

REIT Growth and Income Monitor

Weekly Comments 01/24/2012

REITs matched performance of the S&P 500 Index for the first 3 weeks of 2012, with 0% performance gap, following 6% positive performance gap for 2011.

Investors should look to Residential REITs for good news on 4Q 2011 earnings announcements.

Essex Property Trust expects strong employment gains in Portland and Seattle to drive faster rental growth.

Mid-America Apartment Communities will see benefit of acquisition of upscale communities in higher portfolio average monthly rents.

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**Weekly REIT Comments**
01/24/2012

REIT stocks continued to rally, trading up 3% during the third week of January, ended January 20, 2012. This REIT rally brings performance back in line with the S&P 500 Index, up 4% year to date for 2012. REITs included in the S&P 500 Index traded up 6% on average for 2011, exceeding performance of the S&P 500 Index, ending the full year 2011 down less than (1%). Positive performance gap for 2011 was 6% in favor of REITs, now 0% for the first 3 weeks of 2012. Average decline for all REITs followed by REIT Growth and Income Monitor was (5%) for 2011, with average gain of 6% year to date for 2012.

Certain REIT sectors demonstrated ability to increase guidance for FFO for 2011, while others seem to be headed for disappointment when results for 4Q 2011 are reported in January and February, 2012. Most Residential REITs exceeded guidance for FFO for 3Q 2011, while also increasing guidance for FFO for 2011, now indicating FFO growth for 2011 of 10% or more. Retail REITs report better than expected tenant sales gains to support occupancy and rental growth. Investors appear to be pulling back from Office REITs, due to continued rent roll downs, lagging economic recovery, as well as exposure to financial industry layoffs. Industrial REITs trade in line with economic indicators, with January's news of higher manufacturing activity offsetting slow GDP growth expected to be reported for 4Q 2011. Hotel REITs react to daily fluctuations in investor fears that higher gasoline prices and negative economic trends in Europe will erode profitability.

Financial Mortgage REITs face significant fundamental change, although timing of the change has been delayed, preserving the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS. Congressional attempts to close the budget gap have delayed Fannie Mae reform, with most Congressmen hesitant to vote on Fannie Mae issues before the 2012 elections. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends are moving higher during 2011. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Residential REITs Should Report Strong FFO Growth for 4Q 2011

Residential REITs, soon to report results for 4Q 2011, are seeing significant profitability improvement due to higher rental rates and strong occupancy. Both 2011 and 2012 should be exceptional years for FFO growth for Residential REITs. Occupancy remains above 94% as apartment dwellers hesitate to purchase homes, keeping departures at historically low levels. Turnover is creeping higher, however, as rental rate increases drive apartment dwellers to control their budgets by moving to maintain their housing expenditures at a fixed level. Income growth is not keeping pace with rental rate increases of 5%-8%, indicating that this rapid pace of rental rate increases must slow, but Residential REIT profitability appears sustainable through 2013, based on gains already achieved.

Longer term, additions to the US apartment supply will impact occupancy for Residential REITs. Delayed starts and project cancellations during 2009 and 2010 have given Residential REITs a 2 year window to achieve record profitability before competition from new supply becomes a factor. Apartment projects now completing construction will not achieve lease-up until end of 2012. New developments to open during 2013 will impact rental rates for existing apartment stock, but rental rates will be well above current levels by then, making 2013 another up year for FFO of Residential REITs. We see a 3 year movement for a powerful group of REITs, with the 3 Residential REITs included in the S&P 500 Index (**Equity Residential, AvalonBay Communities and Apartment Investment and Management**) leading the way, while midcap Residential REITs (including **Associates Estates Realty, Camden Property Trust, Colonial Properties Trust, Essex Property Trust, Home Properties, Mid-America Apartment Communities and Post Properties**) establish record FFO growth and profitability.

Trading Opportunities

Stock price gain of 23% since December 2010 indicates investors see **Essex Property Trust**, with a market cap of \$5 billion, as a winner among midcap Residential REITs, with a portfolio concentrated in western states. New developments now in lease-up provide a higher level of earnings potential, supported by employment growth in California, as well as in Seattle and Portland. Recent guidance for FFO for 2012 indicates growth of 17%-18%, following FFO growth of as much as 14% for 2011. **Essex Property Trust** provided income investors with a modest dividend increase for 2011, now providing income investors with yield of 3.0%. A greater dividend increase appears likely for 2012.

Stock price for midcap Residential REIT **Mid-America Apartment Communities** is up only 3% since December, 2010 for market cap of less than \$3 billion, trailing performance of Residential REITs, although prospects for growth in key midwestern and southern markets appear particularly strong over the next 3 years. New apartment developments in 3 locations reached stabilization during 2011. **Mid-America Apartment Communities** has been adding to potential returns through acquisition of vacant apartment developments originally designed to be upscale condominiums, some with resort style features. Premium rents for these acquired properties should add to profits from 2012-2015. FFO for 3Q 2011 increased 19%, with recent guidance for FFO for 2011 indicating growth of 8%. Dividends were increased 5% for 2012, now providing income investors with 4.3% yield.

