

REIT Growth and Income Monitor

Weekly Comments 06/04/2013

REIT stocks tumbled, now trailing performance of the S&P 500 Index, with gain of 7% year to date for 2013, as negative performance gap increased to (7%).

Specialty Self-Storage REITs are reporting exceptional NOI growth on occupancy improvement.

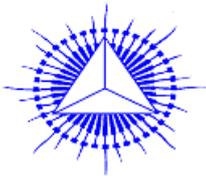
Extra Space Storage is poised to gain market share on portfolio expansion.

CubeSmart drives FFO growth with successful integration of acquisitions.

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**Weekly REIT Comments**
06/04/2013

REIT stocks tumbled, trading down (5%) for the last week of May, the week ended May 31, 2013. REITs now show gain of only 7% year to date for 2013, trailing performance of the S&P 500 Index, now up 14%, as negative performance gap increases to negative (7%) year to date for 2013. Average gain for all REITs followed by REIT Growth and Income Monitor is 12% for 2013, trailing 14% gain for the S&P 500 Index.

Residential REITs expect exceptional FFO growth to continue through 2013, driven by tight occupancy and rental rate increases. Specialty Timber REITs, with portfolios of timberlands and sawlog mills, benefit from improving environment for homebuilders. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Tenants of Health Care REITs will be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Outlook for Retail REITs is impacted by higher payroll taxes that reduce consumer income growth for 2013. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll downs, lagging economic recovery. Hotel REITs rallied due to low gasoline prices and end to furloughs for air traffic controllers, although cautious investors ponder impact of federal sequestration on demand for hotel rooms in DC

Financial Mortgage REITs face significant fundamental change, as reform legislation is to be introduced to Congress during 2Q 2013. FHFA (Federal Housing Finance Agency) has proposed a new joint venture securitization platform, enabling standard fees and financing terms, while removing federal loan guarantees from the balance sheets of Fannie Mae and Freddie Mac. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013 and 2014, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS provides a lift for Financial Commercial REITs.

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 continue to move higher during 2013. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth

Specialty Self-Storage REITs See Rapid FFO Growth on Improved Occupancy

Specialty Self-Storage REITs are seeing exceptional FFO growth on improved occupancy, although rental rates are showing limited growth. Also benefitting Specialty Self-Storage REITs are recent storms and floods in urban and shore areas of the northeast, forcing homeowners to pay for self-storage for household items while home repairs are completed. Investors would do well to consider smaller cap Specialty Self-Storage REITs, now reporting faster FFO and NOI growth than large cap S&P 500 Index REIT **Public Storage**. Specialty Self-Storage REITs reported exceptional same property NOI growth for 1Q 2013, with **Public Storage** reporting same property NOI up 9.5%, **Extra Space Storage** up 10.8%, **Sovran Self-Storage** up 10.6%, and **CubeSmart** up 7.6%. Occupancy is strongest for **Public Storage** at 91.9%, up 1.8%, while smaller competitors **Extra Space Storage** showed occupancy up 2.9% to 88.6% for 1Q 2013, **Sovran Self-Storage** up 5.3% to 87.4% and **CubeSmart** up 6.4% to 85.7%. **Public Storage** reported FFO growth up 15% for 1Q 2013, while **Extra Space Storage** demonstrated FFO growth up 35%, **Sovran Self-Storage** up 12%, and **CubeSmart** up 25%. Guidance for FFO growth for 2013 ranges from 12% for **Sovran Self-Storage** to 23% for **Extra Space Storage** and 16% for **CubeSmart**.

Trading Opportunities

Extra Space Storage, with market cap of \$4.7 billion, offers investors a smaller cap vehicle to participate in the expansion of the self-storage industry. Stock price increased 15% year to date for 2013, outperforming other Specialty REITs. With a portfolio of 70 million square feet of self-storage space concentrated in eastern states, **Extra Space Storage** appears well positioned for market share gains through acquisition. **Extra Space Storage** reported FFO growth up 35% for 1Q 2013, with occupancy up 2.9% to 88.6%. Guidance for FFO growth for 2013 of as much as 23% indicates there should be more positive stock price performance during 2013. **Extra Space Storage** increased dividend distributions by 25% for 2013, now providing income investors with current yield of 2.4%.

CubeSmart, with market cap of \$2.0 billion, appears well positioned to continue to achieve portfolio expansion via acquisition, following successful integration of large acquisitions in northeastern urban areas. Stock price appreciated 7% year to date for 2013, underperforming other Specialty REITs. **CubeSmart** reported FFO growth up 25% for 1Q 2013, on occupancy gain of 6.4%, achieving portfolio occupancy of 85.7%. Guidance for FFO growth of 16% for 2013 may prove conservative. **CubeSmart** increased dividend distributions by 38% for 2013, now providing income investors with current yield of 2.8%.

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Weekly Price Change for S&P 500 Index REITs

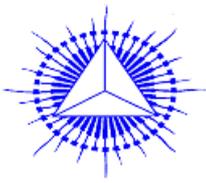
S&P 500 Index REITs:		Price	Price	Price	Price	Price	Price	Weekly	2013
		12/31/2012	05/03/2013	05/10/2013	05/17/2013	05/24/2013	05/31/2013	Price Change	Price Change
American Tower Corp	AMT	\$77	\$84	\$83	\$84	\$82	\$78	-5%	1%
Apartment Investment and Management	AIV	\$27	\$30	\$32	\$33	\$32	\$30	-4%	12%
AvalonBay Communities	AVB	\$136	\$130	\$133	\$139	\$139	\$133	-4%	-2%
Boston Properties	BXP	\$106	\$109	\$111	\$112	\$112	\$107	-5%	1%
Equity Residential	EQR	\$57	\$56	\$58	\$60	\$60	\$57	-6%	-0%
HCP Inc.	HCP	\$45	\$53	\$52	\$54	\$51	\$47	-7%	5%
Health Care REIT	HCN	\$61	\$75	\$75	\$78	\$74	\$68	-8%	11%
Host Hotels & Resorts	HST	\$16	\$18	\$19	\$19	\$18	\$18	-2%	14%
Kimco Realty	KIM	\$19	\$25	\$25	\$24	\$23	\$22	-4%	15%
Macerich	MAC	\$58	\$70	\$70	\$70	\$67	\$65	-3%	11%
Plum Creek Timber	PCL	\$44	\$51	\$52	\$54	\$52	\$48	-8%	8%
Prologis, Inc	PLD	\$36	\$43	\$43	\$44	\$42	\$40	-5%	10%
Public Storage	PSA	\$145	\$166	\$164	\$167	\$163	\$152	-7%	5%
Simon Property Group	SPG	\$158	\$179	\$179	\$180	\$174	\$166	-5%	5%
Ventas	VTR	\$65	\$80	\$79	\$82	\$77	\$71	-7%	10%
Vornado Realty Trust	VNO	\$80	\$87	\$86	\$87	\$84	\$80	-5%	-0%
Weyerhaeuser	WY	\$28	\$31	\$31	\$32	\$32	\$30	-6%	8%
S&P 500 Index	S&P 500	\$1,426	\$1,614	\$1,664	\$1,666	\$1,650	\$1,631	-1%	14%
Average for S&P 500 Index REITs								-5%	7%

