To Participate in the Telephone Conference Call:**

Domestic: 800-218-0713

International: 303-205-0066

If you have any questions, please contact:

Gloria Price: 720-283-6132

E-mail: [gprice@udr.com](mailto:gprice@udr.com)

Conference Call Playback can be accessed through February 7, 2008:  
Domestic: 800-405-2236  
International: 303-590-3000  
Passcode: 11107765#

Webcast and Podcast:

The conference call will also be available on UDR's website at [www.udr.com](http://www.udr.com). To listen to a live broadcast, go to the site at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay and downloadable podcast of the call will also be available for 90 days on UDR's website.

About UDR, Inc.

UDR, Inc. (NYSE:UDR) is a leading multifamily real estate investment trust (REIT) with a demonstrated performance history of delivering superior and dependable returns by successfully managing, buying, selling, developing and redeveloping attractive real estate properties in targeted U.S. markets. As of December 31, 2007, UDR owned 65,867 apartment homes and had 6,386 homes under development and another 738 homes under contract for development in its pre-sale program. For over 30 years, UDR has delivered long-term value to shareholders, the best standard of service to residents, and the highest quality experience for associates. An S&P 400 company, UDR is the third largest apartment REIT in the nation. Additional information can be found on the Company's website at [www.udr.com](http://www.udr.com).

About DRA Advisors LLC

DRA Advisors LLC is a New York-based registered investment advisor specializing in real estate investment management services for institutional and private investors, including pension funds, university endowments, foundations, and insurance companies. Founded in 1986, the firm currently manages over \$9 billion in assets, consisting of over 20 million square feet of office/industrial space, 32 million square feet of retail space and over 19,000 residential units. Additional information about DRA can be found on the company's website at [www.draadvisors.com](http://www.draadvisors.com).

About Steven D. Bell & Company

Founded in 1976, Steven D. Bell & Company is a diversified real estate investment and management company headquartered in Greensboro, NC. The company manages a \$3.6 billion real estate portfolio located across 13 states. The management portfolio includes approximately 34,000 apartment units, 2,000 senior living beds/units, and 5.4 million square feet of commercial space. Information on the company can be found at [www.sdbell.com](http://www.sdbell.com).

Statements contained in this press release, which are not historical facts, are forward-looking statements, as the term is defined in the Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by the Company's use of words such as, "expects," "plans," "estimates," "projects," "intends," "believes," and similar expressions that do not relate to historical matters. Such forward-looking statements are subject to risks and uncertainties which can cause actual results to differ materially from those currently anticipated, due to a number of factors, which include, but are not limited to, unfavorable changes in the apartment market, changing economic conditions, the impact of competition and competitive pricing, acquisitions or new developments not achieving anticipated results, delays in completing developments and lease-ups on schedule, expectations on job growth, home affordability and demand/supply ratio for multi-family housing, expectations concerning redevelopment activities, expectations on occupancy levels, expectations concerning the benefits of the fourth quarter, 2007 restructure charge, expectations regarding the \$1.7 billion portfolio sale, expectations concerning the Texas joint venture, expectations that automation will help grow net operating income, expectations on post-renovated stabilized annual operating income, exceptions on annualized net operating income, expectations concerning closing the \$1.7 billion portfolio sale and other risk factors discussed in documents filed by the Company with the Securities and Exchange Commission from time to time including the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q. All forward-looking statements in this press release are made as of today, based upon information known to management as of the date hereof. The Company assumes no obligation to update or revise any of its forward-looking statements even if experience or future changes show that indicated results or events will not be realized.

Source: UDR, Inc.

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