

# GREEN BOND USE OF PROCEEDS STATEMENT

## SEPTEMBER 2020



The Residences at Pacific City | Huntington Beach, CA



345 Harrison | Boston, MA



**UDR, Inc. (NYSE: UDR)** has demonstrated a commitment to create innovative communities with minimal environmental impact. 2019 accomplishments:

- 87% of leases were completed on-line.
- Installed 21 smart irrigation meters at six different properties and reduced water used for irrigation purposes by ~\$5.1 million gallons.
- Purchased Green-e certified renewable energy credits representing ~13 million kWh of energy usage.



**Chief Financial Officer:**  
**Joe Fisher | 720-283-6139**

**Treasurer:**  
**Abe Claude | 720-283-6131**



Ernst & Young LLP  
Suite 4800  
370 17th Street  
Denver, CO 80202

Tel: +1 720 931 4000  
Fax: +1 720 931 4444  
ey.com

## Report of Independence Accountants

To the Management of UDR, Inc.:

We have examined management's assertion, included in Appendix A, that an amount equal to \$296.4 million was allocated to qualifying Eligible Green Projects (as defined in the "Use of Proceeds" section contained in the Pricing Supplement, dated October 2, 2019, related to the issuance of \$300.0 million of 2034 notes by UDR, Inc.) set forth in Appendix B, which meet the Eligible Green Project criteria set forth in management's assertion during the period from November 1, 2016 to September 30, 2019 (the "Criteria"). The Company's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination was not conducted for the purpose of evaluating the (i) completeness of the Eligible Green Project disbursements or the amount of Eligible Green Project disbursements by eligibility criteria, (ii) the environmental benefits of the Eligible Green Projects, (iii) conformance with any third party published principles, standards or frameworks such as the Green Bond Principles, (iv) or any other information included in Appendix C and D to management's assertion. Accordingly, we do not express an opinion or any other form of assurance other than on the amounts allocated to Eligible Green Projects.

In our opinion, management's assertion included in Appendix A that an amount equal to \$296.4 million was allocated to qualifying Eligible Green Projects that meet the Criteria from November 1, 2016 to September 30, 2019, is fairly stated, in all material respects.

A handwritten signature in black ink that reads 'Ernst &amp; Young LLP' in a cursive, script font.

Ernst & Young LLP

April 10, 2020

In relation to the requirements set forth in our final Pricing Supplement dated October 2, 2019 and filed with the Securities and Exchange Commission on October 3, 2019 pursuant to Rule 424(b)(2) under the Securities Exchange Act of 1934 (the "Pricing Supplement") relating to the allocation of net proceeds described herein to Eligible Green Projects (as defined in the "Use of Proceeds" contained in the Pricing Supplement), we assert that an amount equal to \$296.4 million was allocated during the period November 1, 2016 to September 30, 2019, to Eligible Green Projects that met the eligibility criteria set forth in the table below.

### Eligible Green Projects

Any of the following projects, funded by us, which have received, or are expected to receive, certification according to the standards of one or more of the following "green building" third-party verified certification standards at one of the specified certification levels: (i) LEED: Silver, Gold or Platinum; and (ii) Green Globes: 3 Globes or 4 Globes:

New or ongoing building developments and redevelopments;

New or ongoing renovations in existing buildings; or

New or ongoing tenant improvements.

New and ongoing capital projects, funded by us, at buildings which improve the operational, energy, or water efficiency of a building or building subsystem by at least 15 percent as determined based on a third-party engineering study and/or utility-reviewed audit or energy or water savings analysis.

Renewable energy and low carbon energy supply solutions funded by us, such as:

On-site renewable energy and low carbon energy projects; or

Renewable energy power purchase agreements.

Leadership in Energy and Environmental Design ("LEED") is a voluntary, third-party building certification process developed by the U.S. Green Building Council ("USGBC"), a non-profit organization. The USGBC developed the LEED certification process to (i) evaluate the environmental performance from a whole-building perspective over a building's life cycle, (ii) provide a definitive standard for what constitutes a "green building," (iii) enhance environmental awareness among architects and building contractors, and (iv) encourage the design and construction of energy-efficient, water-conserving buildings that use sustainable or green resources and materials.

Green Globes is a voluntary green building rating and certification tool developed in 2000 by ECD Energy and Environment Canada and administered in the U.S. by the Green Building Initiative ("GBI"), a non-profit organization. The GBI, a standards developer through the American National Standards Institute (ANSI), developed the Green Globes certification process to assess environmental impacts related to (i) project management, (ii) site, (iii) energy, (iv) water, (v) materials and resources, (vi) emissions, and (vii) indoor environment.