REIT stocks traded down (5%) for the last week of May, the week ended May 31, 2013. REITs underperformed the S&P 500 Index, trading down (1%) for the week. REITs now show gain of only 7% year to date for 2013, lagging performance of the S&P 500 Index, now up 14%. Negative performance gap increased to (7%), as REIT stocks experience valuation adjustment.

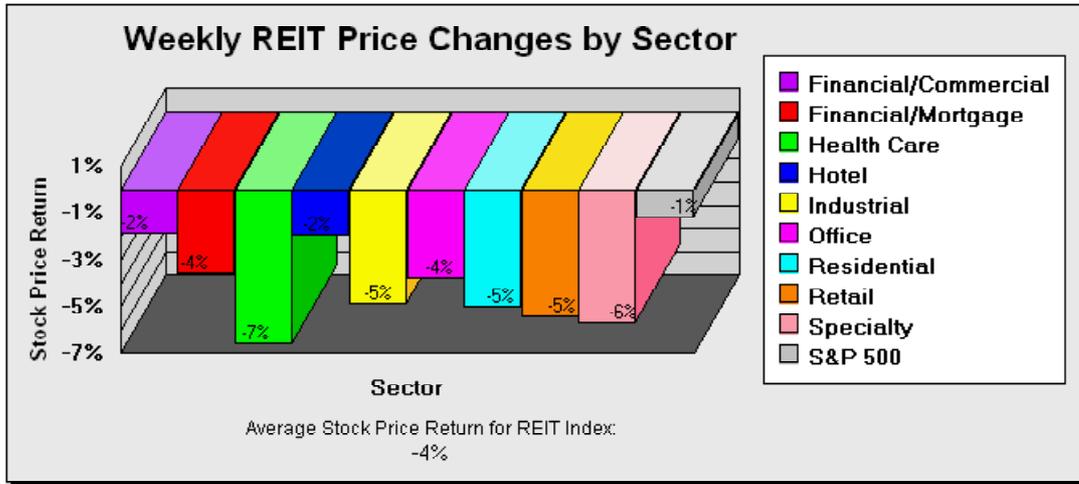
Dramatically lower prices add to yield and provide enhanced upside for REITs, with only 2 of the 17 REITs included in the S&P 500 Index up the same or more than 14% gain for the S&P 500 Index and 12 REITs up less than the S&P 500 Index, while 3 REITs traded down year to date for 2013. Still outperforming the S&P 500 Index is **Kimco Realty**, up 15%, on joint venture equity investment in SUPERVALU grocery chain properties. Other REITs demonstrating good performance include **Apartment Investment and Management**, up 12%, **Prologis Inc.**, up 10%, and **Host Hotels & Resorts**, up 14%. Specialty Timber REITs **Plum Creek Timber** and **Weyerhaeuser**, both up 8%, demonstrate confidence in further improvement for US housing sector. Health Care REITs retain smaller gains for 2013, with **HCP** up 5%, **Health Care REIT** up 11% and **Ventas** up 10%. **Public Storage**, now up only 5%, underperformed the S&P 500 Index. **Simon Property Group**, largest Retail REIT, now up only 5% year to date for 2013, as well as **Macerich**, up 11%, are both losing momentum. Office REITs lag, with **Boston Properties**, up 1%, and **Vornado Realty Trust**, down less than (1%), as rental rates decline in most urban areas. **American Tower Corp**, a newcomer to REIT status, shows 1% gain. Lagging performers include **AvalonBay Communities**, down (2%), and **Equity Residential**, down less than (1%), as investors consider the eventual impact of multifamily housing starts on occupancy for Residential REITs

NOTE: The list of REITs included in the S&P 500 Index was updated during May, 2013, to include **Macerich**, added by Standard & Poors as a replacement for another company. We have also added 2 other REITs that were previously included in the S&P 500 Index prior to conversion to REIT status - **Weyerhaeuser** and **American Tower Corp**. The total is now 17 REITs included in the S&P 500 Index.

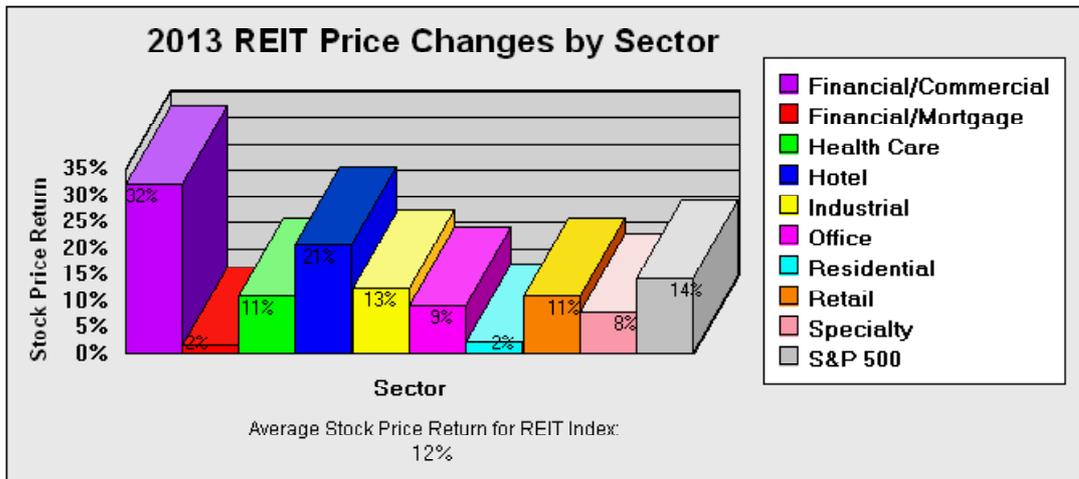
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Weekly REIT Price Changes by Sector



