

UDR, Inc.
Form 10-Q
August 09, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2007

or

**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.

(Exact name of registrant as specified in its charter)

Maryland

*(State or other jurisdiction of
incorporation of organization)*

54-0857512

*(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. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the issuer's common stock, \$0.01 par value, outstanding as of August 6, 2007 was 134,743,062.

UDR, Inc.

FORM 10-Q

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	<u>Section 1350 Certification of the Chief Financial Officer</u>	

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(In thousands, except for share data)
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Real estate owned:		
Real estate held for investment	\$ 5,480,288	\$ 5,256,732
Less: accumulated depreciation	(1,308,407)	(1,183,710)
	4,171,881	4,073,022
Real estate under development (net of accumulated depreciation of \$363 and \$527)	258,429	203,786
Real estate held for disposition (net of accumulated depreciation of \$62,251 and \$69,490)	213,459	289,587
Total real estate owned, net of accumulated depreciation	4,643,769	4,566,395
Cash and cash equivalents	2,928	2,143
Restricted cash	5,259	5,602
Deferred financing costs, net	37,375	35,160
Notes receivable	6,500	10,500
Funds held in escrow from IRC Section 1031 exchanges pending the acquisition of real estate	25,780	
Investment in unconsolidated joint ventures	28,180	5,850
Other assets	43,868	37,014
Other assets real estate held for disposition	9,858	13,211
Total assets	\$ 4,803,517	\$ 4,675,875
LIABILITIES AND STOCKHOLDERS EQUITY		
Secured debt	\$ 1,254,612	\$ 1,159,036
Secured debt real estate held for disposition		23,883
Unsecured debt	2,339,752	2,155,866
Real estate taxes payable	25,119	25,122
Accrued interest payable	28,852	34,347
Security deposits and prepaid rent	26,756	24,360
Distributions payable	49,118	46,936
Accounts payable, accrued expenses, and other liabilities	43,180	55,037
Other liabilities real estate held for disposition	5,335	7,200

Total liabilities	3,772,724	3,531,787
Minority interests	57,904	88,833
Stockholders' equity:		
Preferred stock, no par value; 50,000,000 shares authorized		
0 shares 8.60% Series B Cumulative Redeemable issued and outstanding (5,416,009 at December 31, 2006)		135,400
2,803,812 shares 8.00% Series E Cumulative Convertible issued and outstanding (2,803,812 at December 31, 2006)	46,571	46,571
5,400,000 shares 6.75% Series G Cumulative Redeemable issued and outstanding (0 at December 31, 2006)	135,000	
Common stock, \$0.01 par value; 250,000,000 shares authorized		
135,013,269 shares issued and outstanding (135,029,126 at December 31, 2006)	1,350	1,350
Additional paid-in capital	1,661,437	1,682,809
Distributions in excess of net income	(871,469)	(810,875)
Total stockholders' equity	972,889	1,055,255
Total liabilities and stockholders' equity	\$ 4,803,517	\$ 4,675,875

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
REVENUES				
Rental income	\$ 178,231	\$ 165,197	\$ 353,119	\$ 327,097
Non-property income:				
Other income	697	724	1,175	1,902
Total revenues	178,928	165,921	354,294	328,999
EXPENSES				
Rental expenses:				
Real estate taxes and insurance	21,963	19,436	42,932	41,005
Personnel	16,606	16,296	34,083	31,736
Utilities	8,512	8,814	19,349	19,044
Repair and maintenance	10,011	9,194	19,868	18,463
Administrative and marketing	5,037	5,107	9,709	9,933
Property management	5,102	5,093	10,147	10,084
Other operating expenses	314	301	625	599
Real estate depreciation and amortization	64,108	54,687	124,682	107,268
Interest	42,758	46,430	86,948	90,900
General and administrative	9,604	6,837	19,430	13,601
Other depreciation and amortization	918	712	1,753	1,386
Total expenses	184,933	172,907	369,526	344,019
Loss before minority interests and discontinued operations	(6,005)	(6,986)	(15,232)	(15,020)
Minority interests of outside partnerships	(37)	(38)	(67)	(54)
Minority interests of unitholders in operating partnerships	707	663	1,390	1,389
Loss before discontinued operations, net of minority interests	(5,335)	(6,361)	(13,909)	(13,685)
Income from discontinued operations, net of minority interests	12,031	38,545	52,438	57,878
Net income	6,696	32,184	38,529	44,193
Distributions to preferred stockholders Series B	(1,908)	(2,911)	(4,819)	(5,822)
Distributions to preferred stockholders Series E (Convertible)	(931)	(931)	(1,863)	(1,863)
Distributions to preferred stockholders Series G	(785)		(785)	
Premium on preferred stock repurchases	(2,261)		(2,261)	