# APPENDIX B: USE OF PROCEEDS STATEMENT 4

November 1, 2016 Through September 30, 2019

Net Proceeds from Sale of Notes	
UDR 3.100% notes due 2034	\$296,421,000 <sup>(1)</sup>

Certification Rating	Project	Location	Allocation of Proceeds
LEED Silver 	The Residences at Pacific City (Development)	Huntington Beach, CA	\$139,459,000 <sup>(2)</sup>
LEED Silver 	345 Harrison (Development)	Boston, MA	\$156,962,000 <sup>(2)</sup>
<b>Total Use of Proceeds</b>			<b>\$296,421,000</b>

(1) Net proceeds from issuance of \$300,000,000 notes due 2034.

(2) Allocation of development cost for the period November 1, 2016 through September 30, 2019. Amount allocated does not represent total development cost of the project.

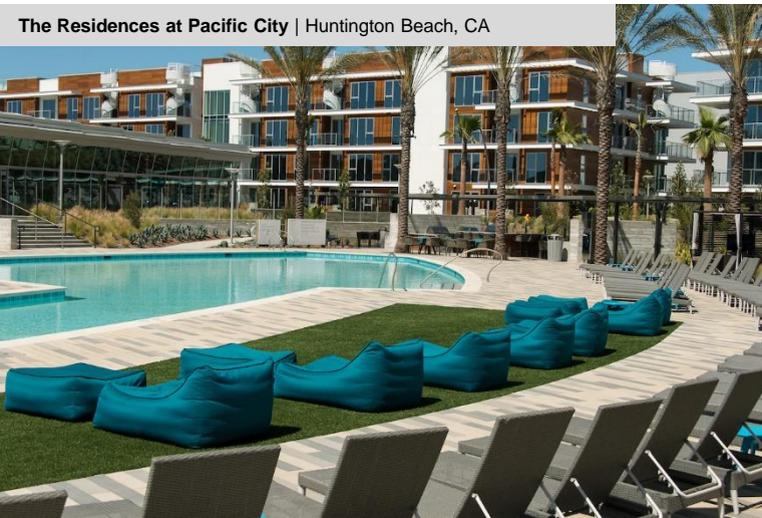
## The Residences at Pacific City – Huntington Beach, CA

▶ Sustainable Sites	Awarded: 23/26	
▶ Water Efficiency	Awarded: 4/10	
▶ Energy & Atmosphere	Awarded: 9/35	
▶ Material & Resources	Awarded: 3/14	
▶ Indoor Environmental Quality	Awarded: 7/15	
▶ Innovation & Design Process	Awarded: 5/6	
▶ Regional Priority Credits	Awarded: 1/1	