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Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price 12/30/2011	Price 01/06/2012	Price 01/13/2012	Price 01/20/2012	Weekly Change	2012 Price Change
Apartment Investment and Management	AIW	\$23	\$23	\$23	\$24	5%	4%
AvalonBay Communities	AVB	\$131	\$128	\$126	\$128	1%	-2%
Boston Properties	BXP	\$100	\$99	\$97	\$100	2%	0%
Equity Residential	EQR	\$57	\$56	\$55	\$56	1%	-2%
HCP Inc.	HCP	\$41	\$40	\$41	\$41	-1%	-1%
Health Care REIT	HCN	\$55	\$54	\$56	\$55	-1%	1%
Host Hotels & Resorts	HST	\$15	\$15	\$16	\$16	4%	10%
Kimco Realty	KIM	\$16	\$16	\$17	\$18	5%	12%
Plum Creek Timber	PCL	\$37	\$37	\$39	\$40	3%	9%
Prologis, Inc	PLD	\$29	\$29	\$30	\$32	7%	11%
Public Storage	PSA	\$134	\$132	\$135	\$136	1%	1%
Simon Property Group	SPG	\$129	\$127	\$127	\$132	4%	2%
Ventas	VTR	\$55	\$54	\$55	\$56	3%	2%
Vornado Realty Trust	VNO	\$77	\$77	\$79	\$80	1%	5%
S&P 500 Index	S&P 500	\$1,258	\$1,278	\$1,289	\$1,312	2%	4%
Average for S&P 500 Index REITs						3%	4%

REIT stocks continued to rally during the third week of January, 2012, with REIT stock prices up 3% on average for the week ended January 20, 2012. REITs exceeded performance of the S&P 500 Index, up 2% for the week. The S&P 500 Index increased 4% year to date for 2012, matching REIT performance, also up 4%. S&P 500 Index decreased less than (1%) during 2011, exceeded by 2011 REIT performance, up 6%. Positive performance gap for S&P 500 Index REITs was 6% in favor of REITs for the full year 2011 and 0% year to date for 2012.

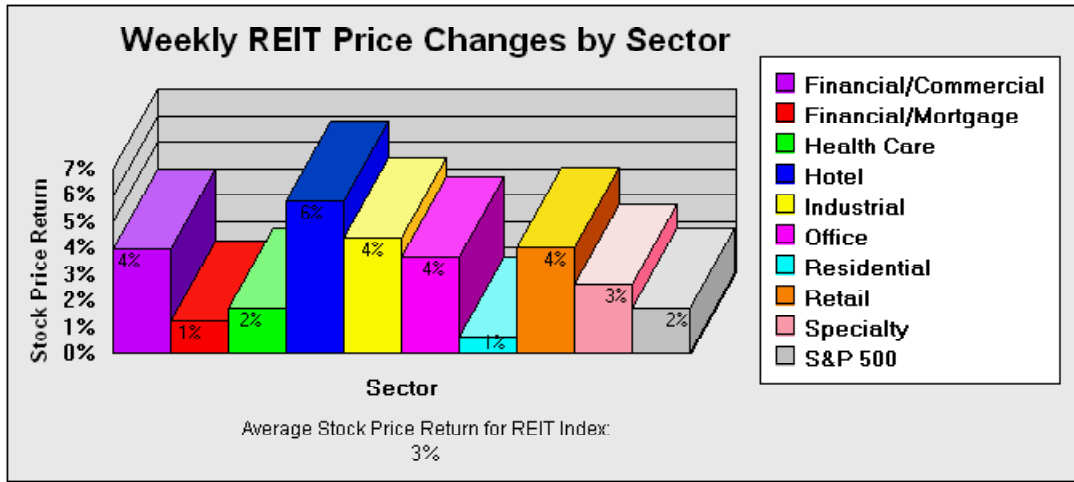
Early leaders among S&P 500 Index REITs for 2012 include **Kimco Realty** up 12%, **Prologis Inc.**, up 11%, and **Host Hotels & Resorts**, up 10%, followed by **Plum Creek Timber**, up 9%. Underperforming REITs year to date for 2012 include **Equity Residential** and **AvalonBay Communities**, both down (2%), as well as **HCP Inc.** down (1%) and **Boston Properties**, flat.

Best performing of the S&P 500 Index REITs for 2011 were **Public Storage**, up 33%, and **Simon Property Group**, up 30%. Other leading performers included **AvalonBay Communities** and **Boston Properties**, both up 16%, as well as **Equity Residential**, up 10% for 2011. **Apartment Investment and Management** showed decline of (11%) for 2011 due to investor concern that higher rental rates may erode demand from financially stressed low-income tenants. Health Care REITs improved, with **HCP** up 13%, **Health Care REIT** up 14%, and **Ventas** up 5% for 2011. **Prologis** declined (10%) for 2011, as investors awaited news of improved profitability following the merger of **AMB Property** with **ProLogis Trust**. **Plum Creek Timber** declined (2%) for 2011, for the second year of decline. **Kimco Realty** and **Vornado Realty Trust**, well known REITs in the Retail and Office sectors, underperformed, with **Kimco Realty** down (10%) and **Vornado Realty Trust** down (8%) during 2011. Exposure to international economies made Hotel REIT **Host Hotels & Resorts** the most volatile stock among S&P 500 Index REITs, declining (17%) for 2011.

