

## **REIT Growth and Income Monitor**

### **Weekly Comments 01/07/2014**

**REIT stocks were unchanged in quiet trading, still underperforming the S&P 500 Index, as negative performance gap expanded to (31%) for 2013.**

**Reviewing list of 2013 underperforming REITs reveals high quality REITs for 2014 rebound.**

**Management transition at HCP offers opportunity for value oriented investors.**

**Digital Realty Trust traded down on a one time prior period adjustment, providing an attractive valuation for opportunistic investors.**

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REIT Weekly Comments, as well as REIT Growth and Income Monitor, REITMonitor.net and associated REIT reports, are products of Atlantis Investment. Research involves analysis of fundamental issues and discussion of critical variables that will determine stock price performance. Particular attention is paid to potential negative trends in business or in a company's accounting practices. BUY, SELL, and HOLD recommendations are provided with a ranking system of 1 to 5. Assignment of a 1 rank indicates expected stock price appreciation of 50% within 18 months, a 2 indicates expected stock price appreciation of more than 25%, a 3 indicates stock price performance in line with the market, a 4 indicates an expected stock price decline of more than 15%, and a 5 indicates expected stock price decline of more than 25%.

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**Weekly REIT Comments**  
**01/07/2014**

REIT stocks were unchanged in quiet trading for the week ended January 3, 2014. REIT stocks traded down (1%) during 2013, far behind performance of the S&P 500 Index, up 30%, as negative performance gap ended the year at (31%) for 2013. In the face of investor fears of higher interest rates, REITs have shown the worst underperformance seen since 3Q 2009, when fears of collapsing US economy dominated the news. Average gain for all REITs followed by REIT Growth and Income Monitor was 8% for 2013, trailing 30% gain for the S&P 500 Index.

Investors are cautiously expecting REIT guidance to indicate modest growth for 2014 as earnings are reported for 4Q 2013. Certain REIT segments, such as Specialty Self-Storage REITs, have exceeded expectations. Specialty Timber REITs, with portfolios of timberlands and sawlog mills, benefit from improving environment for homebuilders. Industrial REITs are gaining occupancy and increasing guidance. Hotel REITs rallied on lower oil prices, as better than expected FFO growth restores confidence. Residential REITs expect strong FFO growth to continue through 2014, driven by tight occupancy and rental rate increases. Health Care REITs should rebound as threat to Affordable Care Act has been averted. Performance of Retail REITs should respond to rental rate increases sustaining long term FFO growth. Investors still take a cautious stance for Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs.

Financial Mortgage REITs face significant fundamental change, as reform legislation was introduced to Congress during 3Q 2013, with debate delayed by federal budget negotiations and efforts to control the debt ceiling. Proposals to liquidate Fannie Mae within 5 years face stiff opposition from liberal Congressmen and Senators, as industry experts and lobbyists warn another recession could follow removal of government support from the housing sector. Profits paid by Fannie Mae and Freddie Mac support the Treasury at a time of fiscal austerity. Status quo for Fannie Mae now appears likely to be maintained through the 2016 elections. Investor acceptance of eventual Federal Reserve tapering supports outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS and non-agency securities provides a lift for Financial Commercial REITs. Impact of bond market volatility on portfolio valuations and book value of Financial REITs will be clarified by earnings reports for 4Q 2013.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 17 REITs in the S&P 500 Index are actually invested in financial assets. Dividend increases for 2013 and 2014 indicate management confidence in continued FFO growth. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

**Reviewing Underperforming REITs for Rapid 2014 Rebound**

As always during the first month of a new year, we review the list of underperforming REITs seeking high quality REITs that may achieve rapid rebound driven by earnings growth, as eagerness to take advantage of a bargain price overcomes previous investor disappointment. We suggest investors review the list of S&P 500 Index REITs, presented on page 3 of this report, to see which have underperformed the most among large cap REITs, while the chart of 2013 REIT sector performance on page 4 of this report indicates which sectors have been oversold. We expect all REITs to once again enjoy a period of outperformance, as investors become accustomed to higher interest rates. Federal Reserve tapering has been long discussed. Janet Yellen (new Federal Reserve Chairman as of February, 2014), is expected to continue accommodative monetary policy for an extended period, reassuring thoughtful investors. Actual Federal Reserve tapering should have more of a negative impact on bond prices than on stock prices. Interest rates are just a single component impacting income for REITs, while rental rate increases and occupancy are relevant factors affecting portfolio net income growth. REIT balance sheets are strong, with many REITs having raised equity during 2013, enabling acquisitions to support FFO growth. This appears to be an excellent time to consider new positions in REITs, particularly among large cap REITs that have traded down more than their REIT sectors on company specific issues.

**Trading Opportunities**

**HCP Inc.**, with market cap of \$16.7 billion, underperformed other Health Care REITs, trading down (20%) during 2013, following gain of 17% for 2012. Health Care REITs appear poised to outperform during 2014, as implementation of Affordable Care Act adds to the insured population seeking health care. The largest Health Care REITs, including **HCP**, appear well positioned to benefit from consolidation and expansion of health care service providers, providing capital enabling acquisitions and network expansion. A well diversified Health Care REIT, **HCP** owns 1,163 health care properties, including senior living and assisted living properties, as well as hospitals, medical office buildings and life science research facilities. Departure of former CEO James Flaherty, replaced by an outside board member, raises issues of leadership style and may signal a change in strategy. FFO for 3Q 2013 increased 14%. Guidance for FFO for 2013 indicates as much as 9% growth. **HCP** increased dividends 6% during 2013 (for the third year of dividend increase), now providing 5.8% yield for income investors, with 24% of total dividends for 2012 untaxed as return of capital.

**Digital Realty Trust**, a Data Center REIT with market cap of \$6.9 billion and a total property portfolio of 21.0 million square feet, provides growth and income oriented REIT investors with exceptional potential for long term FFO growth. The stock traded down (28%) during 2013, including decline of (20%) at the end of October, 2013, on disappointment over a one-time prior period adjustment recognized for 3Q 2013. Conservative guidance now appears to offer upside on renewed leasing volume. Portfolio expansion is driven both by acquisitions and new construction, with focus on establishing new data centers for US and global markets. **Digital Realty Trust** has committed more than \$900 million to investments serving the \$20 billion international market for cloud based services delivered from data centers, including \$700 million new developments, as well as \$200 million redevelopments at existing properties. Acquisitions are targeted at high demand areas in US and international markets, including London and Singapore, with 19% of revenue now drawn from data centers in Europe and 2% from Asia. Core FFO for 3Q 2013 increased 3%, while guidance for FFO for 2013 indicates 4%-5% growth. Recent guidance for core FFO for 2014 indicates 2%-5% growth. Dividends increased 7% for 2013, now providing income investors with annual dividend yield of 6.3%.

