

UDR, Inc.
Form PRE 14A
March 19, 2018

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.

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2018 PROXY STATEMENT HIGHLIGHTS

2017
Performance
Highlights

1, 3, 5 and 10 Year Total Shareholder Return as of December 31, 2017

	1-Year	3-Year	5-Year	10-Year
UDR	9.12%	37.81%	92.78%	218.90%
NAREIT Apartment Index	3.72%	24.24%	62.72%	187.50%
NAREIT Equity Index	5.23%	17.84%	57.14%	104.90%
S&P 500	21.83%	38.29%	108.14%	126.03%

181st Consecutive Dividend Paid

Our January 2018 dividend represented our 181st consecutive quarterly dividend paid. We are committed to returning value to our shareholders and for 2017 increased our dividend by 5.0% and have increased our dividend 6.0% annually over the past 3 years and 7.1% annually over the past 5 years.

1-Year	3-Year Average	5-Year Average
5.0% 1-year dividend per share growth	6.0% per share Dividend growth	7.1% per share Dividend growth
5.4% 1-year AFFO per share growth	8.2% per share AFFO growth	7.1% per share AFFO 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 75.

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Our Five Strategic Objectives

- Our 2017 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 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 2017 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 75.

3. Portfolio Diversification

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4. Capital Allocation

5. 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 2017 our results improved with respect to both associates and residents.

- Great Place to Work
- 92% of our associates would recommend UDR as a great place to work based on our 2017 Associate Net Promoter score.
- Increased associate satisfaction scores in exit interviews by 23% in 2017 over 2016.
- Decreased associate turnover by 8% in 2017 as compared to 2016 and by 3% over our three-year average. Our 2017 associate turnover is 4% less than industry average.
- Exceeded our goal for associate retention by 4%. Our associate retention in 2017 exceeded our three-year average by 1.4%.
- Great Place to Live
- Increased our resident satisfaction scores (based on resident surveys done up to eight times per year) by 15% in 2017 over 2016.
- At the end of 2017 our average resident had lived in our community for 27.2 months compared to 26.9 months at year-end 2016.
- Resident turnover through 2017 decreased by 1.1% compared to 2016.
- We increased our online reputation scores by 30% over the three-year period ending December 31, 2017, which is one of the largest increases in our apartment peer group since we began measuring in December 2014.

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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, stockholder support for the vote on executive compensation has averaged 91.1%.

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

Focus on Performance Based Compensation

2017 SHORT-TERM INCENTIVE

COMPENSATION:

PERFORMANCE METRICS

FFO as Adjusted per share
Same-Store Revenues

Percentile ranking of public apartment

REITs by market
Development/Redevelopment FFO

Calculated as NOI plus capitalized interest
Net Financial Funding Capacity
Total Transactions

Acquisitions/Sales/Development/Redevelopment

2017 LONG-TERM INCENTIVE COMPENSATION:

PERFORMANCE METRICS

30% FFO as Adjusted per share
10% 3-Year Cumulative FFO as Adjusted

30%

30% 3-Year Total Shareholder Return Percentile Rank vs.
NAREIT Apartment Index

Cumulative 3-Year Absolute Total Shareholder Return

Our focus on equity-based compensation together with our robust CEO and executive stock ownership guidelines of 110,000 shares for the CEO, 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 stockholders.

Corporate
Governance
Highlights

Stockholder Engagement

In 2017 we had over 695 interactions with our investors, representing ownership of more than 83% 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 stockholder, or a group of up to 20 stockholders, 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 stockholder(s) and the nominee(s) satisfy the requirements specified in the bylaws.

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.

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.

Lead Independent Director

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. These appointments were effective January 1, 2018.

Honored in 2017 for Board Composition

The Company was honored at the biennial Breakfast for Corporate Champions for having at least 25% of its board seats held by women.

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Q&A WITH OUR LEAD INDEPENDENT DIRECTOR

What is the board's role?