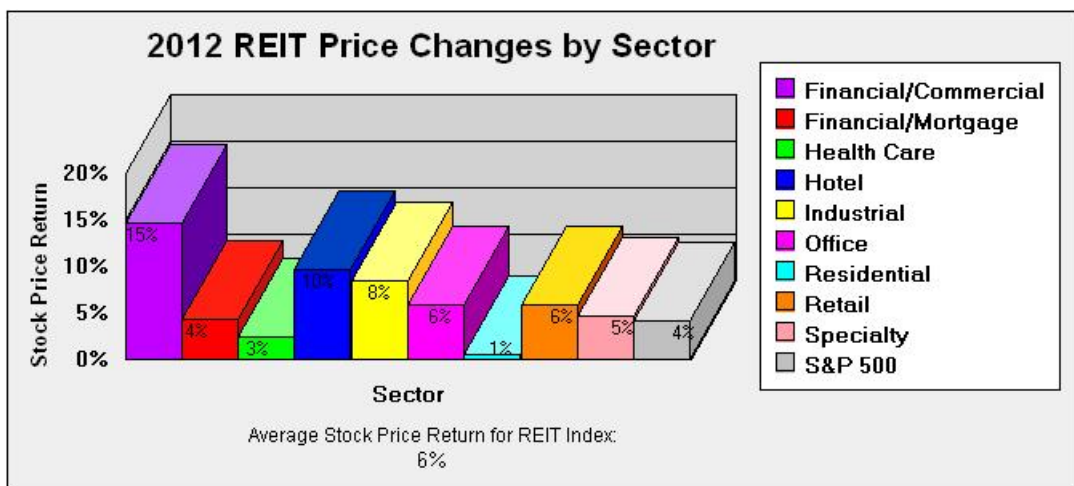
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Weekly REIT Price Changes by Sector



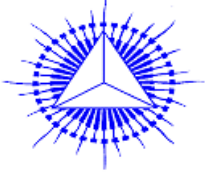
Every REIT sector enjoyed a rally during the third week of January, ended January 20, 2012, with most REIT sectors outperforming 2% weekly gain for the S&P 500 Index. Best performing sector was Hotel REITs, up 6%, despite higher oil prices. Financial Commercial REITs, Industrial REITs, Office REITs, and Retail REITs all gained 4%, followed by Specialty REITs, up 3%. Health Care REITs matched the performance of the S&P 500 Index, up 2%. Lagging sectors were Financial Mortgage REITs and Residential REITs, both up 1%. On average, stock prices for REIT Growth and Income Monitor increased 3% for the week ended January 20, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor rallied 6% on average year to date for 2012, exceeding performance of the S&P 500 Index, now up 4%. Leading sector year to date is Financial Commercial REITs, up 15%. Also demonstrating strength are Hotel REITs, up 10%, and Industrial REITs, up 8%. Office REITs and Retail REITs both gained 6%. Financial Mortgage REITs gained 4% on news of slow recovery in the US housing sector, while Health Care REITs traded up 3%. Residential REITs lagged, up only 1%, after significant outperformance during 2011. Earnings announcements over the next 5 weeks are likely to influence performance of all REITs, as guidance for FFO growth or decline during 2012 gives investors food for thought.

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REIT Comment



Company:	Sun Communities
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$807
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
SUI \$38

Sun Communities SUI priced public offering of 4 million shares at \$35.50 per share

SUI estimated proceeds of \$140 million to be applied to recently announced \$25 million acquisitions of manufactured home communities and to repay debt

SUI offering priced at discount of (2%) to previous closing price

SUI joint bookrunning managers Citigroup and BofA Merrill Lynch
SUI senior co-manager BMO Capital Markets
SUI co-managers Gleacher, Comerica and PNC

SUI Januray 2012 offering to increase total shares outstanding by 19%

SUI a Specialty REIT with a portfolio of manufactured home communities

SUI we rank 2 BUY

SUI market cap \$807 million

REIT Comment



Company:	Essex Property Trust
Price:	\$141
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,996
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
ESS \$141

Essex Property Trust ESS provided new guidance for Core FFO for 2012, indicating growth of as much as UP +18% for this year, following 14% growth for 2011

ESS previous guidance 2011 Core FFO \$5.56-\$5.74 v \$5.02 UP +13%+14%

ESS new guidance 2012 Core FFO \$6.50-\$6.80 v \$5.56-\$5.74 UP +17%+18%

ESS new guidance 2012 Core FFO excludes estimated acquisition costs of (\$0.03) per share
ESS new guidance 2012 Core FFO assumes acquisitions of \$400 million, offset by \$100 million dispositions

ESS new guidance 2012 Core FFO assumes market rent growth of UP +7.4%

ESS new guidance 2012 Core FFO assumes same property NOI UP +7%+9%

ESS preliminary results for 4Q 2011 indicate same property NOI UP +10.9%

ESS 4Q 2011 same property NOI growth by market shows northern CA UP+15.2%, southern CA UP +6.9% and Seattle UP +16.7%

ESS committed investments total \$1 billion, with 5 communities now under construction

ESS expects to begin construction on 2 additional communities during 2012 for expected total cost of \$150 million

ESS to invest \$30-\$40 million in redevelopment properties during 2012

ESS reported FFO growth of UP +15% for 3Q 2011

ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap \$5.0 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,952
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
DFT \$24

DuPont Fabros Technology DFT first models of new Lumia smartphone from Nokia now available at Wal-Mart for no device charge, when taken with 2 year contract

DFT new Lumia smartphone from Nokia with Windows operating system in a small tablet format similar to Android and iPhone will deliver new capabilities for mobile computing using 4G LTE transmission technology from carriers AT&T and T-Mobile USA

DFT more in-home access to Internet information via TV controllers, DVRs and network devices also increases demand for Internet data access

DFT growth in demand for Internet services from proliferation of mobile and home Internet devices a key driver for DFT data centers

DFT significant DFT 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 portfolio expansion with newly developed data centers provides 20% capacity increment for 2012

DFT reported FFO growth of 19% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential growth of as much as UP+23%

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



Company:	SL Green Realty Corp.
Price:	\$71
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,216
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
SLG \$71

SL Green Realty SLG disappointing earnings from Citi highlight financial pressure on banks at time of increasing austerity and regulatory change

SLG exposure to financial industry tenants heightens investor concern over Office REITs

