



**NAREIT
Chicago**

October 10 - 12, 2001

Overview of Company

- 30 Year History of Quality and Performance
- Class B Apartments – Garden Style
- Diversified Portfolio Across Growing Markets
- 3rd Largest Apartment REIT
- Market Capitalization of \$4.0 Billion
- 25 Consecutive Years of Dividend Increases
- 78,000 Units
- 62 Markets, No One Market More Than 6%

Investment Decision Making

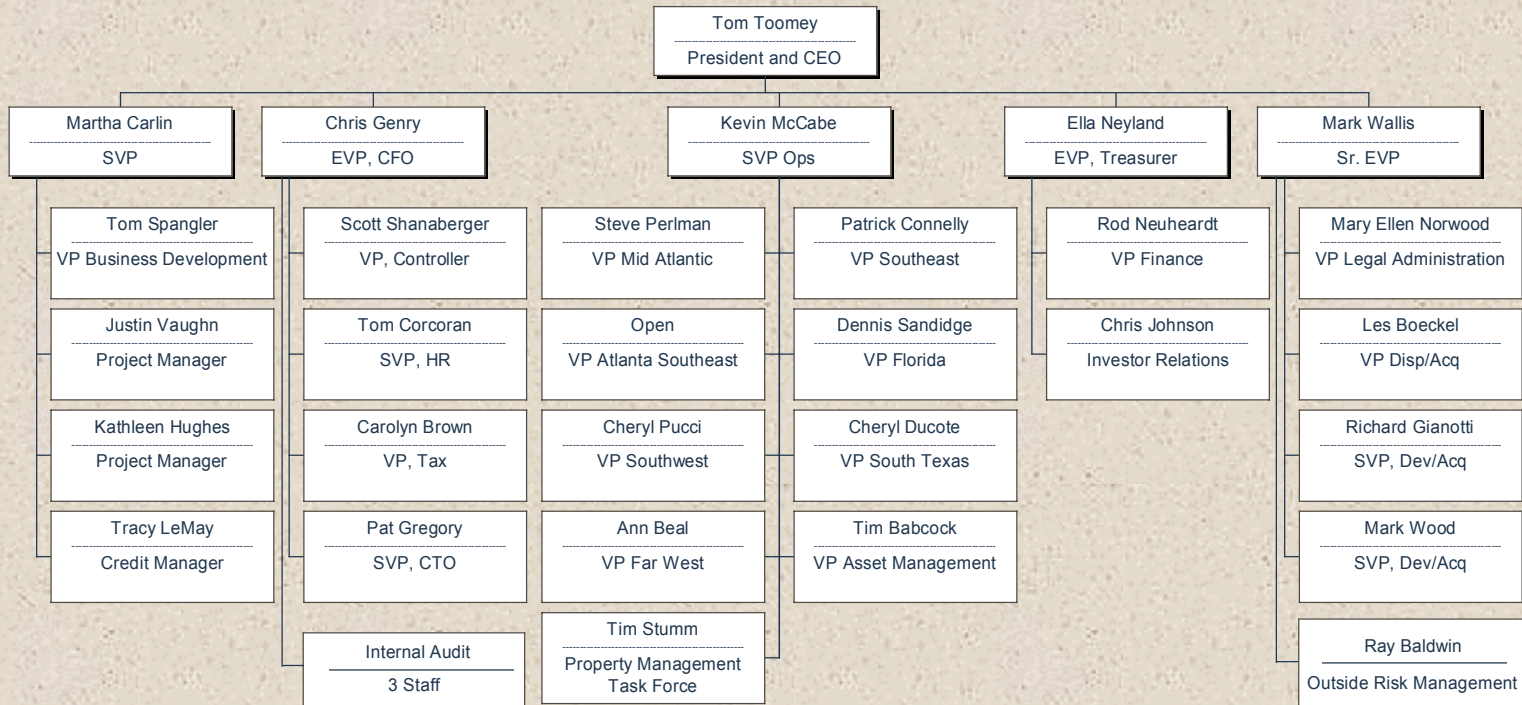
- Why Invest in REITs?
 - Liquid investment
 - Real property assets
 - Dividends
- Why Invest in Apartment REITs?
 - Relative resiliency of housing fundamentals
 - Construction and lending remain in check
 - Only REITs with access to Fannie and Freddie
- Why Invest in UDR?
 - Diversified portfolio with large customer base
 - 7% discount to NAV
 - 15-18% total returns projected for 2002

New Management Team

- Events:
- February – New CEO
 - April – New Management Team
 - All have multi-family experience
 - All have worked together