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Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price 12/27/2013	Price 12/31/2013	Price 01/03/2014	Weekly Price Change	2013 Price Change
American Tower Corp	AMT	\$79	\$80	\$80	1%	3%
Apartment Investment and Management	AIV	\$26	\$26	\$26	-1%	-4%
AvalonBay Communities	AVB	\$119	\$118	\$120	1%	-13%
Boston Properties	BXP	\$100	\$100	\$102	1%	-5%
Equity Residential	EQR	\$52	\$52	\$52	1%	-8%
HCP Inc.	HCP	\$37	\$36	\$36	-1%	-20%
Health Care REIT	HCN	\$53	\$54	\$53	-0%	-13%
Host Hotels & Resorts	HST	\$19	\$19	\$19	-1%	24%
Kimco Realty	KIM	\$20	\$20	\$20	-1%	2%
Macerich	MAC	\$59	\$59	\$59	-1%	1%
Plum Creek Timber	PCL	\$46	\$47	\$46	-0%	5%
Prologis, Inc	PLD	\$37	\$37	\$37	0%	1%
Public Storage	PSA	\$151	\$151	\$150	-1%	4%
Simon Property Group	SPG	\$153	\$152	\$154	0%	-4%
Ventas	VTR	\$57	\$57	\$57	-1%	-11%
Vornado Realty Trust	VNO	\$90	\$89	\$90	-0%	11%
Weyerhaeuser	WY	\$31	\$32	\$31	0%	14%
S&P 500 Index	S&P 500	\$1,841	\$1,848	\$1,831	-1%	30%
Average for S&P 500 Index REITs					-0%	-1%

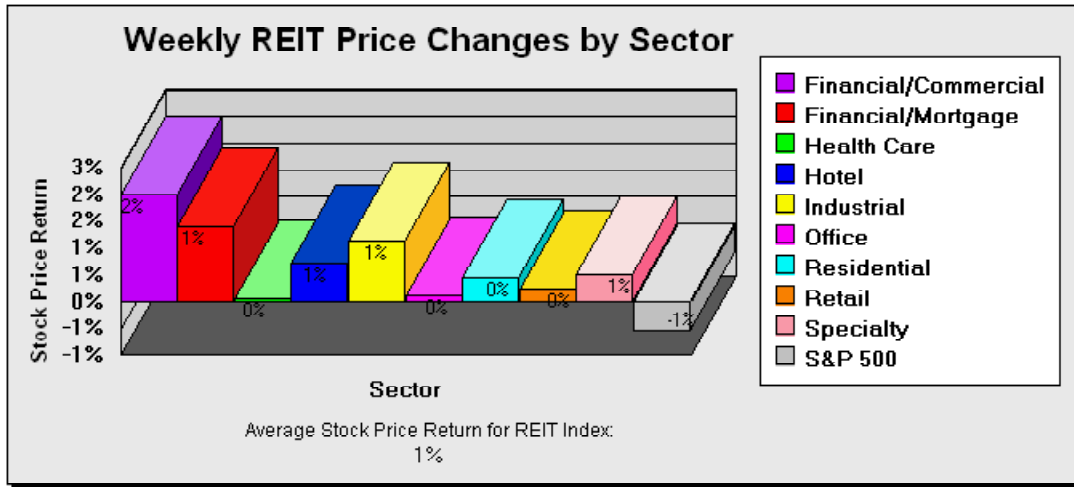
REIT stocks were unchanged in quiet trading during the last trading week of 2013, the week ended January 3, 2014. REITs slightly exceeded performance of the S&P 500 Index, trading down (1%) for the week. REITs traded down (1%) during 2013, trailing performance of the S&P 500 Index, up 30% for 2013. Negative performance gap ended 2013 at (31%). In the face of investor fears of higher interest rates, REITs during the last 7 months of 2013 showed the worst underperformance since 3Q 2009, when fears of collapsing US economy dominated the news.

None of the 17 REITs included in the S&P 500 Index traded up the same or more than 30% gain for the S&P 500 Index, while 9 REITs traded up less than the S&P 500 Index. A total of 8 of the S&P 500 REITs traded down during 2013. Leading performer among REITs for 2013 was **Host Hotels & Resorts**, up 24%, still underperforming the S&P 500 Index by a wide margin. Large cap **Public Storage** was up only 4%. Specialty Timber REITs **Plum Creek Timber**, up 5%, and **Weyerhaeuser**, up 14%, indicated continued optimism over strength of US housing sector, despite negative impact of higher mortgage interest rates. Office REITs showed disappointing performance, with **Boston Properties** down (5%) and **Vornado Realty Trust** up 11%, as rental rates declined in many urban areas. Economically sensitive Industrial REIT **Prologis Inc** showed gain of only 1% for 2013. Retail REITs **Kimco Realty**, up 2% for 2013, as well as **Macerich**, up 1%, and **Simon Property Group**, down (4%) for 2013, demonstrated disappointment over lower tenant sales trends, although rental rate increases still support long term FFO growth. Gains previously achieved by Health Care REITs eroded, although efforts to defund or delay Affordable Care Act were averted, with **HCP** down (20%), impacted by investor caution over management transition, while **Health Care REIT** traded down (13%) and **Ventas** traded down (11%) for 2013. Residential REITs also underperformed, including **Apartment Investment and Management**, down (4%), **AvalonBay Communities** now down (13%), and **Equity Residential**, down (8%), as investors considered eventual impact of multifamily housing starts on occupancy for Residential REITs. **American Tower**, newcomer to REIT status, increased 3% during 2013.