SLG new Federal Reserve rules regulating bank capital and liquidity may cause bank tenants to curtail some lending activities, in addition to previous Dodd Frank pressure on bank proprietary trading

SLG other financial industry tenants besides banks including foreign banks, insurance companies and large hedge funds, to be added to Federal Reserve list of regulated concerns

SLG regulatory change, together with bank layoffs already announced will impact total demand for office space from financial industry tenants

SLG tenants may offer subleases of vacant space, pressuring office rental rates, and seek to terminate leases of high cost space, forcing additional rent reductions

SLG key tenant Citi represents 13% of rental revenues, with additional exposure to international banks Credit Suisse 5% and Societe Generale 2%

SLG most recent guidance for FFO for 2011 indicates FFO decline of as much as (5%), following (4%) decline in FFO for 3Q 2011

SLG an Office REIT with a portfolio of office properties concentrated in NYC

SLG we rank 4 SELL

SLG market cap \$6.2 billion

REIT Comment



Company:	Brookfield Properties Corp.
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,311
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
BPO \$16

Brookfield Properties BPO recently proposed Federal Reserve regulations on Dodd-Frank are likely to force change in operations for financial industry tenants

BPO new regulation comes in the context of extensive layoffs already planned by US and foreign banks

BPO extension of Dodd-Frank regulations to insurance companies, S&Ls and foreign banks will cause additional pressure to downsize in order to minimize compliance issues

BPO exposure to financial industry tenants estimated by management at more than 50% of NOI

BPO has greatest exposure to Bank of America of any Office REIT, with Bank of America subsidiary Merrill Lynch representing 8% of total BPO portfolio with leases in NYC and Toronto

BPO other financial industry tenants include Bank of Montreal CIBC, Goldman Sachs, JP Morgan Chase, Nomura, RBC and Wells Fargo/Wachovia

BPO reported FFO decline of (6%) for 3Q 2011 and increased guidance for FFO for 2011 to indicate potential decline of as much as (18%)

BPO new guidance for FFO for 4Q 2011 indicates decline of (35%)-(40%) on loss of tenant in Boston property

BPO an Office REIT with a portfolio of upscale office properties in US and Canada

BPO we rank 4 SELL

BPO market cap \$8.3 billion

REIT Comment



Company:	Prologis Inc
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,025
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
PLD \$30

Prologis Inc PLD traded UP \$0.61 per share to close UP +2% day

PLD traded UP +7% year to date for 2011, outperforming Industrial REITs, UP +4%
PLD stock traded DOWN (10%) during 2011, while Industrial REITs were DOWN (3%)

PLD news of better than expected GDP growth in China may support Industrial REITs with bulk distribution facilities in Asian markets

PLD reported Core FFO for 3Q 2011 at the high end of expectations and increased guidance for Core FFO for 2011 by 5%

PLD management working to achieve \$90 million in cost synergies on completion of merger of AMB Property AMB with ProLogis Trust PLD, effective July, 2011

PLD the largest publicly traded Industrial REIT, following July 2011 merger

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

PLD we rank 2 BUY

PLD market cap \$14.0 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Apartment Investment and Management
Price:	\$23
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,728
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
AIV \$23

Apartment Investment and Management AIV traded UP\$0.35 per share to close UP +2% day

AIV stock traded UP +1% year to date for 2012, outperforming Residential REITs, FLAT
AIV stock traded DOWN (11%) during 2011, while Residential REITs were UP +8%

AIV stock price performance impacted by investor concern that rental rate increases may impact
occupancy among low income tenants

AIV reported 3% FFO growth for 3Q 2011, and narrowed guidance range for FFO for 2011 to
indicate growth of as much as UP +9%

AIV a Residential REIT with a diverse portfolio of apartment communities

AIV we rank 2 BUY

AIV market cap \$2.7 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	CBL & Associates
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,976
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
CBL \$16

CBL & Associates CBL traded UP \$0.21 per share to close UP +1% day

CBL traded UP +1% year to date for 2012, underperforming Retail REITs, UP +2%
CBL stock price declined (10%) during 2011, while Retail REITs were DOWN (4%)

CBL cautiously expanding investment in outlet centers while continuing to expand portfolio of regional malls

CBL reported FFO growth of UP +2% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential for growth UP +3%

CBL stock price supported by current annual dividend yield of 5.4%

CBL a Retail REIT with a portfolio of regional malls in southeastern and midAtlantic states

CBL we rank 2 BUY

CBL market cap \$3.0 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$11,127
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2012
HST \$16

Host Hotels & Resorts HST traded UP \$0.15 per share to close UP +1% day

HST stock traded UP +6% year to date for 2011, outperforming Hotel REITs, UP +4%
HST stock traded DOWN (17%) during 2011, while Hotel REITs were DOWN (15%)

HST recent decision to terminate \$442 million acquisition of Grand Hyatt DC indicates slower than previously planned pace of portfolio expansion

HST reported 29% growth in FFO for 3Q 2011, while slightly reducing guidance for FFO for 2011 to indicate growth of as much as UP +19%

HST a Hotel REIT with a portfolio of upscale hotels in US and international markets

HST we rank 4 SELL

HST market cap \$11.1 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$39
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,295
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
PCL \$39

Plum Creek Timber PCL improved sentiment among homebuilders a positive signal for US housing sector recovery

PCL National Association of Home Builders index up by 4 points to 25 for January, 2012

PCL Specialty REITs with portfolios of timberlands and sawlog mills benefit from improving outlook for US homebuilding, through higher demand and prices for lumber

PCL improved consumer sentiment and low mortgage rates should also support housing sector recovery

PCL stock price supported by current annual dividend yield of 4.3%, as well as by management commitment to repurchase stock