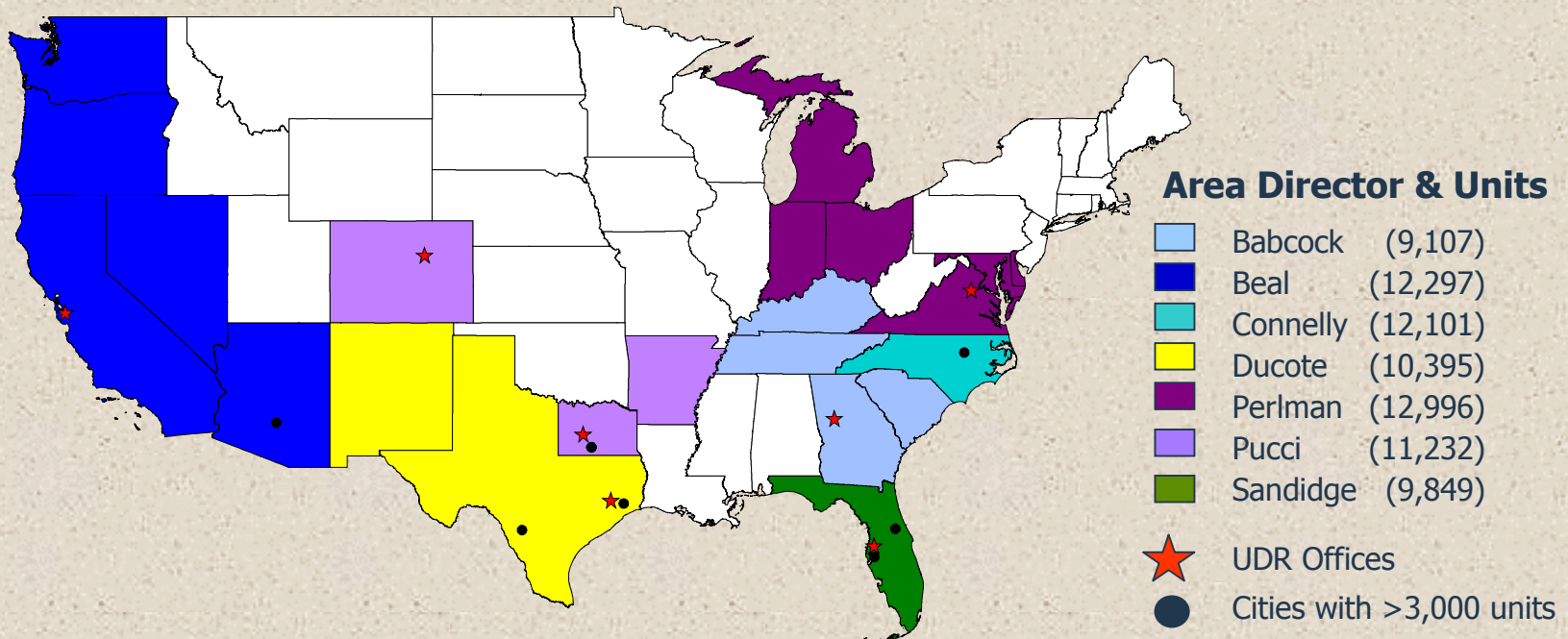
| | | |
|---------------|---------|---|
| Mark Wallis | Sr. EVP | Strategic Planning, Acquisition & Development |
| Chris Genry | CFO | Financial Reporting, Technology and Human Resources |
| Ella Neyland | EVP | Treasurer/Investor Relations |
| Martha Carlin | SVP | Operations |
| Kevin McCabe | SVP | Property Operations |

Management Organization



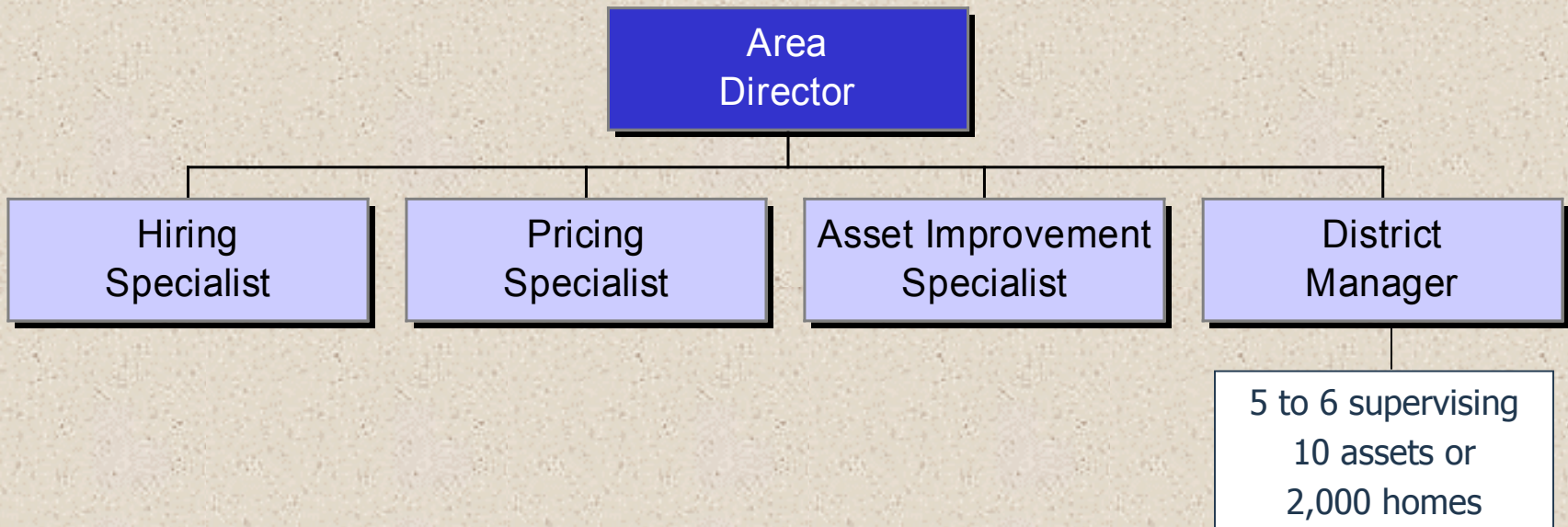
Property Management Organization

- Decentralized Property Management Team
 - Experienced local experts
 - Flat organization



Typical Area Operating Organization

- Self Sufficient Organizations
- Operate Autonomously to React to Markets in Real Time



Bottom Line Orientation

- Forced Ranking of Personnel Based Upon Performance
- All Incentive Plans Tied to Cash Flow Improvement Over Prior Years
- Long-Term Performance and Retention Program via Restricted Stock and Out-Performance Program

Business Plan for 2002

- Increased Operating Efficiency
- Continue Improvement in Asset Quality
- Portfolio Repositioning Strategy

Increased Operating Efficiency Managing the Business

Management has developed a program whereby key metrics are monitored on a timely basis to ensure financial performance is optimized. The discussion that follows highlights those key metrics and their progress since the new management team.

| | <u>Monitored</u> |
|----------------------|------------------|
| Revenue | Weekly |
| Expenses | Weekly |
| Corporate Overhead | Monthly |
| Interest | Monthly |
| Capital Replacements | Monthly |

In addition to the practices outlined above and the following pages, management utilizes third party data to evaluate its performance.