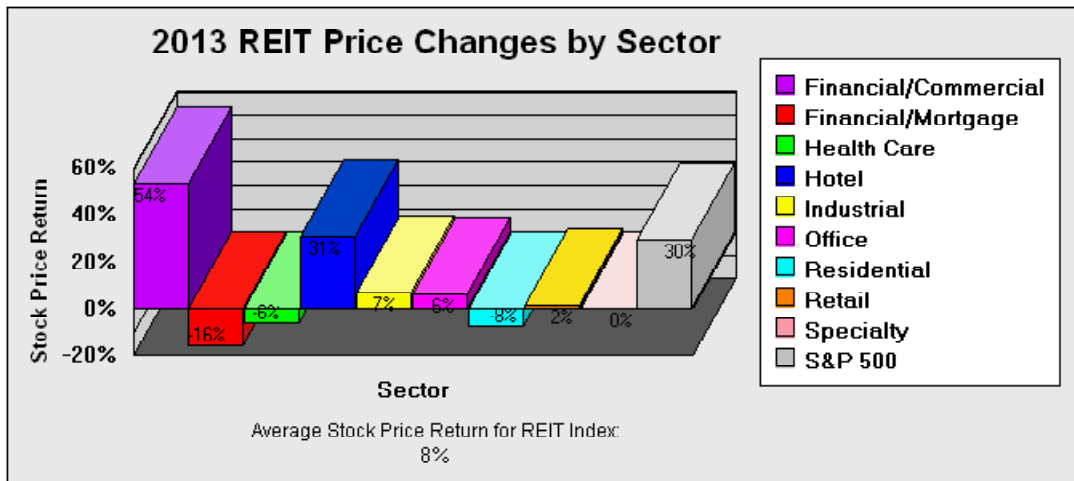
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Weekly REIT Price Changes by Sector



Most REIT sectors traded slightly higher for the last trading week of 2013, the week ended January 3, 2014, as investors awaited more news on economic activity for 4Q 2013. Best performance was demonstrated by Financial Commercial REITs, up 2%. Financial Mortgage REITs, Hotel REITs, Industrial REITs and Specialty REITs traded up 1%. Residential REITs and Retail REITs were up less than 1%, while lagging REIT sectors Health Care REITs and Office REITs were unchanged. On average, stock prices for REIT Growth and Income Monitor increased 1% for the week ended January 3, 2014.

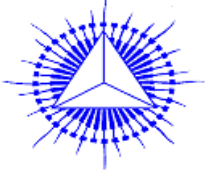


Prices for REITs followed by REIT Growth and Income Monitor achieved gain of 8% on average during 2013, far behind performance of the S&P 500 Index, up 30% year to date for 2013. REITs previously outperformed, as investors sought dividend income. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. REIT funds flow demonstrates moderate growth, at a time when other market sectors face adjusted revenue expectations due to currency exposure and variable international economies. Leading sector for 2013 was Financial Commercial REITs, up 54%, as investor interest in commercial and non-agency securitizations indicated frustration with low interest rates on agency securities. Hotel REITs achieved 31% gain, due to (14%) decline in gasoline prices since February, 2013. Industrial REITs gained 7%, while Office REITs gained 6%. Retail REITs gained only 2% for 2013, while Specialty REITs trading unchanged through the end of 2013. Health Care REITs ended 2013 down (6%), although Affordable Care Act has taken effect despite Congressional efforts to delay and defund the legislation mandating individual health insurance. Residential REIT stocks decreased (8%) during 2013, although guidance indicates strong FFO growth through the middle of 2014. Lagging Financial Mortgage REIT stocks decreased (16%) during 2013, as investors considered impact of Federal Reserve tapering on the bond market during 2014.

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REIT Comment



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Company:	Hatteras Financial
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,599
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
HTS \$16

Hatteras Financial HTS news of flattening trend in existing home sales indicates restrictive lending standards impacting home purchase decisions

HTS report from NAR (National Association of Realtors) found pending sales of existing homes UP 0.2% for November 2013 from prior month, but DOWN (1.6%) from November 2012

HTS latest report of actual sales of existing homes showed increase UP+6.2% from previous year, with prices UP +11.0%

HTS economist for NAR maintaining forecast for existing home sales of 5.1 million homes for 2013, UP +10%

HTS average prices for existing home UP +12% from previous year

HTS report highlights negative impact of restrictive credit on total number of transactions

HTS Financial Mortgage REITs benefit from home sales, providing mortgage volume for agency guaranteed securitizations

HTS provides yield of 12.3%, near the midpoint of the range for Financial Mortgage REITs

HTS a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

HTS we rank 2 BUY

HTS market cap \$1.6 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$10
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,394
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
NLY \$10

Annaly Capital Management NLY slower pace of sales of existing homes indicates housing sector impacted by restrictive credit

NLY lower mortgage application volume another indication that tight credit causing less activity

NLY investment returns during 4Q 2013 may exceed prior quarter due to less bond market volatility

NLY experienced less book value decline than many Financial Mortgage REITs during 3Q 2013, DOWN (3%)

NLY now trading at discount of (23%) to latest GAAP book value of \$12.70 per share

NLY provides current annual dividend yield of 14.3%, at the high end of the range for Financial Mortgage REITs

NLY a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

NLY we rank 2 BUY

NLY market cap \$9.4 billion

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,994
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/30/2013  
DFT \$25

DuPont Fabros Technology DFT holiday sales of electronic devices good news for REITs with portfolios of data centers

DFT mobile Internet access from tablets, e-readers, smartphones and laptops driving demand

DFT video streaming applications and sales of online media adding to volume of data delivered from data centers

DFT new categories of Internet mobile devices such as smartwatches and Google Glass bring innovation to applications

DFT key tenants include the largest Internet websites and online service providers including Facebook, Google, Microsoft and Yahoo!, as well as managed hosting services such as Rackspace and AboveNet (providing Amazon cloud web service)

DFT selling out existing data center capacity in markets recently in oversupply

DFT latest guidance for FFO for 2013 indicates growth UP +32%

DFT provided guidance range for FFO for 2014 indicating growth UP +18% next year

DFT provides current annual dividend yield of 4.1%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$2.0 billion



REIT Comment



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Company:	American Tower
Price:	\$79
Recommendation:	BUY
Ranking:	2
Market Cap:	\$31,094
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
AMT \$79

American Tower AMT pending carrier merger unlikely to impact near term growth

AMT Japanese wireless carrier Softbank seeking to acquire T-Mobile TMUS to combine with Sprint and Nextel International in bid for global market share

