

UDR, Inc.
 Form 10-Q
 July 29, 2014
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, DC 20549
 FORM 10-Q

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

For the quarterly period ended June 30, 2014

OR
 o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
 EXCHANGE ACT OF 1934

For the transition period from to
 Commission file number

1-10524 (UDR, Inc.)
 333-156002-01 (United Dominion Realty, L.P.)
 UDR, Inc.

United Dominion Realty, L.P.
 (Exact name of registrant as specified in its charter)

Maryland (UDR, Inc.)	54-0857512
Delaware (United Dominion Realty, L.P.)	54-1776887
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

1745 Shea Center Drive, Suite 200, Highlands Ranch, Colorado 80129
 (Address of principal executive offices) (zip code)
 (720) 283-6120
 (Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

UDR, Inc.	Yes x No o
United Dominion Realty, L.P.	Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

UDR, Inc.	Yes x No o
United Dominion Realty, L.P.	Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

UDR, Inc.:	Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
	(Do not check if a smaller reporting company)			

United Dominion Realty, L.P.:	Large accelerated filer o	Accelerated filer o	Non-accelerated filer x	Smaller reporting company o
	(Do not check if a smaller reporting company)			

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

UDR, Inc.

Yes No

United Dominion Realty, L.P.

Yes No

The number of shares of UDR, Inc.'s common stock, \$0.01 par value, outstanding as of July 25, 2014 was 251,700,437.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2014 of UDR, Inc., a Maryland corporation, and United Dominion Realty, L.P., a Delaware limited partnership, of which UDR, Inc. is the parent company and sole general partner. Unless the context otherwise requires, all references in this Report to “we,” “us,” “our,” the “Company,” “UDR” or “UDR, Inc.” refer collectively to UDR, Inc., together with its consolidated subsidiaries and joint ventures, including the Operating Partnership. Unless the context otherwise requires, the references in this Report to the “Operating Partnership” or the “OP” refer to United Dominion Realty, L.P. together with its consolidated subsidiaries. “Common stock” refers to the common stock of UDR and “stockholders” means the holders of shares of UDR’s common stock and preferred stock. The limited partnership interests of the Operating Partnership are referred to as the “OP Units” and the holders of the OP Units are referred to as “unitholders”. This combined Form 10-Q is being filed separately by UDR and the Operating Partnership.

There are a number of differences between our Company and our Operating Partnership, which are reflected in our disclosure in this report. UDR is a real estate investment trust (a “REIT”), whose most significant asset is its ownership interest in the Operating Partnership. UDR also conducts business through other subsidiaries, including its taxable REIT subsidiary (“TRS”), whose activities include development of land and land entitlement. UDR acts as the sole general partner of the Operating Partnership, holds interests in subsidiaries and joint ventures, owns and operates properties, issues securities from time to time and guarantees debt of certain of our subsidiaries. The Operating Partnership conducts the operations of a substantial portion of the business and is structured as a partnership with no publicly traded equity securities. The Operating Partnership has guaranteed certain outstanding debt of UDR. As of June 30, 2014, UDR owned 110,883 units (100%) of the general partnership interests of the Operating Partnership and 173,856,283 units (or approximately 94.9%) of the limited partnership interests of the Operating Partnership. UDR conducts a substantial amount of its business and holds a substantial amount of its assets through the Operating Partnership, and, by virtue of its ownership of the OP Units and being the Operating Partnership’s sole general partner, UDR has the ability to control all of the day-to-day operations of the Operating Partnership. Separate financial statements and accompanying notes, as well as separate discussions under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are provided for each of UDR and the Operating Partnership.