Revenue: Quarterly comparison by market: rent, concessions and occupancy, via Axiometrics, which covers over one million units.

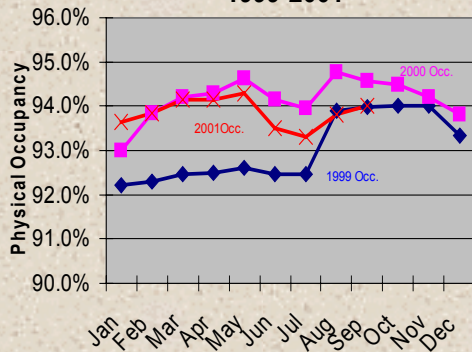
Expenses: Annual comparison to IREM.

For both areas we compare UDR results to our peers.

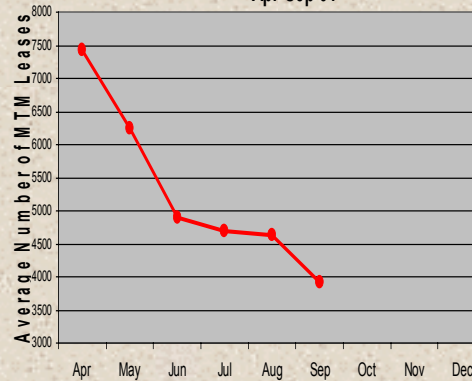
Managing Revenues

These metrics are used to manage rental revenues on a weekly basis.

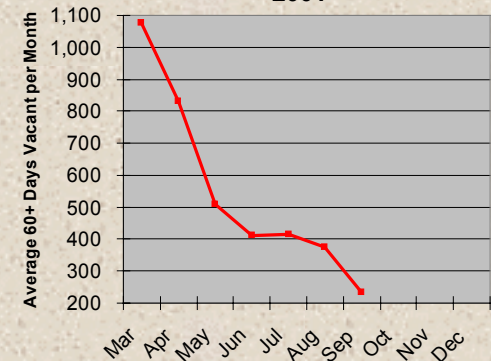
**Physical Occupancy
1999-2001**



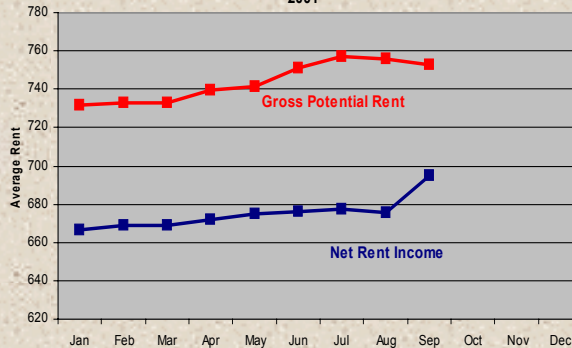
**Month-to-Month Leases
Apr-Sep 01**



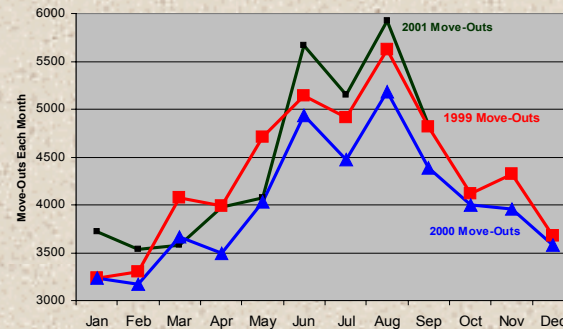
**60+ Day Vacants
2001**



**Average Rent per Occupied Unit
2001**



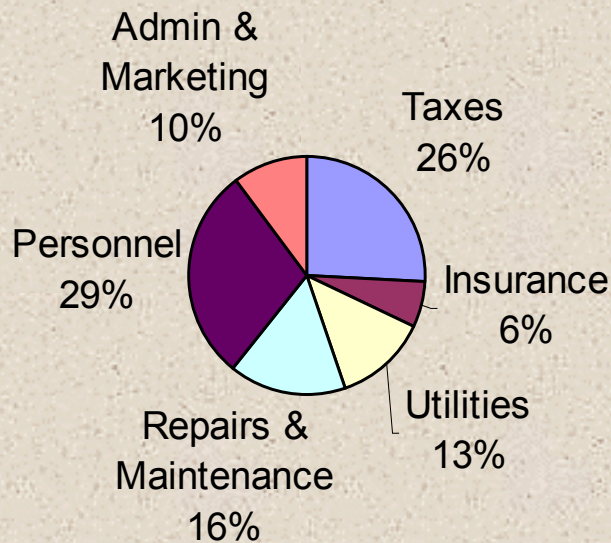
**Turnover
1999-2001**



Managing Expenses

Expenses will be managed according to our annual budget. Additionally, management monitors total expenses by asset on a weekly basis comparing to prior year and quarter-to-date. Selected expenses are monitored as stated below.

Breakdown of Expenses



| Category | Projected Year End |
|-----------------------|--------------------|
| Taxes | \$ 52.9 |
| Insurance | 12.4 |
| Utilities | 24.0 |
| Repairs & Maintenance | 33.0 |
| Personnel | 60.6 |
| Admin & Marketing | 20.7 |
| TOTAL | \$203.6 |

Managing Expense

Expenses are generally managed through a budget process. Additionally, management monitors total expenses by asset on a weekly basis comparing to prior year and quarter-to-date. Expenses are monitored as stated below.