AMT management estimates exposure to Nextel International and Sprint at 16% of consolidated pro forma revenues, with exposure to T-Mobile TMUS at 10% of consolidated pro forma revenues

AMT wireless carrier consolidation normally adds to revenue growth as carriers invest to add acquired subscribers to unused spectrum

AMT lower revenues from wireless carrier consolidation may occur only where merging carriers rent space on the same towers, and then only when average 7 year lease term expires or is renewed

AMT \$4.8 billion merger with Global Tower Partners closed during 4Q 2013

AMT technology upgrade to LTE driving incremental investment as well as higher rents for existing customer base of wireless carriers

AMT guidance for FFO for 2013 indicates growth UP +23%

AMT provides current annual dividend yield of 1.5%

AMT converted to REIT status on merger with American Tower REIT in January 2012

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$31.1 billion

AMT an S&P 500 Index REIT

REIT Comment



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Company:	NorthStar Realty Finance
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,067
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/30/2013  
NRF \$13

NorthStar Realty Finance NRF invested \$340 million to acquire debt, preferred equity and common stock of RXR Realty

NRF RXR Realty formed in 2007 by former management team of Office REIT Reckson Associates Realty [previous ticker RA] after acquisition by SL Green Realty SLG

NRF total \$6.5 billion portfolio of RXR includes 20 million square feet of office space, including high profile Manhattan properties such as 75 Rockefeller Plaza, 237 Park Avenue, 340 Madison Avenue and 450 Lexington Avenue

NRF to own 30% of RXR, with plans to include RXR asset management business in pending spin-off

NRF pending spin-off of money management operation NorthStar Asset Management attracts investors seeking diversification of finance vehicles

NRF stock trading at premium of 105% to adjusted book value of \$6.46 per share as of September 2013, reflecting portfolio growth

NRF increased quarterly dividend distributions for 9 consecutive quarters, including 4Q 2013

NRF provides current annual dividend yield of 6.4%

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$3.1 billion

REIT Comment



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Company:	One Liberty Properties
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$318
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
OLP \$20

One Liberty Properties OLP traded DOWN (\$0.26) per share to close DOWN (1%) day

OLP stock traded unchanged year to date for 2013, underperforming Retail REITs, trading UP +2% for 2013

OLP achieving portfolio expansion through acquisition of net leased properties

OLP provided no guidance for FFO for 2013

OLP recently increased dividend by 6%, now providing yield of 7.3%

OLP a Retail REIT with a diversified portfolio of net leased retail, office and industrial properties

OLP we rank 3 HOLD

OLP market cap \$318 million

REIT Comment



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Company:	Sun Communities
Price:	\$43
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,676
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
SUI \$43

Sun Communities SUI traded UP \$0.80 per share to close UP +2% day

SUI stock traded UP +7% year to date for 2013, outperforming Specialty REITs, trading unchanged for 2013

SUI investors seeing acquisition interest from REITs seeking portfolio expansion targeting portfolios of manufactured home communities

SUI guidance for FFO for 2013 indicates a FLAT year

SUI stock price supported by current dividend yield of 5.9%

SUI a Specialty REIT with a portfolio of manufactured home communities

SUI we rank 2 BUY

SUI market cap \$1.7 billion

REIT Comment



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Company:	Equity Lifestyle Properties
Price:	\$36
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,327
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
ELS \$36

Equity Lifestyle Properties ELS traded UP\$0.57 per share to close UP +2% day

ELS stock traded UP +8% year to date for 2013, outperforming Specialty REITs, trading unchanged for 2013

ELS acquisition interest may target REITs with portfolios of manufactured home communities

ELS results for 2013 benefit from acquisitions completed during 2012

ELS guidance for FFO for 2013 indicates growth UP +10%, to be followed by FFO for 2014 UP +7% next year

ELS provides current dividend yield of 2.7%

ELS a Specialty REIT with a portfolio of manufactured home communities

ELS we rank 3 HOLD

ELS market cap \$3.3 billion

REIT Comment



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Company:	Gramercy Property Trust
Price:	\$6
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$339
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/30/2013  
GPT \$6

Gramercy Property Trust GPT traded UP \$0.13 per share to close UP +2% day

GPT stock traded UP +96% year to date for 2013, outperforming Financial Commercial REITs, trading UP +52% for 2013

GPT renewed asset management services agreement with KBS Real Estate Investment Trust KBS through 2016, while accelerating receipt of \$12 million profit participation

GPT renamed from Gramercy Capital [former ticker: GKK] effective April 15, 2013

GPT management announced intention to restore common stock dividends as of 1Q 2014

GPT to restore preferred stock dividends as of 4Q 2013, including payment of unpaid preferred dividends, accrued since 2008

GPT a Financial Commercial REIT

GPT we rank to 3 HOLD

GPT market cap \$339 million

REIT Comment



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Company:	Annaly Capital Management
Price:	\$10
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,337
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/31/2013  
NLY \$10

Annaly Capital Management NLY prices of US homes still showing strong increase from previous year, supporting trading of stocks of Financial Mortgage REITs

NLY report from Case-Shiller showed prices of US existing homes UP+13.6% for October 2013 from previous year

NLY greatest yearly change in prices included Las Vegas UP+27.1%, San Francisco UP +24.6%, Los Angeles UP +22.1%, San Diego UP +19.7%, Atlanta UP +19.0%, Phoenix UP +18.6%, and Detroit UP +17.3%

NLY lowest yearly change in prices shown for New York UP+4.9%, Cleveland UP +4.9%, Washington UP +7.4%, Boston UP +8.6%, Charlotte UP +8.8% and Denver UP +9.5%

NLY proposals for Fannie Mae reform delayed by Congressional focus on federal budget and debt ceiling issues

NLY efforts to privatize Fannie Mae and Freddie Mac aided by hedge fund positions in preferred and common stock of Fannie Mae FNMA and Freddie Mac FMCC

NLY profitability to be aided by investment of up to 25% of equity in non-agency real estate assets, with recent \$720 million acquisition of publicly traded NLY subsidiary CreXus Investment CXS now operating as Annaly Commercial Real Estate Group

NLY stock price supported by current annual dividend yield of 14.3%, below the midpoint of the range for Financial Mortgage REITs