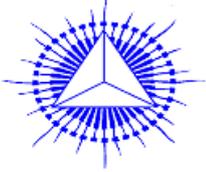
All REIT sectors tumbled for the last week of May, the week ended May 31, 2013. Smallest losses were shown by Financial Commercial REITs and by Hotel REITs, down (2%). Financial Mortgage REITs and Office REITs traded down (4%). Larger losses were shown by Industrial REITs, Residential REITs and Retail REITs, all down (5%). Lagging sectors were Health Care REITs, down (7%), and Specialty REITs, down (6%). On average, stock prices for REIT Growth and Income Monitor decreased (4%) for the last week of May, the week ended May 31, 2013.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 12% on average year to date for 2013, trailing performance of the S&P 500 Index, now up 14% 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 remains consistent, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sector for 2013 is Financial Commercial REITs, up 32%, as investor interest in non-agency securities revives. Hotel REITs show 21% gain, benefitting from depressed gasoline prices and end to worries over furloughs of air traffic comptrollers. Industrial REITs rallied up 13%, due to positive news on US industrial production. Health Care REITs are up 11%, on hopes for positive impact of the Affordable Care Act. Retail REITs also traded up 11%, following news of better than expected employment gains and growth in disposable income. Office REITs show 9% year to date gain for 2013, followed by Specialty REITs, up 8%. Residential REITs are now up 2%, although guidance indicates continued rapid FFO growth through 2013. Lagging Financial Mortgage REITs show gain of 2%, as investors prepare for pending Fannie Mae reform to be considered by Congress.

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REIT Comment



Company:	Annaly Capital Management
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,678
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/28/2013
NLY \$14

Annaly Capital Management NLY news of higher home prices from closely followed CaseShiller index demonstrates durability of US housing sector improvement with no regions reporting decline in prices

NLY report from Case-Shiller showed prices of US existing homes UP +10.9% for May 2013 from previous year

NLY greatest yearly change in prices included Phoenix UP+22.5%, San Francisco UP +22.2%, Las Vegas UP +20.6%, Atlanta UP +19.1%, Detroit UP +18.5%, Los Angeles UP +16.6% and Minneapolis UP +12.5%

NLY lowest yearly change in prices shown for New York UP+2.6%, Boston UP +6.7% and Dallas UP +6.8%

NLY Chicago market seeing acceleration, with home prices UP +7.8%, with DC now UP +7.7%

NLY proposals for Fannie Mae reform expected from Congress during 2Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee

NLY investing up to 25% of equity in non-agency real estate assets, with recent \$721 million acquisition of publicly traded NLY subsidiary CreXus Investment CXS now to be operated as Annaly Commercial Real Estate Group

NLY stock price supported by current annual dividend yield of 12.5%, 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 \$14.7 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,192
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
CMO \$12

Capstead Mortgage CMO news of higher US home prices indicates durable growth in US housing sector, with higher home valuations supporting Financial Mortgage REITs

CMO report from Case-Shiller showed prices of US existing homes UP +10.9% for May 2013 from previous year

CMO Financial Mortgage REITs benefit from higher US home prices, as higher US home valuations stimulate mortgage applications

CMO home buyers driven to accelerate home purchases by higher home prices while mortgage refinance applications supported by higher home appraisals

CMO unlike most Financial Mortgage REITs, CMO held NIM (net interest margin) constant for 1Q 2013

CMO 1Q 2013 portfolio \$13.9 billion agency guaranteed Residential MBS

CMO current annual dividend yield of 9.8%, below 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 \$1.2 billion

REIT Comment



Company:	Simon Property Group
Price:	\$174
Recommendation:	BUY
Ranking:	2
Market Cap:	\$54,069
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
SPG \$174

Simon Property Group SPG news of higher consumer confidence supports positive outlook for Residential REITs

SPG report from Conference Board found consumer confidence UP +7.2% to 76.2% for May 2013

SPG consumer spending increase needed to support retail sales necessary to drive businesses to invest in inventories

SPG recent comments by management noted confidence in continued retail sales momentum supported by slow growth economy

SPG recently increased guidance for FFO for 2013 to indicate growth UP +8%

SPG provides current annual dividend yield of 2.6%

SPG a Retail REIT with a portfolio of regional malls and brand name outlet centers in US Europe and Asia

SPG we rank 2 BUY

SPG market cap \$54.1 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Macerich
Price:	\$67
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,845
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
MAC \$67

Macerich MAC improved consumer confidence should support continued FFO growth for Retail REITs

MAC positive consumer mood needed to drive growth in retail sales

MAC stock added to S&P 500 Index during May 2013

MAC plans to fund recent \$1.25 billion acquisitions of NY retail properties with planned property divestitures of \$500 million-\$1.0 billion for 2013, absorbing negative FFO impact of (\$0.07)-(\$0.14) per share

MAC investing \$800 million to develop 3 retail properties in Tysons Corner, Chicago and Niagara Falls

MAC reported FFO growth UP +13% from continuing operations for 1Q 2013

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

MAC provides current annual dividend yield of 3.5%

MAC a Retail REIT with a portfolio of regional malls concentrated in western states

MAC we rank 2 BUY

MAC market cap \$9.8 billion

MAC an S&P 500 Index REIT

REIT Comment



Company:	General Growth Properties
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$21,893
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
GGP \$22

General Growth Properties GGP bid for NYC retail space indicates new interest in developing urban retail properties

GGP bidding with Brookfield Office Properties BPO for retail space at 650 Madison Avenue in NYC, contending with competing bid from Vornado Realty Trust VNO

GGP high profile retail location is around the block from Apple Inc AAPL retail store on Fifth Avenue near Central Park

GGP 650 Madison property owned by Carlyle Group LP, with current retail tenants including Crate & Barrel and Tod's, with office space for fashion designer Ralph Lauren upstairs

GGP Brookfield Asset Management owns 43% of GGP

GGP bidding partner Brookfield Office Properties BPO owns upscale office properties in US, Canada, UK and Australia

GGP reported better than expected results for 1Q 2013, with FFO growth UP +14%

GGP increased guidance for FFO for 2013 to indicate growth UP +16%

GGP provides current annual dividend yield of 2.2%

GGP a Retail REIT with a portfolio of regional malls

GGP we rank 3 HOLD

GGP market cap \$21.9 billion

REIT Comment



Company:	Brookfield Office Properties
Price:	\$18
Recommendation:	SELL
Ranking:	4
Market Cap:	\$9,194
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
BPO \$18