Taxes:

- Centralized Operations to One Department in July
- Centralized Web-based data management system
- Planned reduction in number of consultants for 2002
- Increased systematic focus at site level for issues that will reduce taxes

Insurance:

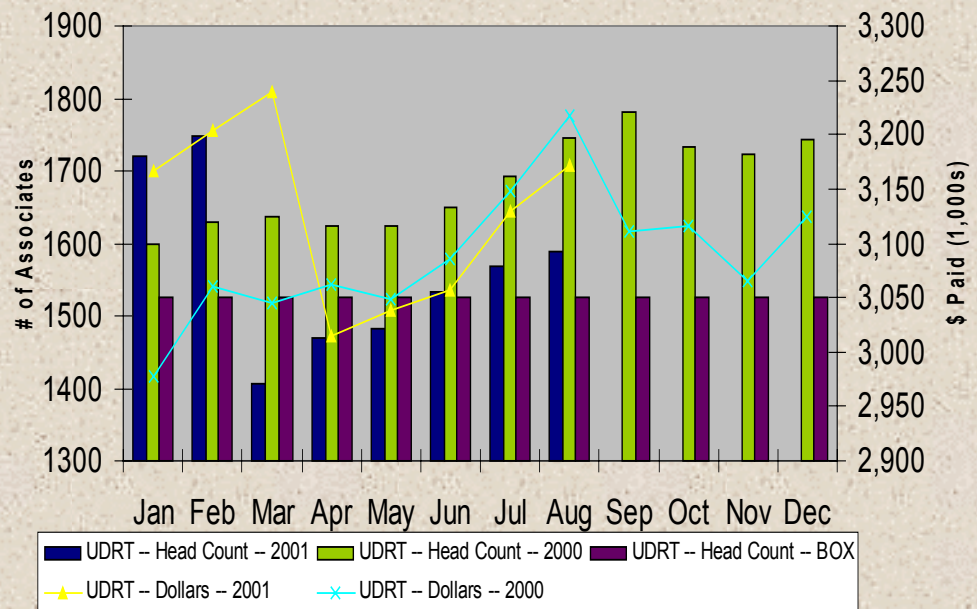
- Material losses are reported via email immediately
- Monthly reporting
- Re-bid all programs - ongoing

Utilities:

- Centralized data collection and standardized
- Monthly review of water and gas billing an collections to improve re-bill penetration
- Implemented bill management systems to collect rate and usage data for better commodity management

Repairs & Maintenance and Admin & Marketing

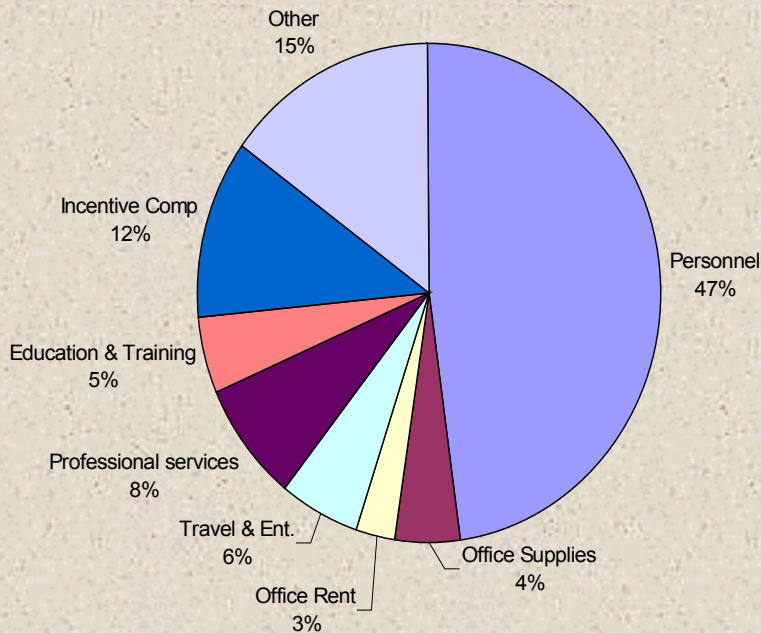
- Weekly company wide A/P reporting
- Budget vs. Actual
- Vendor pricing re-bid periodically



Managing Overhead

Expenses for overhead are managed through a budget process, and historical budgets and costs have been reassessed for improvement opportunities.