NLY a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

NLY we rank 2 BUY

NLY market cap \$9.3 billion

REIT Comment



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Company:	Plum Creek Timber
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,596
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/31/2013  
PCL \$46

Plum Creek Timber PCL construction activity indicates higher demand for Specialty Timber REITs

PCL both building permits UP 8% and new housing starts UP +30% showing strong growth from previous year

PCL increased demand for lumber for home construction supports higher prices for sawlogs and timber, driving improved demand for Specialty Timber REITs

PCL manufacturing business expected to continue to improve as lumber demand increases

PCL completed \$1.1 billion acquisition of timberlands and other assets from MeadWestvaco during December 2013, with transaction expected to be accretive during first year

PCL guidance for EPS for 2013 indicates growth UP +11%

PCL stock price supported by current annual dividend yield of 3.8%

PCL a Specialty Timber REIT with a portfolio of timberlands and sawlog mills

PCL we rank 2 BUY

PCL market cap \$7.6 billion

PCL an S&P 500 Index REIT



REIT Comment



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Company:	General Growth Properties
Price:	\$20
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,537
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
GGP \$20

General Growth Properties GGP news of better than forecast consumer confidence may indicate surprising strength for last minute Holiday 2013 sales

GGP report of consumer confidence index from Conference Board indicated consumer confidence improved UP +6.1% to 78.1% for December 2013

GGP results for 3Q 2013 exceeded expectations, with FFO growth UP +12%

GGP increased guidance for FFO for 2013 to indicate growth UP +18%

GGP share repurchase with average price of \$20 per share supports stock price

GGP increased dividend distribution by 8% for 1Q 2014, now providing current yield of 2.8%

GGP a Retail REIT with a portfolio of regional malls

GGP we rank 2 BUY

GGP market cap \$19.5 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$14,484
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
HST \$19

Host Hotels & Resorts HST lower gasoline prices support positive outlook for Hotel REITs

HST Hotel REITs, like other travel related stocks, including airlines and hotel operating companies, normally trade inversely to price of gasoline and jet fuel

HST average price of gasoline DOWN (14%) from high of \$3.79 per gallon in February 2013 to \$3.26 per gallon for December 2013

HST lower price of gasoline enables more spending on extra room nights and ancillary charges increasing occupancy and profitability for hotels

HST guidance for FFO for 2013 indicates growth UP +16%-+18%

HST increased dividend by 18%, now providing annual dividend yield of 2.7%

HST a Hotel REIT with a portfolio of upscale hotels and resorts in US, Mexico, Europe and Pacific

HST we rank 3 HOLD

HST market cap \$14.5 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,999
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
12/31/2013  
DFT \$25

DuPont Fabros Technology DFT demand for Chromebooks and Android tablets driving fastest growth in mobile computing products

DFT report from NPD Group's Distributor Tracker and Commercial Reseller Tracking Service found US commercial channel sales of 14.4 million desktops, notebooks and tablets for first 11 months of 2013, UP +25% from previous year

DFT fastest growth reported for tablets UP +49%, with Chromebooks and Android tablets UP more than +300%

DFT slowest growth reported for desktops, UP +8.5%, while notebooks increased UP +29%, with Windows notebooks FLAT

DFT Apple iPad retains 59% market share of tablet volume

DFT hardware diversity supported by standard Internet interfaces and proliferation of apps

DFT emerging importance of Google as a hardware vendor, with success of Nexus tablets and Motorola Mobility products, supported by new product categories of Chromecast for video streaming to TV, Google Glass, and smart watches

DFT key tenants include the largest Internet websites and online service providers including Facebook, Google, Microsoft and Yahoo!, as well as managed hosting services such as Rackspace and AboveNet (providing Amazon cloud web service)

DFT selling out existing data center capacity in markets recently in oversupply

DFT latest guidance for FFO for 2013 indicates growth UP +32%

DFT provided guidance range for FFO for 2014 indicating growth UP +18% next year

DFT provides current annual dividend yield of 4.1%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$2.0 billion

REIT Comment



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Company:	Arbor Realty Trust
Price:	\$7
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$292
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
ABR \$7

Arbor Realty Trust ABR traded UP \$0.07 per share to close UP +1% day

ABR stock traded UP +11% during 2013, underperforming Financial Commercial REITs, trading UP +52% for 2013

ABR drive to find higher yield leading investors to commercial debt net leases and CMBS, supporting trading in Financial Commercial REITs

ABR stock price trading at discount of (11%) to GAAP book value of \$7.51 per share as of 3Q 2013

ABR provides current annual dividend yield of 7.8%

ABR a Financial Commercial REIT

ABR we rank 3 HOLD

ABR market cap \$292 million

REIT Comment



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Company:	NorthStar Realty Finance
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,113
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
NRF \$13

NorthStar Realty Finance NRF traded UP \$0.14 per share to close UP +1% day

NRF stock traded UP +91% during 2013, outperforming Financial Commercial REITs, trading UP +52% for 2013

NRF portfolio growth of more than \$5 billion during 2013 a result of strategic investments in manufactured home communities, apartment communities, commercial loans, limited partnership interests in private equity funds and health care assisted living assets

NRF pending spin-off of money management operation NorthStar Asset Management attracts investors seeking diversification of finance vehicles

NRF stock trading at premium of 108% to adjusted book value of \$6.46 per share as of September 2013, reflecting portfolio growth

NRF increased quarterly dividend distributions for 9 consecutive quarters, including 4Q 2013

NRF provides current annual dividend yield of 6.3%

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$3.1 billion

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$24
Recommendation:	SELL
Ranking:	5
Market Cap:	\$2,147
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
OFC \$24

Corporate Office Properties Trust OFC traded DOWN (\$0.65) per share to close DOWN (3%) day

OFC stock traded DOWN (5%) during 2013, underperforming Office REITs, trading UP +6% for 2013

OFC budget bill provided for \$30 billion increased spending for DOD over next 2 years, setting budget to \$520.5 billion for FY 2014, compared to previous limitation of \$475.0 billion

OFC federal debt ceiling will still need to be addressed by February 2014

OFC management focused on renewal of 13% of office leases scheduled to expire by end of 2014

OFC exposure to DOD and intelligence agencies, as well as contractors serving them, now represents 70% of total rents

OFC guidance for FFO for 2013 indicates decrease DOWN (7%)