Brookfield Office Properties BPO bid for NYC office property 650 Madison Avenue may be decided this week

BPO bidding with General Growth Properties GGP for 650 Madison Avenue, an upscale 27 story office and retail property located near Central Park in NYC

BPO top bid for 650 Madison may exceed \$1.3 billion, setting new high for a midtown NYC property

BPO parent Brookfield Asset Management owns 50% of Brookfield Office Properties and 43% of General Growth Properties GGP

BPO investing in new office developments, while divesting older office properties, to upgrade portfolio

BPO management challenged to replace pending Merrill Lynch lease expiration for 4Q 2013 at (\$40) million annual rent, representing (\$0.08) per share impact to FFO, expected to be made up from new tenants for 2014

BPO reported better than expected results for 1Q 2013, with FFO growth UP +22%

BPO guidance for FFO for 2013 indicates growth UP +5%

BPO stock price supported by current annual dividend yield of 3.1%

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

BPO we rank 4 SELL

BPO market cap \$9.2 billion

REIT Comment



Company:	CapLease
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$487
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
LSE \$9

CapLease LSE announced merger with American Realty Capital Properties ARCP for \$2.2 billion cash

LSE shareholders to receive \$8.50 per share in cash, representing 20% premium to previous closing price

LSE existing debt of \$1.9 billion to be repaid, except \$580 million to be retained by ARCP

LSE management expected to join ARCP

LSE stock trading above merger offer due to 30 day "go shop period" to seek alternative offers

LSE 1Q 2013 investment portfolio \$1.9 billion, including 95% single tenant net leased properties and 5% commercial real estate securities

LSE investing in 3 build-to-suit projects now in progress

LSE recently increased dividend by 3%, now providing current annual dividend yield of 4.4%

LSE a Financial Commercial REIT with portfolio invested in single tenant netleased properties and commercial real estate securities

LSE we rank 3 HOLD

LSE market cap \$487 million

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$763
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
FPO \$15

First Potomac Realty Trust FPO traded UP \$0.12 per share to close UP +1% day

FPO stock traded UP +16% year to date for 2013, underperforming Industrial REITs, trading UP +18% for 2013

FPO stock trading higher following completion of \$105 million stock offering

FPO to focus new investment on office sector, following divestiture of industrial portfolio

FPO guidance for FFO for 2013 indicates a FLAT year

FPO provides current annual dividend yield of 4.2%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$763 million

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$27
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,346
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
LHO \$27

LaSalle Hotel Properties LHO traded UP \$0.31 per share to close UP +1% day

LHO stock traded UP +6% year to date for 2013, underperforming Hotel REITs, trading UP +23% for 2013

LHO investor concern over exposure to metropolitan DC hotels, representing 30% of total hotel rooms for LHO

LHO federal sequestration of agency spending during 2Q and 3Q 2013 may have negative impact on DC hotels owned by LHO

LHO renovation of Park Central Hotel in NYC impacting RevPAR (revenue per available room) and hotel EBITDA margins through end of 2013

LHO provides annual dividend yield of 3.0%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.3 billion

REIT Comment



Company:	National Retail Properties
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,209
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
NNN \$38

National Retail Properties NNN traded DOWN (\$1.27) per share to close DOWN (3%) year

NNN stock traded UP +20% year to date for 2013, outperforming Retail REITs, trading UP +17% for 2013

NNN today's news of higher consumer confidence a positive signal for Retail REITs

NNN reported better than expected results for 1Q 2013, with FFO UP +14%

NNN increased guidance for FFO for 2013 to indicate growth UP +8%

NNN providing income investors with current annual dividend yield of 4.1%

NNN a Retail REIT with a portfolio of net leased retail and commercial properties

NNN we rank 2 BUY

NNN market cap \$4.2 billion

REIT Comment



Company:	Redwood Trust
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,610
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
RWT \$20

Redwood Trust RWT traded DOWN (\$0.82) per share to close DOWN (4%) day

RWT stock traded UP +16% year to date for 2013, outperforming Financial Mortgage REITs, trading UP +15% for 2013

RWT seeing more competition for issues of non-agency securities, totaling \$6 billion year to date for 2013 from all issuers

RWT completed sale of \$424 million non-agency securitization during May2013

RWT plans to offer 1 new issue of securitized jumbo loans per month during2013, with goal of \$8 billion securitizations for this year, including \$7 billion Residential MBS and \$1 billion senior commercial loans

RWT investing in commercial loans to diversify portfolio

RWT provides current annual dividend yield of 5.5%, 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



Company:	First Potomac Realty Trust
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$763
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/28/2013
FPO \$15

First Potomac Realty Trust FPO completed offering of 7.5 million shares at \$14.70 per share

FPO increased size of offering from previous 6.0 million shares

FPO net proceeds of \$105 million to be applied to repay debt

FPO joint bookrunning managers KeyBanc and Wells Fargo
FPO co-lead managers BMO, Morgan Stanley, PNC, Raymond James and RBC
FPO co-managers Capital One Southcoast, Piper Jaffray and SunTrust Robinson Humphrey

FPO May 2013 offering increased total shares outstanding by 15%

FPO provides current annual dividend yield of 4.1%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$763 million

REIT Comment



Company:	Annaly Capital Management
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,170
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/29/2013
NLY \$15

Annaly Capital Management NLY decrease in mortgage application volume more likely to reflect seasonal variation than reaction to higher interest rates

NLY early timing of Memorial Day weekend a factor in sequential mortgage volume growth while higher interest rates might be expected to stimulate a rush to complete mortgage applications

NLY report from MBA (Mortgage Bankers Association) found mortgage applications decreased DOWN (8.8%) for week ended May 24, 2013

NLY mortgage applications for refinance DOWN (12%), while mortgage applications for home purchase UP +3% from previous week and UP +14% from previous year

NLY report from MBA (Mortgage Bankers Association) also found average interest rate on 30 year fixed rate mortgage on agency conforming loans UP +0.12% to 3.90%, representing 0.3% increase during May 2013

NLY regulatory agency FHFA (Federal Housing Finance Agency) has announced new joint venture securitization platform to consolidate guarantees by Fannie Mae and Freddie Mac but specific provisions not yet approved by Congressional oversight committee

NLY proposals for Fannie Mae reform expected from Congress during 2Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee

NLY completed acquisition of publicly traded NLY subsidiary CreXus Investment CXS as part of strategic decision to invest up to 25% of equity in non-agency real estate assets