Breakdown of Overhead

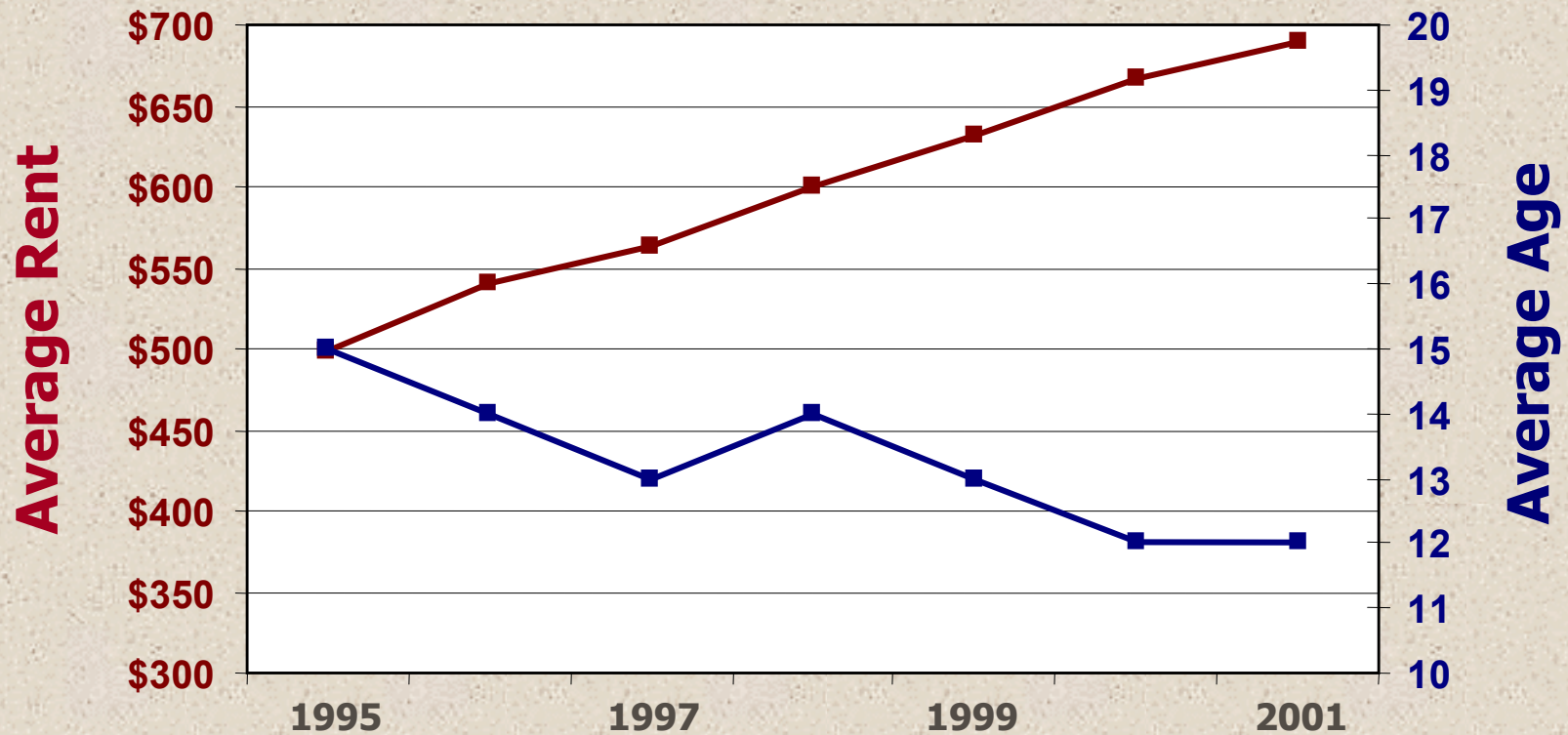


| Management Approach | Process |
|---|---|
| Payroll Box | <ul style="list-style-type: none"> • Specific number of employees based on each department • Bi-Weekly monitoring of box compliance |
| Outsource and Capitalize Deal Costs | <ul style="list-style-type: none"> • Reduced payroll/headcount in the areas of in-house legal counsel |
| Manage Accountability and Incentives | <ul style="list-style-type: none"> • Department heads are accountable for expenses and incentives to reduce costs |
| Run like a Project <ul style="list-style-type: none"> – Establish Metrics – Efficiency Task Teams – Measure Progress | <ul style="list-style-type: none"> • Evaluating cost per invoice and paycheck processed, cost per new hire, benefits costs per EE, support costs per PC, etc., to compare ourselves to best practices data and set goals for improvement |

Improvement in Asset Quality

- Continue the Trend of Improving Age and Rents
- Disciplined Development Activities
- Reinvesting in Assets Through Maintenance and Capital Spending