OFC stock price supported by current annual dividend yield of 4.6%

OFC an Office REIT with a portfolio of office properties concentrated in metropolitan DC area

OFC we rank 5 SELL

OFC market cap \$2.1 billion

REIT Comment



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Company:	Camden Property Trust
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,108
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
12/31/2013  
CPT \$57

Camden Property Trust CPT traded DOWN (\$1.03) per share to close DOWN (2%) day

CPT stock traded DOWN (17%) during 2013, underperforming Residential REITs, trading DOWN (7%) for 2013

CPT metropolitan DC market, representing 18% of same property portfolio, showed underperformance for 3Q 2013, with slight same property NOI decline, while rest of portfolio showed strong gains for 3Q 2013

CPT increased guidance for FFO for 2013 to indicate growth UP +12%

CPT provides current annual dividend yield of 4.4%

CPT a Residential REIT with a diverse portfolio of apartment communities

CPT we rank 2 BUY

CPT market cap \$5.1 billion

REIT Comment



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Company:	Equity Residential
Price:	\$52
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,497
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2014  
EQR \$52

Equity Residential EQR news of slight decline in new unemployment claims indicates a stable job market favorable for Residential REITs

EQR Labor Department reported new claims for unemployment DOWN(2,000) to 339,000 for week ended December 28, 2013 from revised number for previous week

EQR more stable 4 week moving average of new unemployment claims increased UP +8,500 to 357,250 from revised number for previous week

EQR Residential REITs benefit from positive employment trends, as most new jobs are taken by 25-34 year old age group, target market for apartment dwellers

EQR top end of guidance range for FFO for 2013 indicates growth UP +3%, while guidance for FFO for 2014 indicates growth UP +4% next year

EQR stock supported by current annual dividend yield of 3.4%

EQR the largest publicly traded Residential REIT with a diverse portfolio of apartment communities

EQR we rank 2 BUY

EQR market cap \$19.5 billion

EQR an S&P 500 Index REIT



REIT Comment



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Company:	Prologis Inc
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,655
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
01/02/2014  
PLD \$37

Prologis Inc PLD news of slight decline in manufacturing activity in China may indicate seasonality

PLD report from Markit Economics showed China PMI (Purchase Managers Index) at 50.5% for December 2013, DOWN (0.3%) from prior month, while PMI for large companies reported by National Bureau of Statistics decreased DOWN (0.4%) to 51.0%

PLD China GDP increased UP +7.6% for 2013, almost equal to growth UP +7.7% reported for 2012

PLD portfolio concentration now 69% US, EU 25% and Asia 6%, while focus of development spending overweights Asia at 39% of total investment

PLD total \$23.4 billion assets under management in institutional funds enables PLD to increase market share in international markets

PLD reported 3Q 2013 core FFO FLAT excluding unusual items

PLD guidance for core FFO for 2013 indicates decline DOWN (6%), reflecting property divestitures to institutional joint venture funds

PLD provides current yield of 3.0%

PLD an Industrial REIT with a portfolio of bulk distribution facilities in US, Europe and Asia

PLD we rank 2 BUY

PLD market cap \$18.7 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	CYS Investments
Price:	\$7
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,237
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2014  
CYS \$7

CYS Investments CYS underperformance of Financial Mortgage REITs during last 5 months of 2013 may be reversed by pending events

CYS pending Senate vote next week to confirm Janet Yellen as Federal Reserve Chairman would be seen as enabling continued monetary easing calming bond market volatility

CYS extension of status quo for Fannie Mae and Freddie Mac likely as improved profitability of both Fannie Mae FNMA and Freddie Mac FMCC provides important support for US Treasury at time of fiscal austerity

CYS efforts to privatize Fannie Mae and Freddie Mac aided by hedge fund positions in preferred and common stock of Fannie Mae FNMA and Freddie Mac FMCC

CYS now trading at discount of (27%) to current book value of \$10.10 per share as of September 2013

CYS reduced portfolio holdings during 3Q 2013 to limit risk

CYS reduced quarterly dividend distribution by (6%) to \$0.32 per share for 4Q 2013

CYS stock price supported by current annual dividend yield of 17.3%, at the high end of the range for Financial Mortgage REITs

CYS a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

CYS we rank 3 HOLD

CYS market cap \$1.2 billion

REIT Comment



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Company:	Duke Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,938
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2014  
DRE \$15

Duke Realty DRE news of higher US manufacturing activity supports outlook for stronger than expected US economy

DRE report of US manufacturing activity from Markit Economics showed higher PMI(Purchase Managers Index) at 55.0% for December, 2013, UP +0.3% from previous month

DRE following divestitures of office properties, DRE now focused on portfolio expansion

DRE investing \$550 million in development projects to add 2% to capacity of bulk distribution portfolio

DRE guidance for FFO for 2013 indicates growth UP +9%

DRE stock price supported by current annual dividend yield of 4.5%

DRE an Industrial REIT with a diverse portfolio of distribution, industrial, commercial and office properties

DRE we rank 2 BUY

DRE market cap \$4.9 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,654
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2014  
HTS \$17

Hatteras Financial HTS traded UP \$0.48 per share to close UP +3% day

HTS stock traded DOWN (34%) during 2013, underperforming Financial Mortgage REITs, trading DOWN (16%) during 2013

HTS stocks of Financial Mortgage REITs showing some efforts to rally, even on recent news of dividend reductions, indicating stocks of Financial Mortgage REITs have been oversold

HTS now trading at discount of (21%) to latest book value of \$21.31 per share as of September 2013

HTS reduced quarterly dividend distribution by (29%) to \$0.55 per share for 4Q 2013

HTS provides yield of 11.9%, near the midpoint of the range for Financial Mortgage REITs

HTS a Financial Mortgage REIT with a portfolio of agency guaranteed Residential MBS

HTS we rank 2 BUY

HTS market cap \$1.7 billion

REIT Comment



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Company:	National Health Investors
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,537
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2014  
NHI \$55

National Health Investors NHI traded DOWN (\$0.97) per share to close DOWN (2%) day

NHI stock traded DOWN (1%) during 2013, outperforming Health Care REITs, trading DOWN (6%) during 2013

NHI expansion of insured population under Affordable Care Act should benefit tenants of Health Care REITs

