

REIT Growth and Income Monitor

Weekly Comments 07/02/2013

REIT stocks rebounded, now up 4% year to date for 2013, still trailing performance of the S&P 500 Index, as negative performance gap contracted to (9%).

Affordable Care Act likely to cause mergers of health care providers, providing opportunities for Health Care REITs.

HCP offers investors steady income and rental growth from diversified portfolio of health care and life science properties.

Financial strength and proven track record of acquisitions should enable Ventas to make creative investments as health care industry consolidates.

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**Weekly REIT Comments**
07/02/2013

REIT stocks rebounded, trading up 4% for the last week of June, the week ended June 28, 2013. REITs are now up 4% year to date for 2013, trailing performance of the S&P 500 Index, up 13%, as negative performance gap contracted to (9%) year to date for 2013. Average gain for all REITs followed by REIT Growth and Income Monitor is now 9% for 2013, trailing 13% 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 recently proposed Senate reform legislation is introduced to Congress during 3Q 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.

Health Care REITs Should Benefit from Consolidation of Health Care Industry

Expansion of insured population mandated by Affordable Care Act, to take effect from 2014-2017, should stimulate consolidation of the health care industry, providing opportunities for Health Care REITs. Health care providers are likely to react to higher patient volume with efforts to gain market share through acquisitions and mergers with related companies to enable better coordination of care. Hospitals may acquire medical office buildings and other outpatient care facilities in order to gain critical mass in local markets. Skilled nursing facilities and specialty hospitals may be driven to merge in order to build capacity to attract more patient traffic from health care insurance providers. Last week's announcement of the pending \$1.7 billion merger of Vanguard Health Systems with Tenet Healthcare Corp is an early signal of this consolidation trend among privately held hospital chains. Such mergers and acquisitions should provide opportunities for Health Care REITs to offer capital to favored tenants through sale/leaseback of health care properties, freeing more capital for health care providers to seek market share. FFO growth should result from portfolio expansion by Health Care REITs.

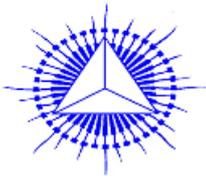
Investors should act now to add positions in Health Care REITs for both growth and income purposes. Large cap Health Care REITs include **HCP**, **Health Care REIT**, and **Ventas** (all 3 included in the S&P 500 Index). Smaller cap Health Care REITs with particularly positive growth outlook include **Healthcare Realty Trust** (with portfolio concentrated in medical office buildings), **Medical Properties Trust** (with a portfolio of specialty hospitals), and **Omega Healthcare Investors** (with a portfolio of skilled nursing and senior housing properties). Other Health Care REITs that may attract value oriented investors include **LTC Properties**, **National Health Investors** and **Senior Housing Properties Trust**.

Trading Opportunities

HCP Inc, with market cap of \$24 billion, underperformed other Health Care REITs, trading up only 1% year to date for 2013, following gain of 17% for 2012. A well diversified Health Care REIT, **HCP** owns senior living and assisted living properties, as well as hospitals, medical office buildings and life science research facilities. FFO for 1Q 2013 increased 10%. Guidance for FFO for 2013 indicates 6%-8% growth. **HCP** increased dividends 5% during 2013 (for the third year of dividend increase), now providing 4.7% yield for income investors, with 24% of total dividends for 2012 untaxed as return of capital.

Ventas, with market cap of \$24 billion, performed in line with other Health Care REITs, trading up 7% year to date for 2013, following increase of 9% for 2012. **Ventas** owns senior living and assisted living properties in US and Canada, as well as specialty and acute care hospitals, skilled nursing properties, and medical office buildings. **Ventas** has also invested in financial assets, including mortgages on health care facilities. Portfolio expansion for **Ventas** has been driven by acquisition. Normalized FFO increased 13% for 1Q 2013, exceeding expectations. Guidance for normalized FFO for 2013 indicates potential for 5%-7% FFO growth. **Ventas** increased dividends 8% for 2013 (for the fourth year of higher dividends), now providing 3.9% yield for income investors.