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Net income available to common stockholders	\$	811	\$ 28,342	\$	28,801	\$	36,508
Earnings per weighted average common share basic and diluted:							
Loss from continuing operations available to common stockholders, net of minority interests	\$	(0.08)	\$ (0.08)	\$	(0.18)	\$	(0.16)
Income from discontinued operations, net of minority interests	\$	0.09	\$ 0.29	\$	0.39	\$	0.43
Net income available to common stockholders	\$	0.01	\$ 0.21	\$	0.21	\$	0.27
Common distributions declared per share	\$	0.3300	\$ 0.3125	\$	0.6600	\$	0.6250
Weighted average number of common shares outstanding basic and diluted		134,727	133,676		134,620		133,634

See accompanying notes to consolidated financial statements.

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UDR, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except for share data)
(Unaudited)

	Six Months Ended	
	June 30,	
	2007	2006
Operating Activities		
Net income	\$ 38,529	\$ 44,193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	130,264	119,165
Net gains on the sale of land and depreciable property	(50,452)	(48,828)
Minority interests	1,764	2,431
Amortization of deferred financing costs and other	3,711	2,877
Refund of income taxes paid	4,441	
Changes in operating assets and liabilities:		
Decrease/(increase) in operating assets	3,194	(6,225)
Decrease in operating liabilities	(13,512)	(16,531)
Net cash provided by operating activities	117,939	97,082
Investing Activities		
Proceeds from sales of real estate investments, net	125,171	131,993
Repayment of note receivable	4,000	51,845
Acquisition of real estate assets (net of liabilities assumed) and initial capital expenditures	(123,568)	(230,210)
Development of real estate assets	(42,826)	(20,911)
Capital expenditures and other major improvements real estate assets, net of escrow reimbursement	(104,214)	(100,483)
Capital expenditures non-real estate assets	(2,407)	(1,613)
Investment in unconsolidated joint venture	(3,280)	(24,591)
Purchase deposits on pending real estate acquisitions	(3,052)	
Increase in funds held in escrow from IRC Section 1031 exchanges pending the acquisition of real estate	(25,780)	
Net cash used in investing activities	(175,956)	(193,970)
Financing Activities		
Payments on secured debt	(45,666)	(5,702)
Proceeds from the issuance of unsecured debt	150,000	125,000
Proceeds from the issuance of secured debt	66,948	9,327
Payments on unsecured debt	(92,255)	(24,820)
Net proceeds from revolving bank debt	121,700	90,600
Payment of financing costs	(5,142)	(2,666)
Proceeds from the issuance of common stock	918	3,223
Proceeds from the issuance of Series G preferred stock	135,000	
Payment of preferred stock issuance costs	(4,252)	
Collateral substitution deposit		(11,142)

Proceeds from the investment of performance based programs	87	317
Distributions paid to minority interests	(6,308)	(6,510)
Distributions paid to preferred stockholders	(7,653)	(7,685)
Distributions paid to common stockholders	(87,027)	(82,307)
Repurchase of common stock	(32,148)	
Redemption of Series B preferred stock	(135,400)	
Net cash provided by financing activities	58,802	87,635
Net increase/(decrease) in cash and cash equivalents	785	(9,253)
Cash and cash equivalents, beginning of period	2,143	15,543

Funds of
Dreyfus,
and an
officer of
66

investment
companies
(comprised
of 161
portfolios)
managed
by
Dreyfus.

ROBERT SVAGNA

Assistant Treasurer (2005)

Senior
Accounting
Manager —
49 Equity
Funds of
Dreyfus,
and an
officer of
66
investment
companies
(comprised
of 161
portfolios)
managed
by
Dreyfus.

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Name and Position with Fund (Since)	Age	Principal Occupation and Business Experience For Past Five Years
JOSEPH W. CONNOLLY Chief Compliance Officer (2004)	59	Chief Compliance Officer of Dreyfus and The Dreyfus Family of Funds (66

investment companies, comprised of 161 portfolios).

The address of each officer of the Fund is 200 Park Avenue, New York, New York 10166.

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PART III

Part III sets forth information for the Fund regarding the beneficial ownership of its shares as of June 1, 2016 by the Nominees, the Continuing Trustees and officers of the Fund owning shares on such date and by any shareholders owning 5% or more of the Fund's outstanding shares.

As of June 1, 2016, the Nominees, Continuing Trustees and officers, as a group, beneficially owned less than 1% of the Fund's outstanding shares.

To the Fund's knowledge, based on Schedule 13G filings as of December 31, 2015, the following information with respect to beneficial ownership of more than 5% of the Fund's outstanding shares has been reported.

Title of Class	Name and Address of Beneficial Owner	Number of Shares Owned	Percent of Class
Common Shares	First Trust Portfolios L.P.* First Trust Advisors L.P.* The Charger Corporation* 120 East Liberty Drive Suite 400 Wheaton, IL 60187	8,900,774	12.25 %

* These entities share voting and dispositive power with respect to the share amounts and percentages shown.