NHI reported better than expected results for 3Q 2013, with FFO growth UP +17%

NHI increased guidance for FFO for 2013 to indicate growth UP +12%

NHI increased dividend distribution by 6% during 2013, now providing yield of 5.3%

NHI a Health Care REIT with a portfolio concentrated in skilled nursing and assisted living properties

NHI we rank 2 BUY

NHI market cap \$1.5 billion

REIT Comment



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Company:	Redwood Trust
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,613
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2013  
RWT \$19

Redwood Trust RWT traded DOWN (\$0.36) per share to close DOWN (1%) day

RWT stock traded UP +15% during 2013, outperforming Financial Mortgage REITs, trading DOWN (16%) for 2013

RWT originators of non-agency securitizations expect higher volume during 2014

RWT stock trading at premium of 30% to latest book value of \$14.65 per share

RWT provides current annual dividend yield of 5.9%, at the low end of the range for Financial Mortgage REITs

RWT a Financial Mortgage REIT with a portfolio of non-agency residential loans and securities

RWT we rank 3 HOLD

RWT market cap \$1.6 billion

REIT Comment



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Company:	American Campus Communities
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,485
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/02/2013  
ACC \$33

American Campus Communities ACC traded UP \$0.47 per share to close UP +1% day

ACC stock traded DOWN (30%) during 2013, underperforming Specialty REITs, trading unchanged for 2013

ACC previously reduced guidance for FFOM for 2013 to indicate growth UP +9%

ACC investing \$560 million in new student housing developments for delivery during 2014 and 2015

ACC provides current annual dividend yield of 4.4%

ACC a Specialty Educational REIT with a portfolio of student housing communities

ACC we Rank 3 HOLD

ACC market cap \$3.5 billion

REIT Comment



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Company:	Prologis Inc
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,655
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
PLD \$37

Prologis Inc PLD more news on US manufacturing activity supports positive outlook for Industrial REITs with portfolios of bulk distribution facilities

PLD higher orders and low inventories indicate a tight supply channel

PLD report from ISM (Institute of Supply Management) found US manufacturing activity at 57.0% for December 2013, DOWN (0.3%) from November 2013 but still at a level indicating economic strength

PLD ISM reported new orders at 64.2%, UP +0.6% from previous month, continuing trend of 7 consecutive months of new order increases

PLD inventories at 47.0% decreased DOWN (3.5%) from previous month

PLD guidance for core FFO for 2013 indicates decline DOWN (6%), reflecting property divestitures to institutional joint venture funds

PLD provides current yield of 3.0%

PLD an Industrial REIT with a portfolio of bulk distribution facilities in US, Europe and Asia

PLD we rank 2 BUY

PLD market cap \$18.7 billion

PLD an S&P 500 Index REIT



REIT Comment



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Company:	Weyerhaeuser
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,537
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
01/03/2013  
WY \$32

Weyerhaeuser WY pending spin-off of WRECO homebuilder operation may enable investors to choose to own a homebuilder stock or to concentrate investment in remaining WY operations

WY final decision on structure of \$3.1 billion WRECO spin-off or spin-out in pending merger with Tri-Pointe Homes TPH to be made by WY board of directors during 2Q 2014

WY spin-off would be similar to a stock dividend, while spin-out might enable WY shareholders to choose to hold WRECO/TPH or remain exclusively WY shareholder

WY spin-out of WRECO to simultaneous merger with Tri-Pointe Homes, a 2013 homebuilder IPO backed by Starwood Capital Group, enables merged companies to gain scale, with WRECO bringing operations in CA, AZ, NV, WA, TX, VA and MD to Tri-Pointe Homes existing homebuilder operations in CA and CO

WY retained portfolio to earn 32% of EBITDA from timberlands, 31% from wood products and 20% from cellulose fibers

WY management highlighted potential for \$400 million EBITDA growth, UP +22% by end of 2014 from acquisitions, divestitures, and cost savings

WY provides current annual dividend yield of 2.8%

WY a Specialty Timber REIT with a portfolio of timberlands, wood and cellulose fiber manufacturing plants, and homebuilding operations

WY we rank 2 BUY

WY market cap \$18.5 billion

WY an S&P 500 Index REIT

REIT Comment



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Company:	HCP Inc
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,783
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
HCP \$36

HCP Inc HCP underperformnace during 2013 may provide investors with attractive entry point for 2014 investment

HCP began to underperform Health Care REITs as investors expressed concern over sudden departure of former CEO James Flaherty from Board of Directors during November2013, appearing to signal change in strategic direction

HCP like other Health Care REITs expects long term FFO growth at3%-4% rate, assured by in-place rental contracts

HCP supplemental growth provided by portfolio expansion through acquisitions

HCP increased guidance for FFO for 2013 to indicate growth UP +9%

HCP provides current annual dividend yield of5.8%

HCP a Health Care REIT with a diverse portfolio of health care and life science properties

HCP we rank 2 BUY

HCP market cap \$16.8 billion

HCP an S&P 500 Index REIT

REIT Comment



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Company:	Digital Realty Trust
Price:	\$49
Recommendation:	BUY
Ranking:	1
Market Cap:	\$6,771
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
DLR \$49

Digital Realty Trust DLR underperformance during 2013 may provide attractive entry point for investors during 2014

DLR traded down on news of restatement of accounting on a single lease when results for 3Q 2013 were reported in late October 2013

DLR 3Q 2013 included non-cash charge of (\$0.07) per share relating to prior period leasehold accounting

DLR management took opportunity on disappointment relating to prior period accounting to reduce guidance range for FFO for 2013, now indicating growth UP +5%

DLR backlog of contractual obligations indicates 3%-4% NOI growth for 2014 and 2015, assuming no new leases signed, with in-place rents contributing 2.5%-3.0% annual cash rental increments

DLR management estimates current NAV (net asset value) at \$54-\$63 per share, assuming 6.25%-6.85% cap rate

DLR stock now trading at discount of (8)%-(21%) to estimated NAV per share

DLR long term outlook for demand growth for data centers positive based on technology trends for cloud computing, big data and proliferation of mobile Internet devices

DLR stock price supported by current annual dividend yield of 6.4%

DLR the largest publicly traded Data Center REIT with a portfolio of turnkey data centers and office properties

DLR we rank 1 BUY

DLR market cap \$6.8 billion

REIT Comment



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Company:	Boston Properties
Price:	\$100
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,457
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
BXP \$100