NLY stock price supported by current annual dividend yield of 12.9%, 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 \$14.2 billion

REIT Comment



Company:	CYS Investments
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,887
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/23/2013
CYS \$11

CYS Investments CY5 stock market and Financial Mortgage REITs trading DOWN on investor speculation that Federal Reserve may end purchases of Residential MBS

CYS management believes Federal Reserve purchase program is most important reason for lower NIM (net interest margin) for Financial Mortgage REITs with portfolios of agency securities

CYS normalization of market for Residential MBS, including exit of Federal Reserve, should enable higher portfolio yields and free up volume of new securitizations for Financial Mortgage REITs

CYS stock now trading at discount of (16%) to latest GAAP book value

CYS GAAP book value has declined (30%) from September 2012 to \$12.87 per share as of March 2013

CYS stock price supported by current annual dividend yield of 10.9%, 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 \$1.9 billion

REIT Comment



Company:	Weyerhaeuser
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,515
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/29/2013
WY \$32

Weyerhaeuser WY stock should rally on news of higher US home prices

WY report this week from closely followed Case-Shiller index showed prices of US existing homes UP +10.9% for May 2013 from previous year

WY Specialty Timber REITs should see higher demand and improved prices as housing sector activity increases

WY management expects EBITDA contribution of WY timberlands to increase at 2% annual rate as limited supply of Pacific northwest Douglas fir meets incremental demand growth

WY wood products should see higher revenues as recovery in US home prices enables more homeowner investment in repair and remodeling, while also supporting higher US home starts

WY addition of as many as 40 new home communities should increase home building revenues at 20%-25% pace through 2015

WY total adjusted EBITDA increased UP +34% for 1Q 2013

WY recent 18% dividend increase brings current annual dividend yield of 2.5%

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 \$17.5 billion

WY an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,541
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/29/2013
PLD \$42

Prologis Inc PLD news of lower growth forecast for China may impact REITs with exposure to Asian markets

PLD forecast from IMF (International Monetary Fund) World Economic Outlook now puts China GDP growth at UP +7.75% for 2013, DOWN from UP +8.0% in previous forecast

PLD China GDP increased UP +7.8% for 2012, representing slowest growth rate for previous 13 years

PLD presence in China concentrated in institutional property funds managed by PLD with fees determined by total investment

PLD slower China economic growth should not prevent build-out of bulk distribution properties in China and other Asian markets

PLD China an important source of consumer goods shipped to US markets and stored in bulk distribution facilities such as those operated by PLD

PLD best economic metrics as coincident indicators for Industrial REITs are retail sales and international freight shipments

PLD conservative guidance for FFO for 2013 indicates decline DOWN (8%) due to property contributions to joint ventures, to be offset by new development projects

PLD provides current yield of 2.6%

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

PLD we rank 2 BUY

PLD market cap \$19.5 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	American Tower
Price:	\$82
Recommendation:	BUY
Ranking:	2
Market Cap:	\$31,600
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/29/2013
AMT \$79

American Tower AMT sudden stock price reduction on stock market downdraft offers investors opportunity to BUY AMT in front of major dividend increase over next year

AMT outlook for dividend increase appears assured

AMT conversion to REIT status took effect following merger with American Tower REIT January 2012, making 2013 the first year for required distribution of 90% of pretax income under REIT rules

AMT increased quarterly dividend distribution by 8% to \$0.26 per share for 1Q 2013, making current yield 1.3%

AMT current dividend distribution rate of \$1.04 per share is less than 60% of current run rate for pretax income, indicating potential for 50% dividend increase over next 12 months

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

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 \$31.6 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	Associated Estates Realty
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$838
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/29/2013
AEC \$17

Associated Estates Realty AEC traded DOWN (\$1.21) per share to close DOWN (7%) day

AEC stock traded UP +4% year to date for 2013, underperforming Residential REITs, trading UP +8% for 2013

AEC stock offering priced today to increase total shares outstanding by 13%

AEC like all Residential REITs seeing higher rents driving improved profitability

AEC guidance for FFO for 2013 indicates growth UP +5%

AEC previously increased dividend by 6% during 2013, now providing annual dividend yield of 4.5%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$838 million

REIT Comment



Company:	National Health Investors
Price:	\$63
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,758
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/029/2013
NHI \$63

National Health Investors NHI traded DOWN (\$2.92) per share to close DOWN (4%) day

NHI stock traded UP +12% year to date for 2013, underperforming Health Care REITs, trading UP +19% for 2013

NHI rally for Health Care REITs driven by positive expectations for impact of Affordable Care Act to take effect from 2014 to 2017

NHI recently increased guidance for FFO for 2013 to indicate growth UP +10%

NHI also increased quarterly dividend distribution by 6%, now providing yield of 4.7%

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

NHI we rank 2 BUY

NHI market cap \$1.8 billion

REIT Comment



Company:	Pennsylvania REIT
Price:	\$20
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,107
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/23/2013
PEI \$20

Pennsylvania REIT PEI traded DOWN (\$0.88) per share to close DOWN (4%) day

PEI stock traded UP +14% year to date for 2013, underperforming Retail REITs, trading UP +17% for 2013

PEI Retail REITs should see restored momentum on higher consumer confidence

PEI investing to upgrade portfolio of regional mall properties in Philadelphia PA region

PEI recently increased guidance for FFO for 2013 indicating growth UP +14%

PEI recent dividend increase brings current annual dividend yield to 3.6%

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

PEI we rank 2 BUY

PEI market cap \$1.1 billion

REIT Comment



Company:	New Residential Investment
Price:	\$7
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,746
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/23/2013
NRZ \$7

New Residential Investment NRZ traded UP \$0.19 per share to close UP +3% day

NRZ stock traded DOWN (3%) since spinout during May 2013, underperforming Financial Mortgage REITs, trading UP +5% for 2013

NRZ May 2013 spinoff from Newcastle Investment NCT provides a new vehicle among Financial Mortgage REITs

NRZ spinoff \$1.5 billion portfolio includes excess MSR's (mortgage servicing rights), non-agency Residential MBS, consumer loans, agency Residential MBS and other consumer housing related debt

NRZ expects annual portfolio earnings of \$0.61 per share from spinoff NRZ portfolio

NRZ management sees opportunity to acquire additional portfolios of MSR's as well as NPL's (non-performing mortgages) to be acquired at deep discount