**LEED Certified - Silver**



The Residences at Pacific City | Huntington Beach, CA



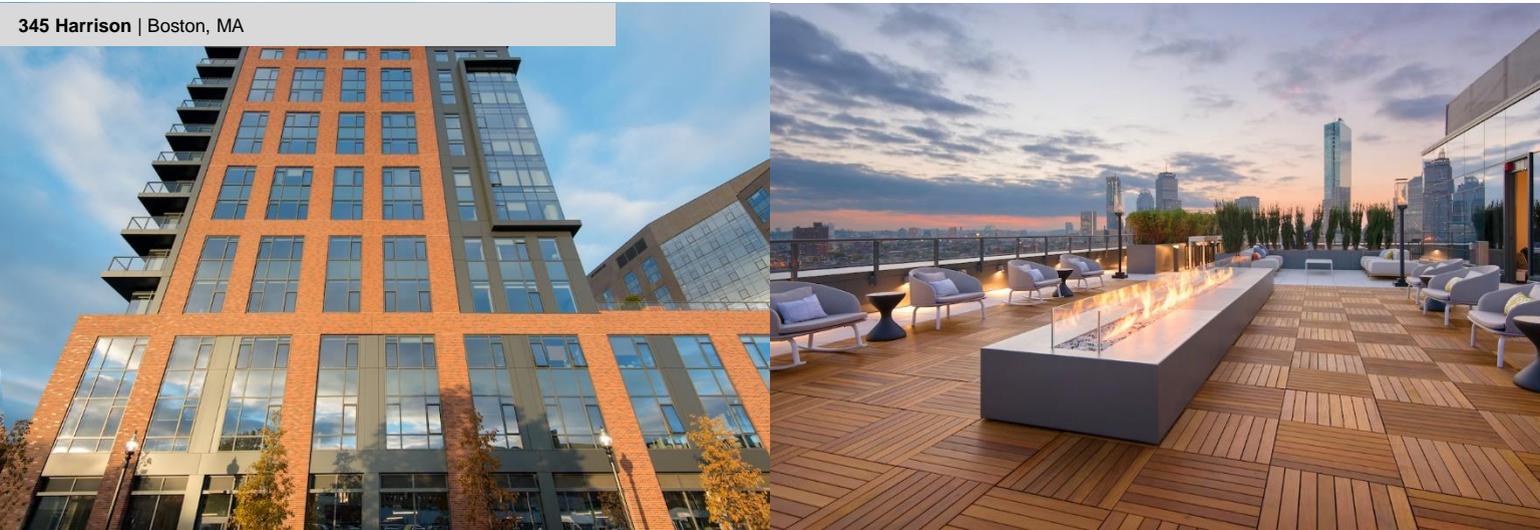
## 345 Harrison – Boston, MA

▶ Sustainable Sites	Awarded: 20/26	
▶ Water Efficiency	Awarded: 4/10	
▶ Energy & Atmosphere	Awarded: 3/35	
▶ Material & Resources	Awarded: 6/14	
▶ Indoor Environmental Quality	Awarded: 9/15	
▶ Innovation & Design Process	Awarded: 5/6	
▶ Regional Priority Credits	Awarded: 3/4	

**LEED Certified - Silver**



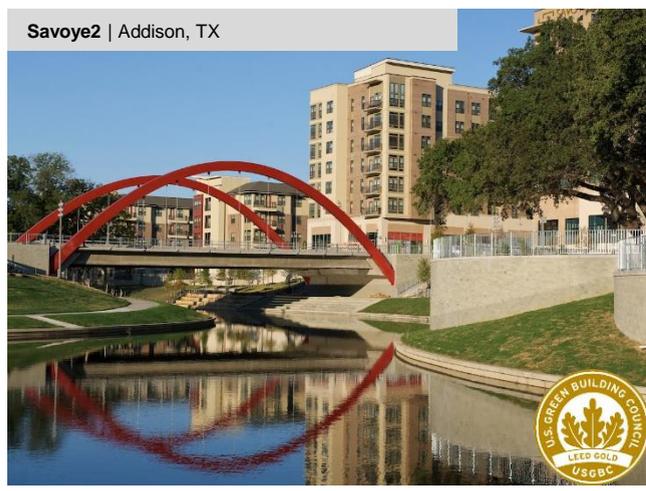
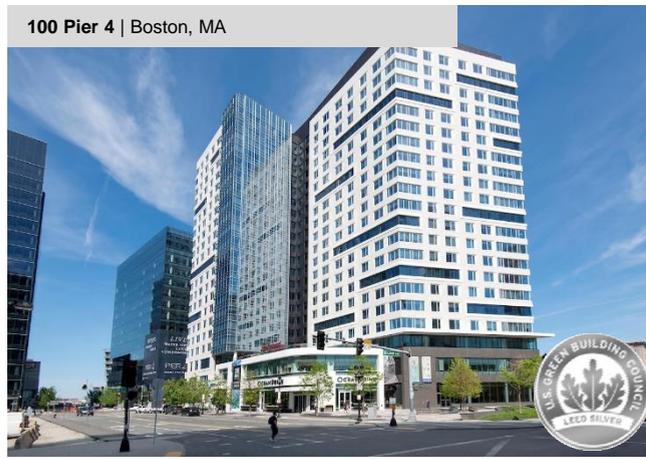
345 Harrison | Boston, MA



# APPENDIX D: GREEN CERTIFICATIONS AND RECOGNITION ACROSS OUR PORTFOLIO

- At UDR, we understand the impact our business can have on the environment and upon our stakeholders, and we choose to go beyond basic requirements where possible. We embrace LEED (or equivalent) certification on many new developments, and our existing communities are all evaluated for improvements that minimize our environmental impact.
- Since 2010, UDR has developed or redeveloped 22 communities, representing ~\$3B in total project cost<sup>(1)</sup>, that have obtained sustainability certifications.

COMMUNITY NAME	CERTIFICATION
13 <sup>TH</sup> and Market	LEED Silver
3033 Wilshire	Green Globes
345 Harrison	LEED Silver
399 Fremont	LEED Silver
Beach and Ocean	NGBS – Silver
Capital View on 14th	LEED Platinum
Channel Mission Bay	LEED Gold
CityLine	LEED Silver
CityLine II	LEED Silver
DelRay Tower	LEED Silver
Fiori on Vitruvian Park	LEED Silver
Los Alisos at Mission Viejo	LEED Silver
OLiVE DTLA	CalGreen
Parallel	CalGreen
100 Pier 4	LEED Silver
Savoye	LEED Silver
Savoye2	LEED Gold
The Residences at Pacific City	LEED Silver
The Residences on Jamboree	NGBS - Silver
Verve Mountain View	LEED Silver
Vision on Wilshire	LEED Silver
Vitruvian West	LEED Silver



(1) Total project cost includes JVs at 100% ownership.