Boston Properties BXP pending changes in bank activities due to Volcker rule likely to impact demand and profitability for upscale office space in key financial industry centers

BXP bank divestitures likely to force downsizing of office leases, with offers to sublet space contributing to pressure on rental rates for upscale office space

BXP key tenant Citi represents 3% of total portfolio space, while other financial industry tenants include Bank of America 2%, Wellington Management 2%, as well as numerous law firms serving financial industry clients

BXP management estimates exposure to financial industry tenants at close to 20% of total NOI

BXP reported FFO growth FLAT for 3Q 2013

BXP guidance for FFO for 2013 indicates a FLAT year, with preliminary guidance for FFO for 2014 indicating growth UP +9% next year

BXP provides current annual dividend yield of 2.6%

BXP an Office REIT with a portfolio of upscale office properties in NY, Boston, DC and San Francisco

BXP we rank 4 SELL

BXP market cap \$15.5 billion

BXP an S&P 500 Index REIT

REIT Comment



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Company:	Rayonier
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,511
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
RYN \$42

Rayonier RYN negative outlook for 2014 causing investor concern despite stronger outlook for housing

RYN expects lower operating profits during 2014 due to industry overcapacity of specialty cellulose fiber production

RYN contract negotiations for performance fibers for 2014 indicating much lower than expected production due to incremental capacity, new competitors, and lower demand in EU for automotive applications

RYN earns 75% of operating profits from specialty fibers, a much greater concentration than other Specialty Timber REITs

RYN prices for performance fibers had seen 50% increase over past 5 years

RYN provides current annual dividend yield to 4.7%

RYN a Specialty REIT with a portfolio of timberlands, specialty fiber and wood products operations

RYN we rank 2 BUY

RYN market cap \$5.5 billion

REIT Comment



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Company:	Health Care REIT
Price:	\$53
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,283
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
HCN \$53

Health Care REIT HCN traded DOWN (\$0.48) per share to close DOWN (1%) day

HCN stock traded DOWN (1%) year to date for 2014

HCN stock traded DOWN (13%) during 2013, underperforming Health Care REITs, trading DOWN (6%) for 2013

HCN investors should expect tenants of Health Care REITs to benefit from greater insured population as Affordable Care Act is implemented from 2014-2017

HCN health care industry consolidation favors Health Care REITs as off-balance sheet source of finance for health care real estate

HCN guidance for FFO for 2013 indicates growth UP +8%

HCN increased dividend by 3% for 2014, now providing current annual dividend of 6.0%

HCN a Health Care REIT with a diverse portfolio of health care and life science properties

HCN we rank 2 BUY

HCN market cap \$15.3 billion

HCN an S&P 500 Index REIT

REIT Comment



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Company:	Cousins Properties
Price:	\$10
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,713
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
CUZ \$10

Cousins Properties CUZ traded UP \$0.30 per share to close UP +3% day

CUZ stock traded UP +2% year to date for 2014  
CUZ stock traded UP +23% during 2013, outperforming Office REITs, trading UP +6% for 2013

CUZ management expecting renewed FFO growth and "higher quality of FFO" including contribution from TX acquisition

CUZ funding of \$1.1 billion acquisition of office portfolio in Houston and Fort Worth TX required \$660 million equity offering, completed during August, 2013, adding 58% to total shares outstanding

CUZ acquisition expanded total portfolio capacity by 62%

CUZ no guidance provided for FFO (adjusted) for 2013

CUZ providing current annual dividend yield of 1.7%

CUZ an Office REIT with a portfolio of office and retail properties in southern states

CUZ we rank 4 SELL

CUZ market cap \$1.7 billion

REIT Comment



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Company:	Equity Lifestyle Properties
Price:	\$37
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,370
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
ELS \$37

Equity Lifestyle Properties ELS traded UP\$0.80 per share to close UP +2% day

ELS stock traded UP +2% year to date for 2014

ELS stock traded UP +8% during 2013, outperforming Specialty REITs, trading unchanged for 2013

ELS acquisition interest may target REITs with portfolios of manufactured home communities

ELS results for 2013 benefit from acquisitions completed during 2012

ELS guidance for FFO for 2013 indicates growth UP +10%, to be followed by FFO for 2014 UP +7% next year

ELS provides current dividend yield of 2.7%

ELS a Specialty REIT with a portfolio of manufactured home communities

ELS we rank 3 HOLD

ELS market cap \$3.4 billion



REIT Comment



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Company:	Post Properties
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,536
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
01/03/2014  
PPS \$46

Post Properties PPS traded UP \$0.80 per share to close UP +2% day

PPS stock traded UP +2% during 2014

PPS stock traded DOWN (9%) during 2013, underperforming Residential REITs, trading DOWN (8%) for 2013

PPS stable employment outlook positive for Residential REITs

PPS investing in 6 development communities for 9% portfolio expansion

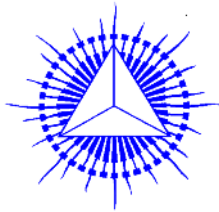
PPS guidance for core FFO for 2013 (excluding condo sales) indicates growth UP +11%

PPS provides income investors with current dividend yield of 2.9%

PPS a Residential REIT with a diverse portfolio of apartment communities concentrated in southeastern states

PPS we rank 2 BUY

PPS market cap \$2.5 billion



**REIT Growth and Income Monitor** posted 36 REIT comments for the week ended January 3, 2014. Comments were issued on REITs in the following sectors:

Financial REITs	10
Health Care REITs	3
Hotel REITs	1
Industrial REITs	3
Office REITs	6
Residential REITs	3
Retail REITs	2
Specialty REITs	8

Information on REIT sectors may be found using this link:

[http://www.reitmonitor.net/REIT\\_Resources](http://www.reitmonitor.net/REIT_Resources)

Information on **REIT Growth and Income Monitor** ranking methodology may be found using this link:

[http://www.reitmonitor.net/atlantis/reitwebrpt.nsf/All/F2B543B28817460985256EB80001D03A/\\$FILE/REIT%20Methodology%20and%20Ranking%20System.pdf](http://www.reitmonitor.net/atlantis/reitwebrpt.nsf/All/F2B543B28817460985256EB80001D03A/$FILE/REIT%20Methodology%20and%20Ranking%20System.pdf)

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