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Weekly Price Change for S&P 500 Index REITs

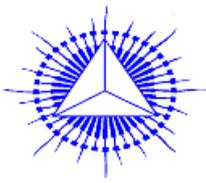
S&P 500 Index REITs:		Price	Price	Price	Price	Price	Price	Weekly	2013
		12/31/2012	05/31/2013	06/07/2013	06/14/2013	06/21/2013	06/28/2013	Price Change	Price Change
American Tower Corp	AMT	\$77	\$78	\$79	\$77	\$72	\$73	2%	-5%
Apartment Investment and Management	AIV	\$27	\$30	\$30	\$29	\$28	\$30	8%	11%
AvalonBay Communities	AVB	\$136	\$133	\$134	\$135	\$132	\$135	2%	-1%
Boston Properties	BXP	\$106	\$107	\$110	\$110	\$102	\$105	3%	-0%
Equity Residential	EQR	\$57	\$57	\$57	\$56	\$55	\$58	6%	2%
HCP Inc.	HCP	\$45	\$47	\$48	\$46	\$43	\$45	5%	1%
Health Care REIT	HCN	\$61	\$68	\$68	\$67	\$63	\$67	6%	9%
Host Hotels & Resorts	HST	\$16	\$18	\$17	\$17	\$16	\$17	4%	8%
Kimco Realty	KIM	\$19	\$22	\$22	\$22	\$21	\$21	3%	11%
Macerich	MAC	\$58	\$65	\$63	\$62	\$58	\$61	4%	5%
Plum Creek Timber	PCL	\$44	\$48	\$48	\$47	\$45	\$47	3%	5%
Prologis, Inc	PLD	\$36	\$40	\$39	\$38	\$36	\$38	4%	3%
Public Storage	PSA	\$145	\$152	\$154	\$152	\$150	\$153	2%	6%
Simon Property Group	SPG	\$158	\$166	\$167	\$166	\$157	\$158	1%	-0%
Ventas	VTR	\$65	\$71	\$71	\$70	\$65	\$69	6%	7%
Vornado Realty Trust	VNO	\$80	\$80	\$81	\$83	\$78	\$83	6%	3%
Weyerhaeuser	WY	\$28	\$30	\$29	\$28	\$27	\$28	4%	3%
S&P 500 Index	S&P 500	\$1,426	\$1,631	\$1,643	\$1,627	\$1,592	\$1,606	1%	13%
Average for S&P 500 Index REITs								4%	4%

REIT stocks traded up 4% for the last week of June, the week ended June 28, 2013. REITs exceeded performance of the S&P 500 Index, trading up 1% for the week. REITs now show 4% gain year to date for 2013, lagging performance of the S&P 500 Index, now up 13%. Negative performance gap contracted to (9%), as REIT stocks rebounded.

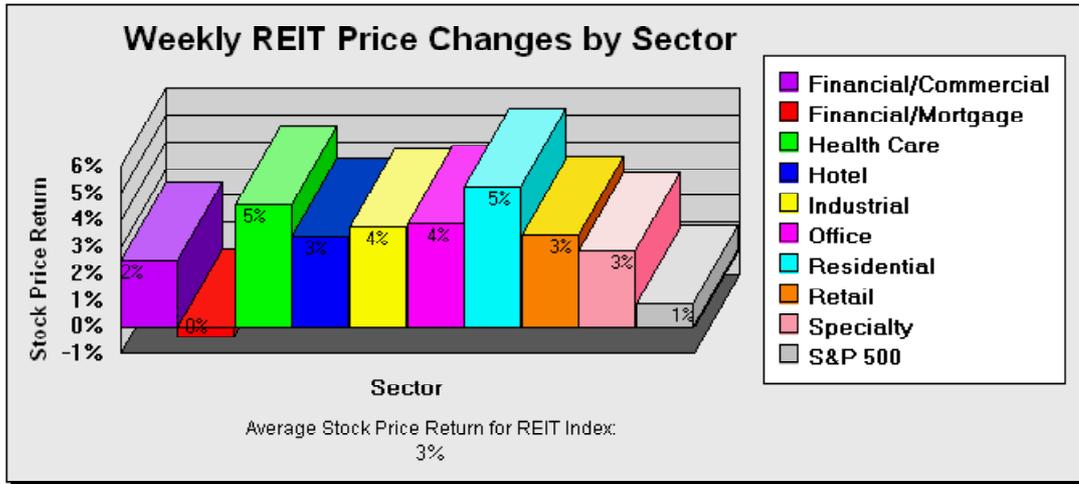
Lower stock prices add to yield and provide enhanced upside for REITs, with none of the 17 REITs included in the S&P 500 Index up the same or more than 12% gain for the S&P 500 Index and 13 REITs up less than the S&P 500 Index, while 4 REITs traded down year to date for 2013. Leading performer among REITs is **Kimco Realty**, up 11%, on joint venture equity investment in SUPERVALU grocery chain properties. Other REITs demonstrating positive performance include **Apartment Investment and Management**, up 11%, **Host Hotels & Resorts**, up 8%, and **Public Storage**, up 6%. Specialty Timber REITs **Plum Creek Timber**, up 5%, and **Weyerhaeuser**, up 3%, now appear to signal concern over further improvement for US housing sector. Health Care REITs gave up previous gains for 2013, with **HCP** now up 1%, **Health Care REIT** up 9% and **Ventas** up 7%. **Prologis Inc**, now up 3% for 2013, also underperformed the S&P 500 Index. Retail REITs **Macerich**, up 5%, and **Simon Property Group**, unchanged year to date for 2013, are still losing momentum. Lagging performers include **AvalonBay Communities** down (1%) and **Equity Residential** up 2%, as investors consider the eventual impact of multifamily housing starts on occupancy for Residential REITs. Office REITs lag, with **Boston Properties**, unchanged, and **Vornado Realty Trust**, up 3%, as rental rates decline in most urban areas. **American Tower Corp**, a newcomer to REIT status, traded down (5%) year to date for 2013.