NRZ although dividends for separate entities NCT and NRZ not yet disclosed management appears focused on achieving growth for both portfolios, enabling maintenance of previous yield of 7.5%, below the midpoint of the range for Financial Mortgage REITs

NRZ a Financial Mortgage REIT

NRZ we rank 2 BUY

NRZ market cap \$1.7 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$838
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/29/2013
AEC \$17

Associated Estates Realty AEC priced public offering of 6.5 million shares at \$17.25 per share on a forward basis

AEC offering priced at a discount of (4%) from previous closing price

AEC joint bookrunning managers Citi, BofA Merrill Lynch and Wells Fargo

AEC co-lead managers Jefferies and Raymond James

AEC co-managers Barclays, Cantor Fitzgerald, Sandler O'Neill, Compass Point and RBS

AEC expected proceeds of \$110 million to be applied to repay debt maturing in October 2013

AEC May 2013 stock offering to increase total shares outstanding by 13%

AEC previously increased dividend by 6% during 2013, now providing annual dividend yield of 4.5%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$838 million

REIT Comment



Company:	Prologis Inc
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,274
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
PLD \$42

Prologis Inc PLD downward revision to US GDP growth provides little forward guidance

PLD Commerce Department revised report of 1Q 2013 GDP growth DOWN (0.1%) to UP +2.4% from previous estimate of UP +2.5%

PLD revision includes positive adjustment for personal consumption to UP+3.4% for 1Q 2013, while government spending revised downwards to DOWN (8.7%) for 1Q 2013

PLD inflation adjustment slightly positive UP +0.1% to UP +1.2% from previous estimate UP +1.1%

PLD business inventories almost FLAT, indicating more growth in retail sales will be needed to force businesses to invest in higher inventories

PLD conservative guidance for FFO for 2013 indicates decline DOWN (8%) due to property contributions to joint ventures, to be offset by new development projects

PLD provides current yield of 2.7%

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

PLD we rank 2 BUY

PLD market cap \$19.3 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Equity Residential
Price:	\$59
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,720
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
EQR \$59

Equity Residential EQR news of higher new unemployment claims still within range of last 12 months

EQR Labor Department reported new claims for unemployment UP +10,000 to 354,000 for week ended May 25, 2013 from revised number for previous week

EQR more stable 4 week moving average of new unemployment also increase, UP +6,750 to 347,250 from revised number for previous week

EQR seasonal adjustments for Memorial Day holiday may screen underlying data trends

EQR lower federal spending for the rest of 2013 appears likely to negatively impact US economy, with surge in new unemployment claims probable

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 reported FFO UP +5% for 1Q 2013, and made no change to guidance for FFO for 2013 indicating growth UP +5%

EQR impact of \$9.4 billion Archstone acquisition positive for margins, but creates need for divestitures to repay debt

EQR stock supported by current annual dividend yield of 3.0%

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

EQR we rank 2 BUY

EQR market cap \$18.7 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,241
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
NLY \$14

Annaly Capital Management NLY news of sharp decline in foreclosures may indicate higher home prices enabling more troubled homeowners to sell without debt reduction or foreclosure

NLY restoration of normal environment for home sales presents positive outlook for Financial Mortgage REITs

NLY report from RealtyTrac found foreclosure sales DOWN (22%) from previous year for 1Q 2013

NLY foreclosure sales less than 10% of total home sales in MA, NY and NJ

NLY regulatory agency FHFA (Federal Housing Finance Agency) has announced new joint venture securitization platform to consolidate guarantees by Fannie Mae and Freddie Mac but specific provisions not yet approved by Congressional oversight committee

NLY proposals for Fannie Mae reform expected from Congress during 2Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee

NLY completed acquisition of publicly traded NLY subsidiary CreXus Investment CXS as part of strategic decision to invest up to 25% of equity in non-agency real estate assets

NLY stock price supported by current annual dividend yield of 12.9%, 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 \$14.2 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,549
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
HTS \$26

Hatteras Financial HTS increase in mortgage interest rates may coincide with Federal Reserve exit from market for agency Residential MBS

HTS recent comments from Federal Reserve chairman Ben Bernanke indicate Federal Reserve unlikely to sell existing portfolio of Residential MBS, preferring to hold issues to maturity

HTS when Federal Reserve ceases purchases of Residential MBS for QE (quantitative easing), portfolio yields for Residential REITs are likely to increase

HTS higher market prices for Residential MBS may be reflected in higher borrowing costs for homeowners

HTS report from MBA (Mortgage Bankers Association) this week found average interest rate on 30 year fixed rate mortgage on agency conforming loans now 3.90%, indicating 0.3% increase during May 2013

HTS higher mortgage interest rates still too low to slow demand for new mortgages

HTS anticipation of higher interest rates might be expected to stimulate a rush to complete mortgage applications

HTS combination of slightly higher mortgage interest rates, lower Federal Reserve purchases for Residential MBS for QE program, and higher home prices should all stimulate mortgage application volume, creating positive environment for Financial Mortgage REITs

HTS House of Representatives expected to propose Fannie Mae reform during 2Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee

HTS current annual dividend yield 10.9%, above 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 \$2.5 billion

REIT Comment



Company:	Digital Realty Trust
Price:	\$61
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,378
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
DLR \$61

Digital Realty Trust DLR completed \$31 million acquisition of data center property in Austin TX

DLR acquired 6 building property now 91% leased, including 2 data center buildings 100% leased and 4 buildings with flex office space

DLR property located near Austin airport and adjacent to existing DLR data center

DLR investing in international portfolio expansion through acquisition of data centers in UK Europe and Asia

DLR guidance for FFO for 2013 indicates growth UP +7%

DLR stock price supported by current annual dividend yield of 5.1%

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

DLR we rank 1 BUY

DLR market cap \$8.4 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,190
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/20113
CMO \$12

Capstead Mortgage CMO higher pending home sales confirms full demand recovery for US housing sector

CMO report from NAR (National Association of Realtors) found Pending Home Sales Index UP +0.3% to 106.0 for April 2013

CMO report shows pending home sales UP +10.3% from previous year

CMO chief economist at NAR forecasts total sales of existing homes to increase UP +7% for 2013

CMO unlike most Financial Mortgage REITs, CMO held NIM (net interest margin) constant for 1Q 2013

CMO 1Q 2013 portfolio \$13.9 billion agency guaranteed Residential MBS

CMO current annual dividend yield of 9.8%, below 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 \$1.2 billion

REIT Comment



Company:	MFA Financial
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,149
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
MFA \$9