Asset Quality ... Age and Rents

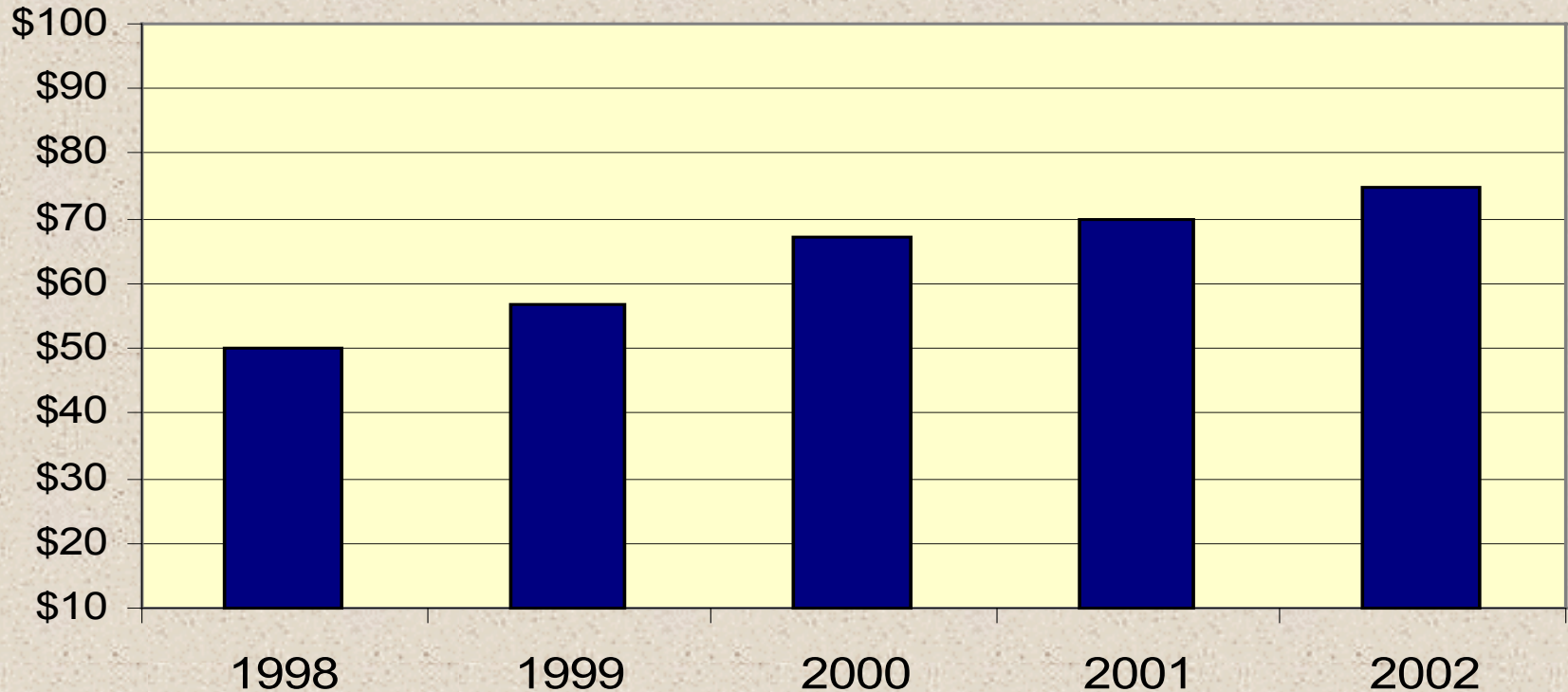


Asset Quality ... New Development

- \$300 Million Over 5 Years

Average Return: 9-10%

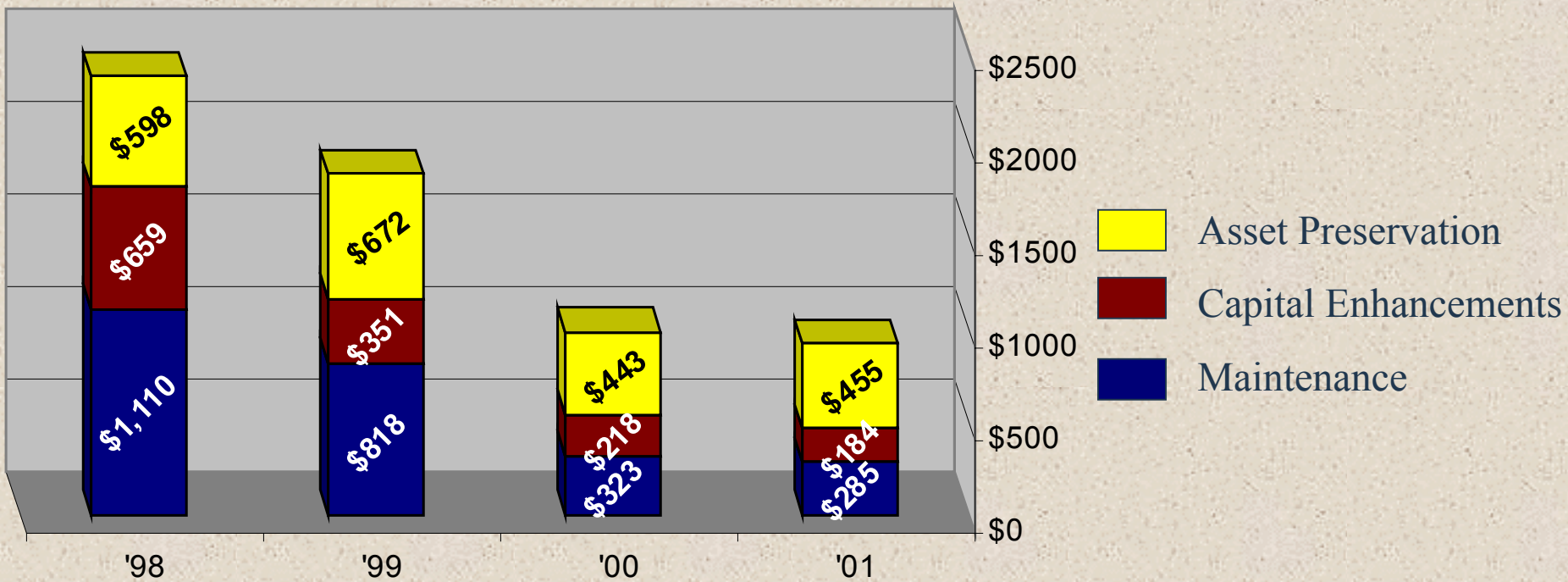
(In Millions)



UDR Development Pipeline

| | <u>Location</u> | <u># of Units</u> | <u># of Units Completed</u> | <u>% Leased</u> | <u>Cost To Date</u> | <u>Cost to Complete</u> | <u>Total Cost</u> | <u>Scheduled Completion</u> |
|--|-----------------|-------------------|-----------------------------|-----------------|---------------------|-------------------------|-------------------|-----------------------------|
| <u>Wholly-Owned Development</u> | | | | | | | | |
| Dominion Place at Kildaire Farm | Raleigh, NC | 332 | 156 | 64% | \$ 18,400 | \$ 7,300 | \$ 25,700 | March 31, 2002 |
| Red Stone Ranch | Austin, TX | 324 | 285 | 41% | 17,600 | 4,100 | 21,700 | December 14, 2001 |
| Greensview II | Denver, CO | 192 | 24 | 11% | 13,505 | 3,195 | 16,700 | December 31, 2001 |
| The Meridian II | Carrollton, TX | 270 | 0 | | 4,800 | 12,600 | 17,400 | March 8, 2002 |
| | | <u>1,118</u> | | | <u>\$ 54,305</u> | <u>\$ 27,195</u> | <u>\$ 81,500</u> | |