The primary role of the board is to oversee corporate strategy, set the tone at the top, choose the CEO, monitor the CEO's and management's performance and develop a succession plan. The board also assesses and monitors risks that might impact the Company, and ensures that appropriate financial and internal controls are established. While assuring that the very positive culture of outstanding corporate governance is preserved, we are focused on regular, strong performance-related metrics, always mindful of the long-term goals and objectives of the Company and its stockholders.

What is the Lead Independent Director's role?

The Lead Independent Director is the principal liaison between the Company's Chairman, Chief Executive Officer and President and our independent directors, and presides at any meetings at which the Chairman, Chief Executive Officer and President is not present (including regular executive sessions of independent directors). The Lead Independent Director takes a leadership role in identifying issues for the board to consider and, working with the Company's Chairman, Chief Executive Officer and President, establishes the agenda for each meeting, assuring that the directors have sufficient information, resources, background, and time to adequately discuss and review the various issues included in the agenda, or otherwise brought before the board. I believe that it is important that the Lead Independent Director help maintain the appropriate balance between the board's involvement in longer-term strategy and the executive management team's role in executing on that strategy through the Company's day-to-day operations, subject to the board's oversight. The Lead Independent Director takes the primary role in providing feedback to the Chairman, Chief Executive Officer and President with respect to any issues or discussions which may occur in executive sessions that are conducted without the presence of the executive management team. A comprehensive list of the duties and responsibilities for this role is provided in the Company's Statement on Corporate Governance, as well as on page 16 of this proxy statement.

Why is it appropriate that the Company's Chief Executive Officer now also serves as its Chairman of the Board?

Over the past 4 years, we put into place a plan to refresh the membership of the board, and as part of this we have added 4 new independent board members. At the same time, we also examined our board structure and as part of those discussions, we unanimously concluded that combining the roles of Chairman and Chief Executive Officer, together with appointing a strong Lead Independent Director, provides the appropriate leadership and oversight of the Company while also facilitating the effective functioning of the executive management team.

On behalf of the entire board, I want to express our continued dedication to maintaining an open dialog with stockholders, 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.

April 9, 2018

Dear Fellow Stockholders:

It is my pleasure to invite you to attend our Annual Meeting of Stockholders. The meeting will be held on May 24, 2018, at 10:00 a.m. local time at The Ritz Carlton, Washington, DC, 1150 22nd Street NW, Washington, DC 20037.

The business to be conducted at the meeting is set forth in the formal notice of annual meeting of stockholders 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.

Sincerely,

Thomas W. Toomey

Chairman, Chief Executive Officer and President

UDR, Inc.

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

APRIL 9, 2018

When: Thursday, May 24, 2018, at 10:00 a.m. local time.

Where: The Ritz Carlton, Washington, DC

Items of Business: 1150 22nd Street NW, Washington, DC 20037
Proposal 1 - To elect ten directors to serve until the next annual meeting of stockholders 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, 2018.

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

Proposal 4 - To vote to approve an amendment to our Charter to remove a restriction on stockholders' ability to amend our bylaws.

In addition, to transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.

Who Can Vote: Holders of UDR common stock at the close of business on Monday, March 26, 2018. 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 April 9, 2018, we intend to mail to our stockholders of record a notice containing instructions on how to access our 2018 proxy statement and our annual report for the year ended December 31, 2017, 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 Stockholders to be held on May 24, 2018.

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, 2017 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 10 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 12 years with 9 of 10 directors independent of management.

See pages 1-8 for further information

Name	Principal Professional Experience (1)	Years of Tenure	# of Other Public Company Boards	Committee Memberships (2)				
				AC	CC	GC	NC	EC
Katherine A. Cattanach	General Partner of INVESCO Private Capital, Inc.	12	0					
Robert P. Freeman	Senior Managing Director and Principal of Greyfields Investors LLC	20	0				C	
Jon A. Grove	Chairman, President and CEO of ASR Investments Corporation	20	0		C			
Mary Ann King	Co-Chairman of Moran & Company	3						