MFA Financial MFA growth in issuance of non-agency securities elicits new interest from investors previously consumed with caution

MFA evolving demand for non-agency securities should lead to higher portfolio prices enabling significant gains on sales from existing portfolio, while slightly depressing credit spread compared to agency securities

MFA yield spread between non-agency securities and agency guaranteed issues of Residential MBS now at 1.75%, compared to 1.90% earlier during 2013

MFA strengthening US housing sector stimulates non-agency mortgage originations, providing opportunities for MFA to reposition portfolio

MFA industry reports total issuance of non-agency Residential MBS securities of \$6 billion year to date for 2013

MFA rally for non-agency portfolio of RMBS enables MFA to reverse previous loan loss reserves while maintaining conservative valuations

MFA paid special dividend of \$0.50 per share in April 2013, reflecting undistributed amounts of REIT taxable income relating to prior periods

MFA also increased quarterly dividend distribution by 10%, now providing current annual dividend yield of 10.0%, near the midpoint of the range for Financial Mortgage REITs

MFA a Financial Mortgage REIT with a portfolio of agency guaranteed and nonagency guaranteed Residential loans and MBS

MFA we rank 2 BUY

MFA market cap \$3.1 billion

REIT Comment



Company:	Anworth Mortgage Asset
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$769
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
ANH \$6

Anworth Mortgage Asset ANH extension of HAMP mortgage refinance program to December 2015 provides additional support for distressed homeowners

ANH President Obama extended HAMP program expiration by 2 years to 2015, matching current expiration date for HARP program and other streamlined refinance programs for conforming loans

ANH HAMP enables debt reduction for most distressed homeowners while HARP addresses rate reduction and term of loan for mortgage loans still current on payments

ANH according to FHFA (Federal Home Finance Agency) total HARP program originations 2.4 million mortgage loans refinanced through 1Q 2013, compared to 1.1 million for HAMP

ANH stock now trading at discount of (21%) to book value of \$7.04 per share as of March, 2013

ANH 1Q 2013 portfolio \$9.52 billion agency guaranteed Residential MBS

ANH stock price supported by current annual dividend yield of 10.7%, above the midpoint of the range for Financial Mortgage REITs

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

ANH we rank 2 BUY

ANH market cap \$769 million

REIT Comment



Company:	Potlatch
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,838
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
PCH \$45

Potlatch PCH traded DOWN (\$1.73) per share to close DOWN (4%) day

PCH stock traded UP +16% year to date for 2013, outperforming Specialty REITs, trading UP +15% for 2013

PCH news this week of higher home prices and increased sales of existing homes both positive signals for Specialty Timber REITs

PCH recent management comments noted lumber demand to increase UP+10% during 2013, following growth UP +6% for 2012

PCH reported better than expected results for 1Q 2013, with more harvest volume and much improved prices for sawlogs and lumber

PCH provides current dividend yield of 2.6%

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

PCH we rank 2 BUY

PCH market cap \$1.8 billion

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,317
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
HR \$27

Healthcare Realty Trust HR traded UP \$0.31 per share to close UP +1% day

HR stock traded UP +11% year to date for 2013, underperforming Health Care REITs, trading UP +19% for 2013

HR pending implementation of Affordable Care Act to drive incremental patients for tenants of Health Care REITs from 2014-2017

HR tenants of medical office buildings may require expansion space to meet patient demand due to expansion of insured population under Affordable Care Act

HR reported FFO growth UP +5% for 2012

HR no guidance provided for FFO for 2013

HR stock price supported by current dividend yield of 4.6%

HR a Health Care REIT with a portfolio concentrated in medical office properties

HR we rank 2 BUY

HR market cap \$2.3 billion

REIT Comment



Company:	Public Storage
Price:	\$154
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$26,484
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
PSA \$154

Public Storage PSA traded DOWN (\$3.28) per share to close DOWN (2%) day

PSA stock traded UP +6% year to date for 2013, underperforming Specialty REITs, trading UP +15% for 2013

PSA both occupancy increases and higher rental rates contributing to improved profitability for Specialty Storage REITs

PSA no guidance provided for FFO for 2013

PSA provides current dividend yield of 3.2% on common shares

PSA a Specialty REIT with a portfolio of self-storage facilities in US and Europe

PSA we rank 3 HOLD

PSA market cap \$26.5 billion

PSA an S&P 500 Index REIT

REIT Comment



Company:	First Industrial
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,756
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/30/2013
FR \$17

First Industrial FR traded DOWN (\$0.40) per share to close DOWN (2%) day

FR stock traded UP +22% year to date for 2013, outperforming Industrial REITs, trading UP +18% for 2013

FR today's news of slightly negative adjustment to US GDP growth for 1Q 2013 provides little information for economic outlook

FR Industrial REITs seeing improved profitability on higher occupancy, while rent roll downs continue

FR new guidance for FFO for 2013 indicates growth FLAT - UP +10%

FR provides current annual dividend yield of 1.9%

FR an Industrial REIT

FR we rank 3 HOLD

FR market cap \$1.8 billion

REIT Comment



Company:	Kimco Realty
Price:	\$22
Recommendation:	BUY
Ranking:	1
Market Cap:	\$9,091
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
KIM \$22

Kimco Realty KIM slight growth in disposable personal income keeps pressure on value oriented segment of retail

KIM report from BEA (Bureau of Economic Analysis, Commerce Department) found disposable personal income only UP +0.1% for April, 2013, while consumer spending also increased UP +0.1%

KIM value oriented retail tenants include Wal-Mart at 3% of total rents and Dollar Tree at 1%

KIM investors attracted by new joint venture interest in deal to acquire \$3.3 billion properties from SUPERVALU SVU

KIM guidance for FFO for 2013 indicates growth UP 6%

KIM provides current annual dividend yield of 3.8%

KIM a Retail REIT with a diverse portfolio of retail properties, including neighborhood and community shopping centers and big box retail, as well as grocery anchored shopping centers

KIM we rank 1 BUY

KIM market cap \$9.1 billion

KIM an S&P 500 index REIT

REIT Comment



Company:	CBL & Associates
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,499
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
CBL \$24

CBL & Associates CBL consumer confidence rebound anticipates stronger economy

CBL report of consumer confidence from University of Michigan found consumer confidence at highest level since July 2007

CBL higher consumer confidence should translate into growth for retail sales during 2Q 2013

CBL renovations at 3 regional malls should contribute to improved profitability during 2013