As of June 1, 2016, Cede & Co., P.O. Box 20, Bowling Green Station, New York, New York 10274, held of record approximately 99.26% of the outstanding shares of beneficial interest of the Fund.

Section 16(a) Beneficial Ownership Reporting Compliances

To the Fund's knowledge, all of its officers, Trustees, holders of more than 10% of the outstanding shares of beneficial interest of the Fund and certain additional persons required to report their transactions in the Fund's shares complied with all filing requirements under Section 16(a) of the Securities Exchange Act of 1934, as amended, during the fiscal year ended March 31, 2016. In making this disclosure, the Fund has relied solely on written representations of such persons and on copies of reports that have been filed with the SEC.

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EXHIBIT B

THE DREYFUS FAMILY OF FUNDS

Nominating Committee Charter and Procedures

Organization

The Nominating Committee (the "Committee") of each fund in the Dreyfus Family of Funds (each, the "Fund") shall be composed solely of Directors/Trustees ("Directors") who are not "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act") ("Independent Directors"). The Board of Directors of the Fund (the "Board") shall select the members of the Committee and shall designate the Chairperson of the Committee.

Responsibilities

The Committee shall select and nominate persons for election or appointment by the Board as Directors of the Fund.

Evaluation of Potential Nominees

The Board believes that Directors need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties. In evaluating potential Director nominees (including any nominees recommended by shareholders as provided below) in light of this standard, and to address certain legal and other requirements and considerations associated with composition of the Board, the Committee shall consider, among other factors it may deem relevant:

- the character and integrity of the person;
- whether or not the person is qualified under applicable laws and regulations to serve as a Director of the Fund;
- whether or not the person has any relationships that might impair his or her service on the Board;
- whether nomination of the person would be consistent with Fund policy and applicable laws and regulations regarding the number and percentage of Independent Directors on the Board;
- whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related fund complexes;
- whether or not the person is willing to serve and is willing and able to commit the time necessary for the performance of the duties and responsibilities of a Director of the Fund; and

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- the educational background; business, professional training or practice (e.g., medicine, accounting or law), public service or academic positions; experience from service as a board member (including the Board) or as an executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and/or other life experiences.

In addition, the Committee may consider whether a potential nominee's professional experience, education, skills and other individual qualities and attributes, including gender, race or national origin, would provide beneficial diversity of skills, experience or perspective to the Board's membership and collective attributes. Such considerations will vary based on the Board's existing membership and other factors, such as the strength of a potential nominee's overall qualifications relative to diversity considerations.

While the Committee is solely responsible for the selection and nomination of Directors, the Committee may consider nominees recommended by Fund shareholders. The Committee will consider recommendations for nominees from shareholders sent to the Secretary of the Fund, c/o The Dreyfus Corporation Legal Department, 200 Park Avenue, 7th Floor East, New York, New York 10166. A nomination submission must include all information relating to the recommended nominee that is required to be disclosed in solicitations or proxy statements for the election of Directors, as well as information sufficient to evaluate the factors listed above. Nomination submissions must be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the shareholders, and such additional information must be provided regarding the recommended nominee as reasonably requested by the Committee.

Nomination of Directors

After a determination by the Committee that a person should be selected and nominated as a Director of the Fund, the Committee shall present its recommendation to the full Board for its consideration.

Review of Charter and Procedures

The Committee shall review the charter and procedures from time to time, as it considers appropriate.

Adopted: April 28, 2010

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EXHIBIT C

REPORT OF THE AUDIT COMMITTEE

Dreyfus High Yield Strategies Fund
(the "Fund")

May 25, 2016

The audit committee oversees the Fund's financial reporting process on behalf of the Board of Trustees. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed and discussed the audited financial statements in the Annual Report with management.

The committee reviewed with the independent registered public accounting firm (the "independent auditors" or "auditors"), who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Fund's accounting principles and such other matters as are required to be discussed with the committee under the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). In addition, the committee has discussed with the independent auditors the auditors' independence from management and the Fund including the auditors' letter and the matters in the written disclosures required by the PCAOB provided to the committee.

Based on the reviews and discussions referred to above, the committee recommended to the Board of Trustees (and the Board has approved) that the audited financial statements for the Fund be included in the Fund's Annual Report to Shareholders for the year ended March 31, 2016.

Francine J. Bovich, Audit Committee Chair Stephen J. Lockwood, Audit Committee Member Joseph S. DiMartino, Audit Committee Member Roslyn M. Watson, Audit Committee Member Kenneth A. Himmel, Audit Committee Member Benaree Pratt Wiley, Audit Committee Member

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