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

PCL we rank 2 BUY

PCL market cap \$6.3 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,025
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/18/2012
PLD \$30

Prologis Inc PLD improved manufacturing activity for December 2011 signals continued recovery for Industrial REITs

PLD Federal Reserve reported US manufacturing activity increased UP+0.9% for December, 2011 from previous month

PLD total industrial output increased UP +0.4% for December, 2011, to level UP +14% from recession low during June, 2009

PLD report from ISM (Institute for Supply Management) indicated total new orders UP +0.2% to 53.2%, with manufacturing employment up by 23,000, according to Labor Department

PLD reported Core FFO for 3Q 2011 at the high end of expectations and increased guidance for Core FFO for 2011 by 5%

PLD management working to achieve \$90 million in cost synergies on completion of merger of AMB Property AMB with ProLogis Trust PLD, effective July, 2011

PLD the largest publicly traded Industrial REIT, following July 2011 merger

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

PLD we rank 2 BUY

PLD market cap \$14.0 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,051
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
HTS \$27

Hatteras Financial HTS higher mortgage volume indicates some recovery in US housing sector

HTS report from MBA (Mortgage Bankers Association) indicates volume of mortgage applications increased UP +23.1% for week ended January 13, 2012

HTS mortgage refinance volume increased UP +26.4%, while mortgage applications for home purchase increased UP +10.3%

HTS Financial Mortgage REITs benefit from mortgage volume, as new securitizations of agency-guaranteed Residential MBS provide opportunities for portfolio reinvestment

HTS Fannie Mae reform appears to be delayed until after the 2012 elections, maintaining the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS

HTS stock price supported by current annual dividend yield of 13.3%, 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 \$2.1 billion

REIT Comment



Company:	Associated Estates Realty Corp.
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$659
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
AEC \$16

Associated Estates Realty AEC continued employment gains support positive outlook for Residential REITs

AEC like all Residential REITs reporting improved profitability with higher rental rates

AEC apartment shortage in key urban areas should drive record rental rates for 2012-2013

AEC reported FFO UP +13% for 3Q 2011, while reducing guidance for FFO for 2011 to indicate growth of as much as UP +17%

AEC stock price supported by current annual dividend yield of 4.3%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$659 million

REIT Comment



Company:	Equity Residential
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,155
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
EQR \$55

Equity Residential EQR \$1.3 billion bid for 26.5% of Archstone portfolio may be decided next week on expiration of Lehman Brothers right of first offer

EQR Lehman must act by January 23, 2012 on right of first offer to block EQR bid for 26.5% of Archstone, or EQR may proceed with acquisition on January 25, 2012

EQR Lehman failed to prevent EQR actions in last week's bankruptcy court hearing, although it may seek damages for excess paid over EQR bid if it succeeds in its own bid of more than \$1.4 billion for the other 26.5% of Archstone held by bank investors Bank of America and Barclays

EQR controversy over proposed \$1.3 acquisition of 26.5% of Archstone portfolio distracts from positive outlook for Residential REITs

EQR reported FFO growth UP +15% for 3Q 2011 and slightly increased guidance for FFO for 2011 with growth indicated to be as much as UP +7%

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

EQR we rank 2 BUY

EQR market cap \$17.2 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	First Industrial
Price:	\$11
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,003
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
FR \$11

First Industrial FR traded UP +\$0.35 per share to close UP +3% day

FR stock traded UP +8% year to date for 2012, outperforming Industrial REITs, UP +4%
FR stock traded UP +17% during 2011, while Industrial REITs were DOWN (3%)

FR news of higher manufacturing activity reflected in better performance for Industrial REITs

FR still seeing lower rents, with rents on new and renewed leases DOWN (10.8%) during 3Q 2011

FR reported FFO DOWN (19%) for 3Q 2011 and narrowed guidance range for FFO for 2011 to indicate decline of as much as DOWN (31%)

FR management has no plan to restore dividend distributions at this time

FR an Industrial REIT

FR we rank 4 SELL

FR market cap \$1.0 billion

REIT Comment



Company:	Ashford Hospitality Trust
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$701
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
AHT \$8

Ashford Hospitality Trust AHT traded UP \$0.21 per share to close UP +3% day

AHT stock traded UP +5% year to date for 2012, outperforming Hotel REITs, UP +4%
AHT stock traded DOWN (17%) during 2011, while Hotel REITs were DOWN (15%)

AHT Hotel REITs sensitive to economic trends, with AHT facing significant exposure to metropolitan DC area

AHT may consider forfeiture of certain non-productive assets

AHT reported UP +18% growth in FFO for 3Q 2011

AHT no guidance provided for FFO for 2011

AHT a Hotel REIT

AHT we rank 3 HOLD

AHT market cap \$701 million

REIT Comment



Company:	CBL & Associates
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,069
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2012
CBL \$16

CBL & Associates CBL traded UP \$0.33 per share to close UP +2% day

CBL stock traded UP +3% year to date for 2012, outperforming Retail REITs, UP +2%
CBL stock traded DOWN (10%) during 2011, while Retail REITs were DOWN (4%)

CBL cautiously expanding investment in outlet centers while continuing to expand portfolio of regional malls

CBL reported FFO growth of UP +2% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential for growth UP +3%

CBL stock price supported by current annual dividend yield of 5.2%

CBL a Retail REIT with a portfolio of regional malls in southeastern and midAtlantic states

CBL we rank 2 BUY

CBL market cap \$3.1 billion

REIT Comment



Company:	Redwood Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$904
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/18/2012
RWT \$12

Redwood Trust RWT traded UP \$0.13 per share to close UP +1% day

RWT stock traded UP +13% year to date for 2012, outperforming Financial Mortgage REITs, UP +3%