CBL guidance for FFO for 2013 indicates growth UP +4%

CBL increased dividend by 4.5%, now providing current yield of 3.9%

CBL a Retail REIT with a portfolio of regional malls in southeastern and mid-Atlantic states

CBL we rank 2 BUY

CBL market cap \$4.5 billion

REIT Comment



Company:	Essex Property Trust
Price:	\$158
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,046
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
ESS \$158

Essex Property Trust ESS apartment dwellers unlikely to suddenly seek home ownership

ESS recovery in home prices may be viewed as unsustainable by apartment dwellers

EQR departure for home purchase causes only a small part of normal apartment turnover in range of 45%-50% annually

ESS apartment shortage and high occupancy combine to create period of steadily increasing apartment rental rates

ESS well positioned for portfolio expansion, with \$926 million pipeline of projects under development, representing 7% portfolio capacity increment

ESS reported FFO growth UP +14% for 1Q 2013

ESS guidance for FFO for 2013 indicates growth UP +13%

ESS increased quarterly dividend distribution by 10%, now providing annual dividend yield of 3.1%

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

ESS we rank 2 BUY

ESS market cap \$6.0 billion

REIT Comment



Company:	Mid-America Apartment Communities
Price:	\$69
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,024
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
MAA \$69

Mid-America Apartment Communities MAA investor concern over threat to Residential REITs from recovering housing sector appears misplaced

MAA apartment shortage in key urban areas expected to continue through the end of 2014, as new apartment construction lags growth in employment

MAA high apartment occupancy drives improved profitability through increase in monthly rental rates, UP +5% through first 5 months of 2013

MAA has 3 apartment communities under construction for total investment of \$101 million, adding 2% portfolio capacity increment

MAA reported better than expected results for 1Q 2013, with FFO growth UP +12%

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

MAA stock price supported by current annual dividend yield 4.1%

MAA a Residential REIT with a portfolio of apartment communities in southern and midwestern states

MAA we rank 2 BUY

MAA market cap \$3.0 billion

REIT Comment



Company:	Simon Property Group
Price:	\$170
Recommendation:	BUY
Ranking:	2
Market Cap:	\$52,684
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
SPG \$170

Simon Property Group SPG sudden improvement in consumer confidence indicates optimism for a stronger economy, possibly driven by recovering housing sector

SPG report from University of Michigan found consumer confidence UP +8.1% to 84.5% for May 2013, highest level since July 2007

SPG higher consumer confidence should drive shopper traffic to regional malls during the summer months

SPG recent comments by management noted confidence in continued retail sales momentum supported by slow growth economy

SPG recently increased guidance for FFO for 2013 to indicate growth UP +8%

SPG provides current annual dividend yield of 2.7%

SPG a Retail REIT with a portfolio of regional malls and brand name outlet centers in US Europe and Asia

SPG we rank 2 BUY

SPG market cap \$52.7 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,656
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
CLI \$27

Mack-Cali Realty CLI completed \$19 million divestiture of 2 commercial properties in Blue Bell PA

CLI management sees a challenging environment for office leasing causing strategic decision to diversify portfolio with acquisitions of residential properties

CLI development pipeline totals \$950 million, including 2,376 residential apartments and 238,000 square feet of commercial development

CLI recent (35%) dividend reduction reflects management disappointment over lower FFQ due to lagging rental rates for office properties

CLI guidance for FFO for 2013 indicates decline DOWN (11%)

CLI provides current annual dividend yield of 4.5%

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

CLI we rank 3 HOLD

CLI market cap \$2.7 billion

REIT Comment



Company:	CYS Investments
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,871
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
CYS \$10

CYS Investments CYS traded DOWN (\$0.30) per share to close DOWN (3%) day

CYS stock traded DOWN (13%) year to date for 2013, underperforming Financial Mortgage REITs, trading UP +5% for 2013

CYS stock now trading at discount of (19%) to latest GAAP book value

CYS GAAP book value has declined (30%) from September 2012 to \$12.87 per share as of March 2013

CYS pending exit of Federal Reserve for "normalization" of market for Residential MBS should enable higher portfolio yields and free up volume of new securitizations for Financial Mortgage REITs

CYS stock price supported by current annual dividend yield of 12.0%, 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 \$1.9 billion

REIT Comment



Company:	Agree Realty
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$367
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
ADC \$33

ADC Realty ADC traded UP \$0.73 per share to close UP +2% day

ADC stock traded UP +24% year to date for 2013, outperforming Retail REITs, trading UP +17% for 2013

ADC investing in acquisitions and new build-to-suit retail developments for portfolio expansion

ADC no guidance provided for FFO for 2013

ADC stock price supported by current annual dividend yield of 5.0%

ADC a Retail REIT with a portfolio of net leased retail properties

ADC we rank 3 HOLD

ADC market cap \$367 million

REIT Comment



Company:	Weyerhaeuser
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,336
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
WY \$30

Weyerhaeuser WY traded UP \$0.34 per share to close UP +1% day

WY stock traded UP +8% year to date for 2013, underperforming Specialty REITs, trading UP +15% for 2013

WY stock should rally on news of higher US home prices

WY Specialty Timber REITs should see higher demand and improved prices as housing sector activity increases

WY recent 18% dividend increase brings current annual dividend yield of 2.7%

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 \$16.3 billion

WY an S&P 500 Index REIT

REIT Comment



Company:	EastGroup Properties
Price:	\$60
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,773
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/31/2013
EGP \$59

EastGroup Properties EGP traded DOWN (\$1.02) per share to close DOWN (2%) day

EGP stock traded UP +9% year to date for 2013, underperforming Industrial REITs, trading UP +18% for 2013

EGP Industrial REITs seeing higher occupancy driving improved profitability

EGP investing in portfolio expansion in strongest markets in TX particularly Houston and Dallas

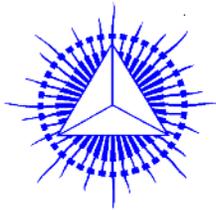
EGP guidance for FFO for 2013 indicates growth UP +4%

EGP stock price supported by current annual dividend yield of 3.5%

EGP an Industrial REIT with a portfolio of bulk distribution properties

EGP we rank 3 HOLD

EGP market cap \$1.8 billion



REIT Growth and Income Monitor posted 44 REIT comments for the week ended May 31, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	13
Health Care REITs	2
Hotel REITs	1
Industrial REITs	6
Office REITs	3
Residential REITs	5
Retail REITs	9
Specialty REITs	5

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/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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