Asset Quality ... Reinvesting in Assets

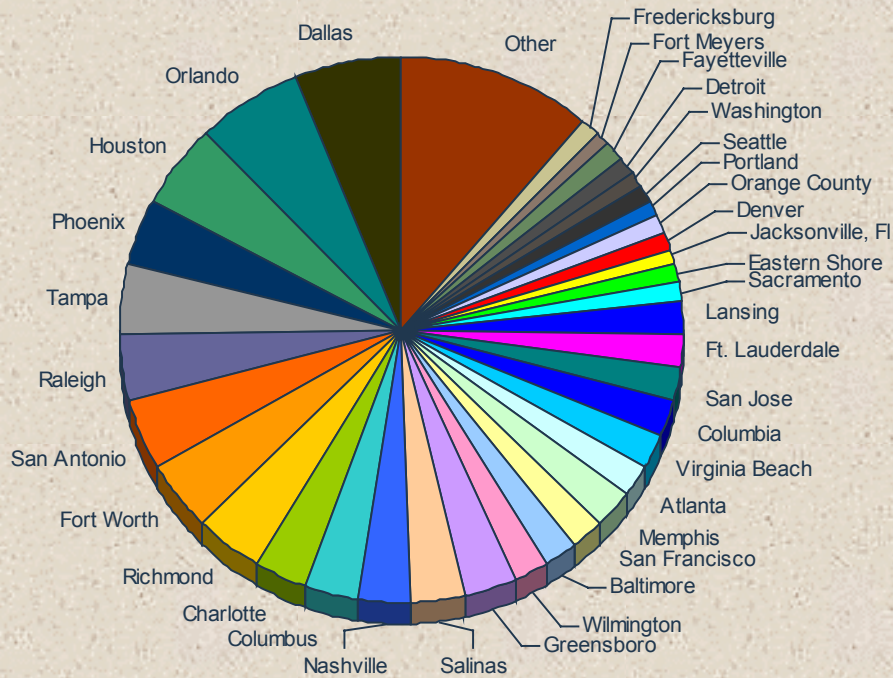


Repositioning the Portfolio for the Future

- Focus on Fewer Markets (20-30)
- Market Concentration
 - Minimum of 1,500 – 2,000 units
 - Maximum of 10,000 – 12,000 units
- Market Selection Criteria
 - Size
 - Rent and growth prospects
 - Portfolio diversification
 - Location of current holdings

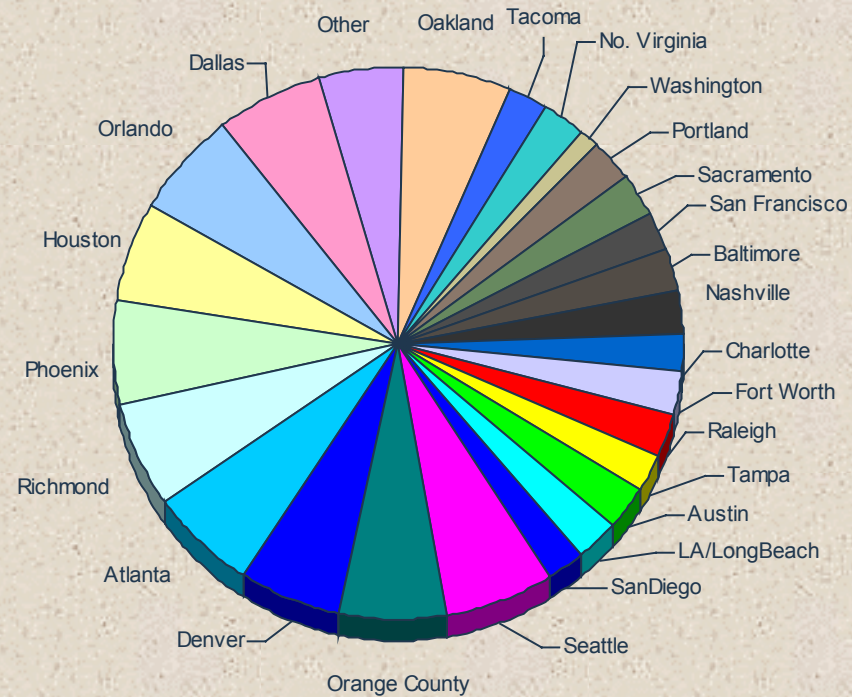
Overview ... Geographic Distributions

Today



62 Markets

Future



20 – 25 Markets

The Result ...

- Increased Operating Efficiency
- Continued Improvement in Asset Quality
- Portfolio Repositioning Strategy



8-10% FFO Growth Plus 7-8% Dividend Yield

15-18% Total Return

Financial Projections

| | | |
|------------------|---------|-------------|
| FFO Earnings | 2001 | \$1.48 |
| | 2002 | \$1.65 |
| FFO Growth | 2001-02 | 11% |
| Dividends/Yield | | \$1.08/7.6% |
| Net Asset Value* | | \$15.20 |

* As of September 30, 2001
NAV on website at udrt.com

Internal Growth

| | Pre 9/11 | | Post 9/11 |
|------------------------------------|-------------|---|--------------|
| • 2001 Consensus | \$1.48 | | \$1.48 |
| • 2002 Incremental Earnings Range: | | | |
| – One-Time Write-Off (added back) | \$.07 | - | \$.07 |
| – Same Store Sales Growth | .03 | - | .01 |
| – Capital Transactions | .02 | - | .02 |
| – 10% Work Force Reduction | .02 | - | .01 |
| – Insurance Change | .01 | - | .02 |
| – Refinancing | .02 | - | .05 |
| – Development Pipeline | .01 | - | .01 |
| – Uncertainty | (.01) | - | (.02) |
| • 2002 Earnings Range | \$1.65 | - | \$1.65 |

Balance Sheet ... September 30

Liabilities

| | | |
|-------------------------------|----|------------|
| Secured debt | \$ | 870 |
| Unsecured notes | | 760 |
| Unsecured term loan | | 100 |
| Unsecured revolver | | 347 |
| Unconsolidated JV debt | | <u>22</u> |
| Total debt | \$ | 2,099 |
| Perpetual preferred stock | | <u>135</u> |
| Total debt + perp. pfd. stock | \$ | 2,234 |
| Convertible preferred stock | | <u>175</u> |