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.

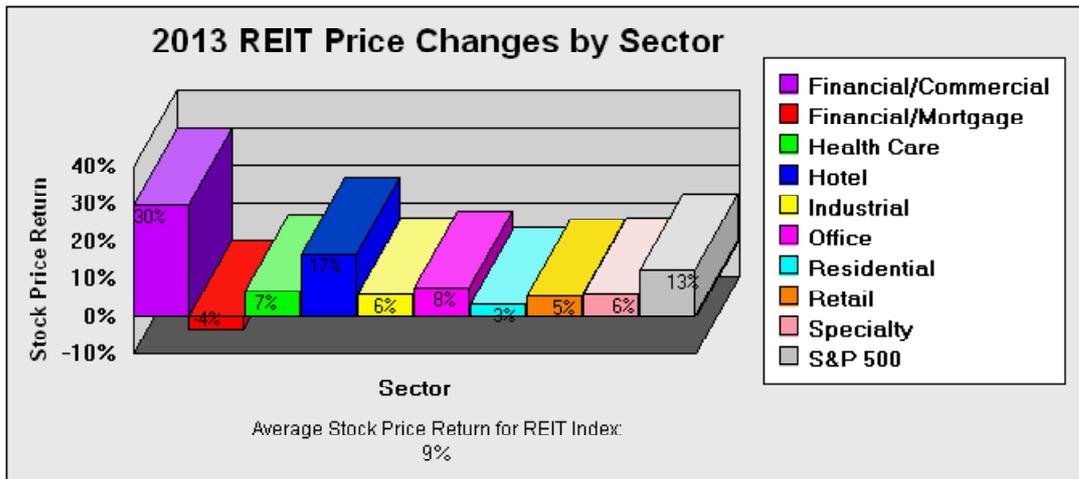
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Weekly REIT Price Changes by Sector



Almost all REIT sectors demonstrated renewed strength for the last week of June, the week ended June 28, 2013. Best performance was demonstrated by Health Care REITs and Residential REITs, both up 5%, while Industrial REITs and Office REITs both gained 4%. Hotel REITs, Retail REITs and Specialty REITs, all up 3%, recouped previous losses. Lagging sectors were Financial Commercial REITs, up 2%, and Financial Mortgage REITs, unchanged. On average, stock prices for REIT Growth and Income Monitor traded up 3% during the last week of June, the week ended June 28, 2013.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 9% on average year to date for 2013, trailing performance of the S&P 500 Index, now up 13% 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 30%, as investor interest in non-agency securities revives. Hotel REITs show 17% gain, benefitting from depressed gasoline prices and end to worries over furloughs of air traffic comptrollers. Office REITs show 8% year to date gain for 2013, followed by Industrial REITs and Specialty REITs, both up 6%. Health Care REITs are up 7%, on expectation of positive impact from the Affordable Care Act. Retail REITs traded up 5% on better than expected growth in disposable income. Residential REITs are now up only 2%, although guidance indicates continued rapid FFO growth through 2013. Lagging Financial Mortgage REITs show loss of (4%), as investors prepare for pending Fannie Mae reform to be considered by Congress

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REIT Comment



Company:	Kimco Realty
Price:	\$21
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,538
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:

06/24/2013

KIM \$21

Kimco Realty KIM increased joint venture interest in Kimco-UBS joint venture from 18% to 33%

KIM invested \$363 million to increase joint venture interest in portfolio of 39 shopping center properties with total 5.6 million square feet of retail space

KIM remaining 67% interest of joint venture acquired from UBS by Blackstone Real Estate Partners VII, valuing total portfolio at \$1.1 billion

KIM recently increased guidance for FFO for 2013 to indicate growth UP +7%

KIM provides current annual dividend yield of 4.0%

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 \$8.5 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	HCP Inc
Price:	\$43
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,527
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
HCP \$43

HCP Inc HCP today's announcement of major hospital chain acquisition indicates trend to industry consolidation, driven by Affordable Care Act