RWT stock traded DOWN (32%) during 2011, while Financial Mortgage REITs were DOWN (12%)

RWT news of higher mortgage volume a positive signal for recovery in US housing sector

RWT one of the largest issuers of securitizations of non-agency guaranteed Residential MBS from Sequoia subsidiary

RWT stock price supported by current annual dividend yield of 8.7%, at the bottom end of the range for Financial Mortgage REITs

RWT a Financial Mortgage REIT with a portfolio of jumbo residential loans and non-agency guaranteed Residential MBS

RWT we rank 3 HOLD

RWT market cap \$904 million

REIT Comment



Company:	UDR, Inc.
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,670
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/19/2012
UDR \$25

UDR Inc UDR news of significant decline in unemployment claims a positive signal for Residential REITs

UDR Labor Department reported new unemployment claims for week ended January14, 2012 decreased (50,000) to 352,000

UDR new unemployment claims for most recent week at lowest level since April2008

UDR Labor Department also noted 4 week moving average of unemployment claims decrease (20,000) to 379,000

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

UDR apartment shortage in key urban areas to drive record rental rates for2011-2013

UDR well positioned to exploit apartment shortage in key urban markets with \$751 million pipeline of new developments, as well as \$337 million redevelopment projects

UDR reported 19% growth for FFO for 3Q 2011 and reaffirmed guidance indicating growth in FFO for 2011 of as much as UP +15%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$5.7 billion

REIT Comment



Company:	Capstead Mortgage Corporation
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,073
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
CMO \$13

Capstead Mortgage CMO record low for key mortgage rate reflected in higher mortgage applications

CMO Freddie Mac reported rate for 30 year fixed rate mortgage at 3.88%, a record low

CMO higher mortgage applications, reported by MBA (Mortgage Bankers Association), reflects attractive rate opportunity

CMO higher mortgage applications provide important opportunities for Financial Mortgage REITs to reinvest portfolio funds flow

CMO delay of Fannie Mae reform until after the 2012 elections appears to maintain status quo for Financial Mortgage REITs with portfolios of agency-guaranteed Residential MBS

CMO reported EPS DOWN (10%) for 3Q 2011

CMO reinvestment of funds raised through share offerings supports EPS growth

CMO stock price supported by current annual dividend yield of 13.5%, above the midpoint of the range for Financial Mortgage REITs

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

CMO we rank 2 BUY

CMO market cap \$1.1 billion

REIT Comment



Company:	Potlatch Corp.
Price:	\$33
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,340
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
PCH \$33

Potlatch PCH improving sentiment among home builders results from higher visits from prospective buyers

PCH continued low mortgage rates and higher mortgage applications also supports improving outlook for US housing sector

PCH lower harvest planned for 2012 to compensate for mill closings by important customer Georgia Pacific in southern states

PCH stock price supported by current dividend yield of 3.7%

PCH a Specialty REIT with a portfolio of timberlands and sawlog mills

PCH we rank 2 BUY

PCH market cap \$1.3 billion

REIT Comment



Company:	AvalonBay Communities
Price:	\$128
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,158
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/19/2012
AVB \$128

AvalonBay Communities AVB news of lower new unemployment claims a positive signal for Residential REITs

AVB Labor Department reported new unemployment claims for week ended January 14, 2012 decreased to lowest level since April 2008

AVB apartment shortage in key urban areas to drive record rental rates for 2011-2013

AVB well positioned to take advantage of apartment shortage in key urban areas with \$1 billion development pipeline

AVB reported 19% FFO growth for 3Q 2011 and reduced top end of guidance range for FFO for 2011 to indicate growth of as much as 15%

AVB a Residential REIT with a portfolio of upscale apartment communities in east coast and west coast locations

AVB we rank 2 BUY

AVB market cap \$12.2 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	Digital Realty Trust
Price:	\$67
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,092
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/19/2012
DLR \$67

Digital Realty Trust DLR news of Microsoft Systems Center 2012 solution for private cloud indicates pending growth in demand for data center services to support virtual machine processing

DLR Microsoft new software solution offers users ability to move all their cloud applications to a single platform, with ability to manage Linux servers and VMware ESX servers as well as Windows Server

DLR Microsoft Systems Center 2012 management suite will centralize management console for Windows Server, on-premises cloud and Windows Azure public cloud computing managing both physical and virtual resources

DLR impact of corporate spending trends on cloud computing drives requirements for data centers to support Internet access

DLR reports as much as 25% of rent drawn from tenant segment reselling Internet services to consumers and small businesses, while the majority of rental revenue relates to IT services and to direct corporate investment in cloud computing and websites

DLR focus on expansion of portfolio of turnkey data centers in US and international markets

DLR reported UP +13% Core FFO growth for 3Q 2011, while increasing guidance for FFO for 2011 to indicate growth of as much as UP +17%

DLR stock price supported by current annual dividend yield of 4.0%

DLR an Office REIT with a portfolio of turnkey data centers and office properties

DLR we rank 1 BUY

DLR market cap \$8.1 billion

REIT Comment



Company:	Brookfield Properties Corp.
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,514
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/19/2012
BPO \$17

Brookfield Properties BPO bank earnings reports this week highlight focus on expense reduction and reallocation of resources

BPO all major banks planning significant staff reductions to improve profitability and achieve higher levels of capital and consistent liquidity

BPO exposure to financial industry tenants estimated by management at more than 50% of NOI

BPO has greatest exposure to Bank of America of any Office REIT, with Bank of America subsidiary Merrill Lynch representing 8% of total BPO portfolio with leases in NYC and Toronto