UDR, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	June 30, 2014 (unaudited)	December 31, 2013 (audited)
ASSETS		
Real estate owned:		
Real estate held for investment	\$7,957,185	\$7,723,844
Less: accumulated depreciation	(2,290,008)	(2,200,815)
Real estate held for investment, net	5,667,177	5,523,029
Real estate under development (net of accumulated depreciation of \$0 and \$1,411, respectively)	275,819	466,002
Real estate held for disposition (net of accumulated depreciation of \$49,816 and \$6,568, respectively)	54,533	10,152
Total real estate owned, net of accumulated depreciation	5,997,529	5,999,183
Cash and cash equivalents	26,816	30,249
Restricted cash	23,334	22,796
Funds held in escrow from IRC Section 1031 exchanges	30,275	—
Deferred financing costs, net	25,545	26,924
Notes receivable, net	44,248	83,033
Investment in and advances to unconsolidated joint ventures, net	612,688	507,655
Other assets	171,970	137,882
Total assets	\$6,932,405	\$6,807,722
LIABILITIES AND EQUITY		
Liabilities:		
Secured debt	\$1,402,731	\$1,442,077
Unsecured debt	2,345,063	2,081,626
Real estate taxes payable	16,543	13,847
Accrued interest payable	29,160	32,279
Security deposits and prepaid rent	30,802	27,203
Distributions payable	68,556	61,907
Accounts payable, accrued expenses, and other liabilities	89,566	118,682
Total liabilities	3,982,421	3,777,621
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests in the Operating Partnership	266,589	217,597
Equity:		
Preferred stock, no par value; 50,000,000 shares authorized 2,803,812 shares of 8.00% Series E Cumulative Convertible issued and outstanding (2,803,812 shares at December 31, 2013)	46,571	46,571
Common stock, \$0.01 par value; 350,000,000 shares authorized 251,492,420 shares issued and outstanding (250,749,665 shares at December 31, 2013)	2,515	2,507
Additional paid-in capital	4,114,566	4,109,765
Distributions in excess of net income	(1,478,814)	(1,342,070)
Accumulated other comprehensive income/(loss), net	(2,305)	(5,125)

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Total stockholders' equity	2,682,533	2,811,648
Noncontrolling interests	862	856
Total equity	2,683,395	2,812,504
Total liabilities and equity	\$6,932,405	\$6,807,722

See accompanying notes to consolidated financial statements.

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UDR, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
REVENUES:				
Rental income	\$200,959	\$186,285	\$395,311	\$368,246
Joint venture management and other fees	2,747	3,217	6,434	6,140
Total revenues	203,706	189,502	401,745	374,386
OPERATING EXPENSES:				
Property operating and maintenance	36,840	36,153	73,560	70,974
Real estate taxes and insurance	23,716	22,916	49,147	46,208
Property management	5,527	5,123	10,872	10,127
Other operating expenses	2,162	1,800	4,088	3,436
Real estate depreciation and amortization	88,876	84,595	177,409	167,493
General and administrative	12,530	9,866	24,524	19,342
Casualty-related (recoveries)/charges, net	—	(2,772)	500	(5,793)
Other depreciation and amortization	1,193	1,138	2,273	2,284
Total operating expenses	170,844	158,819	342,373	314,071
Operating income	32,862	30,683	59,372	60,315
Income/(loss) from unconsolidated entities	(428)	515	(3,993)	(2,287)
Interest expense	(31,691)	(30,803)	(64,575)	(61,784)
Interest and other income/(expense), net	1,426	1,446	2,841	2,462
Income/(loss) before income taxes and discontinued operations	2,169	1,841	(6,355)	(1,294)
Tax benefit, net	2,190	2,683	5,519	4,656
Income/(loss) from continuing operations	4,359	4,524	(836)	3,362
Income/(loss) from discontinued operations, net of tax	18	830	(69)	1,683
Income/(loss) before gain/(loss) on sale of real estate owned	4,377	5,354	(905)	5,045
Gain/(loss) on sale of real estate owned, net of tax	26,709	—	51,003	—
Net income/(loss)	31,086	5,354	50,098	5,045
Net (income)/loss attributable to redeemable noncontrolling interests in the Operating Partnership	(1,077)	(159)	(1,724)	(114)
Net (income)/loss attributable to noncontrolling interests	(2)	(3)	(6)	(7)
Net income/(loss) attributable to UDR, Inc.	30,007	5,192	48,368	4,924
Distributions to preferred stockholders — Series E (Convertible)	(931)	(931)	(1,862)	(1,862)
Net income/(loss) attributable to common stockholders	\$29,076	\$4,261	\$46,506	\$3,062
Income/(loss) per weighted average common share — basic:				
Income/(loss) from continuing operations attributable to common stockholders	\$0.12	\$0.01	\$0.19	\$0.01
Income/(loss) from discontinued operations attributable to common stockholders	\$0.00	\$0.00	\$0.00	\$0.01
Net income/(loss) attributable to common stockholders	\$0.12	\$0.02	\$0.19	\$0.01
Income/(loss) per weighted average common share — diluted:				

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Income/(loss) from continuing operations attributable to common stockholders	\$0.12	\$
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