Credit Ratios

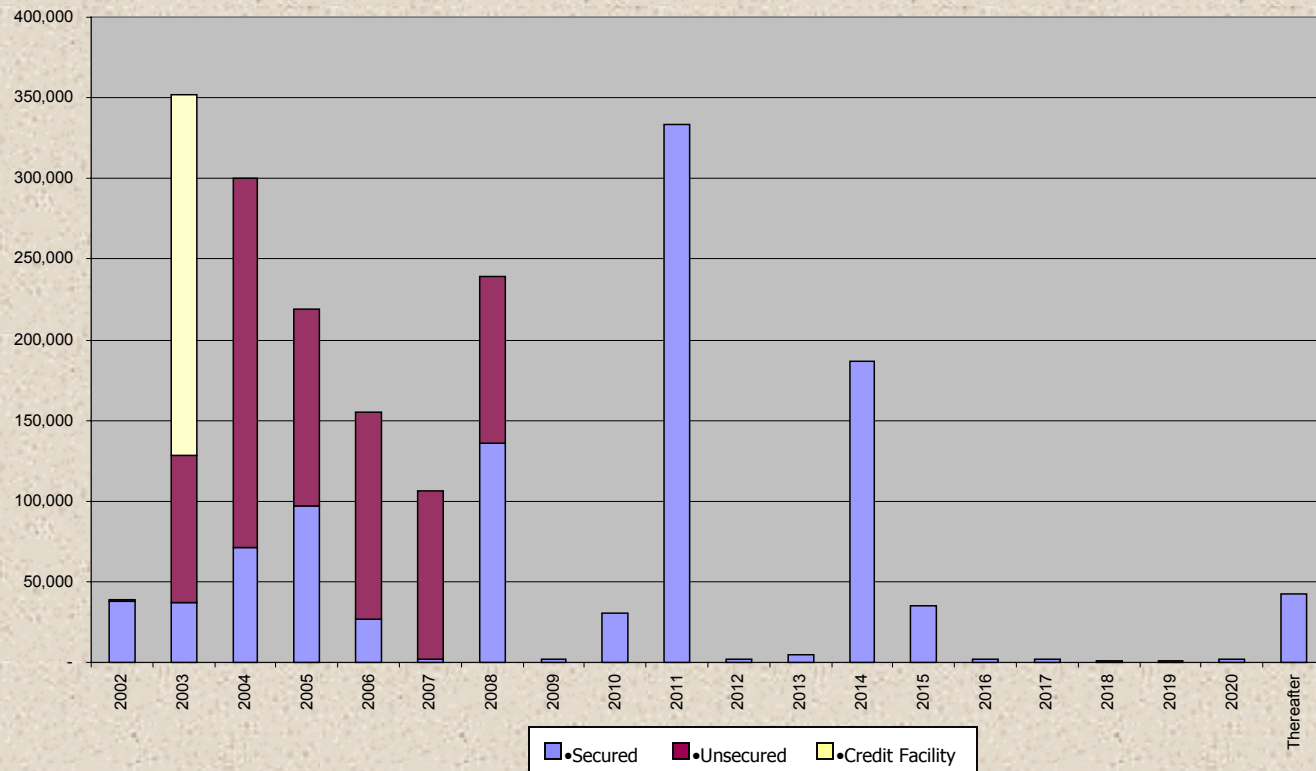
| | |
|---|-------|
| Debt/gross asset value ¹ | 60.5% |
| Debt/undepreciated real estate | 54.2% |
| Debt + perp. pfd./undepreciated real estate | 57.7% |
| Debt + perp. + conv. pfd./undepreciated real estate | 62.3% |
| Fixed charge coverage ratio ² | 2.0x |
| Secured debt/undepreciated real estate | 25.9% |

¹ Debt includes unconsolidated joint venture debt and perpetual preferred stock; gross asset value is net asset value (\$15.20 per share) plus debt.

² Fixed charged coverage ratio is EDITBA/(interest expense plus preferred dividends plus capitalized interest).

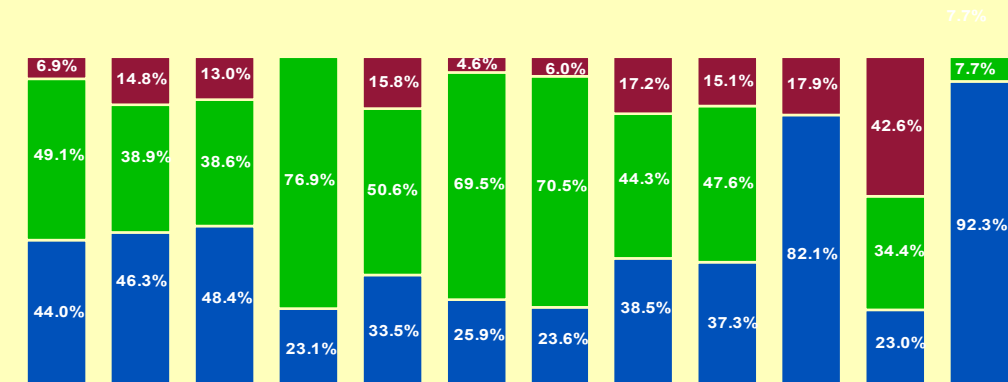
Debt Maturity Schedule

- Debt Maturities are Managed
- \$2.2 Billion of Unencumbered Assets



Peer Comparison of Debt

■ Secured debt ■ Unsecured debt ■ Perpetual preferred equity



| Actual credit statistics | UDR | EQR | ASN ³ | AVB | PPS | CPT | BRE | GBP | SMT | AIV | AML | ESS |
|---|-------|-------|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| S&P unsecured debt ratings | BBB- | BBB+ | BBB+ | BBB+ | BBB+ | BBB | BBB | BBB | BBB- | NR | NR | NR |
| Total debt/gross asset value ¹ | 60.5% | 45.6% | 48.9% | 34.7% | 43.3% | 43.9% | 37.6% | 51.0% | 52.1% | 59.6% | 60.1% | 39.0% |
| Fixed charge coverage ratio ² | 2.0x | 2.5x | 2.8x | 2.6x | 2.4x | 2.6x | 2.6x | 2.2x | 2.0x | 2.0x | 3.4x | 3.7x |
| Secured debt/gross asset value | 25.2% | 21.1% | 23.7% | 8.0% | 14.5% | 11.3% | 8.9% | 19.6% | 19.4% | 48.9% | 13.8% | 36.0% |

¹ Expressed as a percentage of total debt, which includes perpetual preferred stock

² Archstone is pro forma for the acquisition of Charles E. Smith; S&P has Archstone on negative watch

Internal Growth

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|------------------------------------|-------------|---|--------------|
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Impact of A Recession

- Negative
 - Decreasing occupancy levels
 - Restricts ability to raise rents
 - Bad debt and concessions increase
 - Slower sales
- Positive
 - Fewer residents buy homes
 - Lower interest rates
 - Acquisition opportunities

Lasting Impressions ...

- FFO Growth of 8-10%
- Dividend Yield of 7-8%



Total Return of 15-18%