BPO other financial industry tenants include Bank of Montreal CIBC, Goldman Sachs, JP Morgan Chase, Nomura, RBC and Wells Fargo/Wachovia

BPO reported FFO decline of (6%) for 3Q 2011 and increased guidance for FFO for 2011 to indicate potential decline of as much as (18%)

BPO new guidance for FFO for 4Q 2011 indicates decline of (35%)-(40%) on loss of tenant in Boston property

BPO an Office REIT with a portfolio of upscale office properties in US and Canada

BPO we rank 4 SELL

BPO market cap \$8.5 billion

REIT Comment



Company:	Rayonier
Price:	\$48
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,966
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
RYN \$48

Rayonier RYN traded UP \$0.84 per share to close UP +2% day

RYN stock traded UP +6% year to date for 2012, outperforming Specialty REITs, UP +2%
RYN stock traded UP +27% during 2011, exceeding performance of Specialty REITs, UP +8%

RYN news of improved sentiment for homebuilders supporting Specialty REITs with portfolios of timberlands, as sensitive to US housing sector recovery

RYN reported EPS for 3Q 2011 UP +58%, while increasing guidance for EPS for 2011 to indicate decline of as much as (8%)

RYN stock price supported by current annual dividend yield of 3.4%

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

RYN we rank 2 BUY

RYN market cap \$6.0 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,603
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
NLY \$16

Annaly Capital Management NLY traded UP\$0.19 per share to close UP +1% day

NLY stock traded UP +3% year to date for 2012, in line with Financial Mortgage REITs, also UP +3%
NLY stock traded DOWN (11%) during 2011, slightly outperforming Financial Mortgage REITs,
DOWN (12%)

NLY news from Freddie Mac of lowest ever 30 year fixed rate mortgage rates stimulates demand for mortgages

NLY higher mortgage applications provide important opportunities for Financial Mortgage REITs to reinvest portfolio funds flow

NLY reform of Fannie Mae appears to be delayed until after the 2012 elections, maintaining status quo for Financial Mortgage REITs

NLY reported Core EPS declined (7%) during 3Q 2011, as NIM (net interest margin) contracted to 2.08%

NLY stock price supported by current annual dividend yield of 13.9%, above 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 \$15.6 billion

REIT Comment



Company:	Ventas
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,291
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
VTR \$56

Ventas VTR traded UP \$0.33 per share to close UP +1% day

VTR stock traded UP +2% year to date for 2012, underperforming Health Care REITs, UP +4%
VTR stock traded UP +5% during 2011, outperforming Health Care REITs, DOWN (2%)

VTR pending acquisition of smaller Health Care REIT Cogdell Spenser CSA adds to medical office portion of portfolio

VTR pending sale of 21 million shares of VTR stock in \$1.2 billion public offering by selling shareholders

VTR reported UP +21% FFO growth for 3Q 2011 while increasing guidance for FFO for 2011 to indicate growth of as much as UP +17%

VTR stock price supported by current annual dividend yield of 4.1%

VTR a Health Care REIT with a diverse portfolio of health care properties

VTR we rank 2 BUY

VTR market cap \$16.3 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Post Properties
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,177
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/19/2012
PPS \$42

Post Properties PPS traded DOWN (\$0.52) per share to close DOWN (1%) day

PPS stock traded DOWN (3%) year to date for 2012, underperforming Residential REITs, FLAT
PPS stock traded UP +20% during 2011, outperforming Residential REITs, UP +8%

PPS today's news of lower new unemployment claims a positive signal for Residential REITs

PPS seeing higher profitability on higher average rental rates and occupancy gains

PPS reported FFO for 3Q 2011 UP +33% including condominium sales

PPS increased guidance for FFO for 2011 to indicate growth of as much as UP +17%

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

PPS we rank 2 BUY

PPS market cap \$2.2 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,603
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
NLY \$16

Annaly Capital Management NLY news of higher existing home sales indicates US housing sector in slow recovery

NLY report from NAR (National Association of Realtors) indicated existing home sales of 4.6 million for December, 2011, up 180,000 from November, 2011

NLY full year 2011 existing home sales increased, UP +1.7% from 2010

NLY supply of existing homes available for sale now 6 months, down by 1 month

NLY median home price decreased (3%), while discount from new home prices now more than (30%)

NLY reform of Fannie Mae appears to be delayed until after the 2012 elections, maintaining status quo for Financial Mortgage REITs

NLY reported Core EPS declined (7%) during 3Q 2011, as NIM (net interest margin) contracted to 2.08%

NLY stock price supported by current annual dividend yield of 13.9%, above 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 \$15.6 billion

REIT Comment



Company:	Plum Creek Timber
Price:	\$40
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,465
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
PCL \$40

Plum Creek Timber PCL higher sales of existing homes matter less than new home sales to Specialty REITs with portfolios of timberlands

PCL demand for lumber driven by construction of new homes and manufacturing activity more than by renovations to existing properties following home purchase

PCL improved consumer sentiment and low mortgage rates should also support housing sector recovery

PCL Specialty REITs with portfolios of timberlands and sawlog mills benefit from improving outlook for US homebuilding, through higher demand and prices for lumber

PCL stock price supported by current annual dividend yield of 4.2%, as well as by management commitment to repurchase stock

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

PCL we rank 2 BUY

PCL market cap \$6.5 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,968
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
DFT \$24

DuPont Fabros Technology DFT news of disappointing revenue growth for Google (reported revenues UP +25% for 4Q 2011) does not indicate slowdown in demand for data center services

DFT Google revenue disappointment a result of price per paid click DOWN (8%), not volume growth, with number of paid clicks UP +34%

DFT growth in new service Google+, now UP +100% over past three months to 90 million users, reflects need for new Internet services to enable users to manage their social networking and Internet presence

DFT growth in demand for Internet services from proliferation of mobile and home Internet devices a key driver for DFT data centers

DFT significant DFT 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 portfolio expansion with newly developed data centers provides 20% capacity increment for 2012

DFT reported FFO growth of 19% for 3Q 2011, while increasing guidance for FFO for 2011 to indicate potential growth of as much as UP +23%

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



Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,059
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
HTS \$27

Hatteras Financial HTS higher sales of existing homes during December, 2011 reflected in higher mortgage applications reported earlier this week by MBA(Mortgage Bankers Association)

HTS higher sales of existing homes reported by NAR(National Association of Realtors) indicates continued slow recovery in US housing sector

HTS Financial Mortgage REITs benefit from mortgage volume, as new securitizations of agency-guaranteed Residential MBS provide opportunities for portfolio reinvestment

HTS Fannie Mae reform appears to be delayed until after the 2012 elections, maintaining the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS

HTS stock price supported by current annual dividend yield of 13.2%, 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 \$2.1 billion

REIT Comment



Company:	Boston Properties
Price:	\$100
Recommendation:	SELL
Ranking:	4
Market Cap:	\$14,874
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
BXP \$100

Boston Properties BXP disappointing financial results reported by banks this week highlights risk of exposure to financial industry tenants

BXP all major banks planning significant layoffs, as well as pending divestitures of bank operations in response to new Dodd-Frank regulation

BXP pressure for banks to downsize translates to lower demand for office space a trend likely to depress rental rates for upscale office tenants in key financial centers

BXP most recent guidance for FFO for 2011 indicates FFO may be UP +5% for 4Q 2011, with occupancy to decline (1%), but FFO is expected to decline during 1Q and 2Q 2012

BXP management caution highlighted "hiatus of growth" during 1Q-2Q 2012 during recent investor conference call

BXP reported 20% FFO growth for 3Q 2011, while firmly guiding for lower FFO over the next 6-9 months

BXP provided lower guidance for FFO for 2012, indicating potential for decline of as much as (5%)

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 \$14.9 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Mack-Cali Realty
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,820
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
CLI \$28

Mack-Cali CLI traded UP \$0.69 per share to close UP +3% day

CLI stock traded UP +6% year to date for 2012, outperforming Office REITs, UP +2%
CLI stock traded DOWN (19%) during 2011, worse than average decline of (10%) for Office REITs

CLI investor concern over exposure to financial industry tenants at close to 10% of rental revenues for CLI

CLI reported 6% FFO increase for 3Q 2011 and increased guidance for FFO for 2011 to indicate decrease of (1%)

CLI recent guidance for FFO for 2012 indicates expected decrease of as much as DOWN (10%)

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

CLI an Office REIT with a portfolio office properties concentrated in NY and NJ

CLI we rank 3 HOLD

CLI market cap \$2.8 billion

REIT Comment



Company:	Extra Space Storage
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,518
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
EXR \$25

Extra Space Storage EXR traded UP \$0.52 per share to close UP +2% day

EXR stock traded UP +5% year to date for 2012, underperforming Specialty REITs, UP +2%
EXR stock traded UP +39% during 2011, far ahead of average gain of UP +8% for Specialty REITs

EXR improved rental rates for storage units support margin improvement

EXR reported better than expected results for 3Q 2011, with FFO UP +33%, and also increased guidance to indicate growth of as much as UP +22%

EXR a Specialty REIT with a portfolio of self-storage properties concentrated in east coast states

EXR we rank 2 BUY

EXR market cap \$2.5 billion

REIT Comment



Company:	Pennsylvania REIT
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$702
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
PEI \$12

Pennsylvania REIT PEI traded UP+\$0.17 per share to close UP +1% day

PEI stock traded UP +18% year to date for 2012, outperforming Retail REITs, UP +2%
PEI stock traded DOWN (28%) during 2011, lagging Retail REITs, DOWN (4%)

PEI news of December same store sales gains for key tenants buoy Retail REIT stocks during January 2012

PEI reported better than expected results for 3Q 2011, with FFO UP +24%, and increased guidance for FFO for 2011 to indicate decline of as much as (9%)

PEI stock price supported by current annual dividend yield of 4.9%

PEI a Retail REIT with a portfolio of regional malls in mid-Atlantic states

PEI we rank 2 BUY

PEI market cap \$702 million

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$27
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,288
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/20/2012
LHO \$27

LaSalle Hotel Properties LHO traded UP \$0.97 per share to close UP +4% day

LHO stock traded UP +11% during 2012, outperforming Hotel REITs, UP +4%
LHO stock traded DOWN (8%) during 2011, better than average (15%) decline for Hotel REITs

LHO passage of continuing resolution for federal spending resolves investor concern over exposure to metropolitan DC area

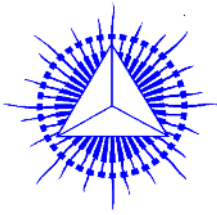
LHO recent acquisition of a third hotel property in NYC adds to portfolio diversification

LHO reported UP +9% growth in FFO for 3Q 2011 while slightly increasing guidance for FFO for 2011 to indicate growth of as much as UP +11%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.3 billion



REIT Growth and Income Monitor posted 37 REIT comments for the week ended January 20, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	6
Health Care REITs	1
Hotel REITs	4
Industrial REITs	2
Office REITs	8
Residential REITs	7
Retail REITs	3
Specialty REITs	6

Information on REIT sectors may be found using this link:

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

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