HCP hospital operators, as well as other health care providers, see opportunities to gain market share as insured population is set to increase when provisions of Affordable Care Act take effect from 2014 to 2017

HCP Tenet Healthcare Corp THC to acquire Vanguard Health Systems VHS for \$1.7 billion plus assumed debt, representing premium of 70% to previous Vanguard share price

HCP acquisition provides Tenet Healthcare THC with 30% portfolio expansion as measured by hospital beds

HCP tenant Tenet Healthcare represents 1% of rental revenue for HCP

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

HCP recently increased dividend by 5%, bringing current yield to 4.9%

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

HCP we rank 2 BUY

HCP market cap \$19.5 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$23
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,900
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
DFT \$23

DuPont Fabros Technology DFT forecast of rapid growth in tablets and shift to smarter cell phones provides more demand for Internet services provided from data centers to mobile Internet devices

DFT report from market research firm Gartner forecasts worldwide tablet shipments to increase UP +68% during 2013, while shipments of total cell phones to increase UP +4%

DFT Gartner forecasts traditional PC shipments to decrease DOWN (11%) for 2013

DFT extension of high level Internet functionality to even the cheapest Android cell phones stimulates demand for social networking and information services

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

DFT increased guidance for FFO for 2013 to indicate potential for FFO growth UP +30%

DFT also increased dividend distribution by 25% for 2Q 2013, now providing current annual dividend yield of 4.5%

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 \$1.9 billion

REIT Comment



Company:	Ventas
Price:	\$65
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,447
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
VTR \$65

Ventas VTR today's announcement of pending \$1.7 billion takeover of Vanguard Health Systems VHS by Tenet Healthcare THC highlights new focus on hospital industry consolidation

VTR comments at recent management presentation at REITWeek noted that hospital industry consolidation would provide greater coordination of care as provisions of Affordable Care Act take effect from 2014 to 2017

VTR Health Care REITs should benefit from industry consolidation through greater opportunities for portfolio investment

VTR Affordable Care Act may force hospitals to prioritize investment to coordination of care, forcing more assets to sale/leaseback in order to free up capital, providing opportunity for best capitalized Health Care REITs to gain market share

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

VTR dividend growth exceptional, with 10 year CAGR of 10%

VTR provides 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 \$19.4 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Highwoods Properties
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,739
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
HIW \$33

Highwood Properties HIW announced increased investment in Alliance Center office park in Atlanta

HIW invested \$140 million to acquire One Alliance Center, following previous September 2012 investment of \$147 million to acquire Two Alliance Center

HIW to invest \$3 million in renovations and tenant improvements at One Alliance Center, now only 67% occupied

HIW previous owner Tishman Speyer forfeited ownership of One Alliance Center to lenders

HIW acquisition of One Alliance Center indicates management confidence in recovery in demand for office space in Atlanta

HIW recently affirmed guidance for FFO for 2013 indicating growth UP +3%, with same property NOI UP +1.5% and occupancy of 90%

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

HIW an Office REIT with a diverse portfolio of office, industrial and retail properties concentrated in southeastern states

HIW we rank 3 HOLD

HIW market cap \$2.7 billion

REIT Comment



Company:	Glimcher Realty Trust
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,468
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
GRT \$10

Glimcher Realty Trust GRT traded DOWN (\$0.50) per share to close DOWN (5%) day

GRT stock traded DOWN (9%) year to date for 2013, underperforming Retail REITs, trading UP +2% for 2013

GRT concentrating investment in redevelopment of existing portfolio, instead of ground-up development

GRT strong growth expected for 2013, with expected FFO increase of more than UP +20%, due to recent acquisitions

GRT stock price supported by current annual dividend yield of 3.9%

GRT a Retail REIT with a portfolio of regional malls

GRT we rank HOLD

GRT market cap \$1.5 billion

REIT Comment



Company:	Gramercy Property Trust
Price:	\$4
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$235
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
GPT \$4

Gramercy Property Trust GPT traded DOWN (\$0.14) per share to close DOWN (3%) day

GPT stock traded UP +48% year to date for 2013, outperforming Financial Commercial REITs, trading UP +27% for 2013

GPT implementing strategy to divest CDOs while investing in net leased properties

GPT total revenues from net rental revenue exceeded revenue from net interest income starting 4Q 2012

GPT joint venture with Bank of America BAC expected to generate \$1 million annual fee income, from management of \$140 million portfolio of bank buildings with 1.5 million square feet subject to 10 year lease with single tenant Bank of America

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

GPT does not expect to restore common dividends at this time

GPT distributed no common stock or preferred stock dividends since 2008

GPT a Financial Commercial REIT

GPT we rank to 3 HOLD

GPT market cap \$235 million

REIT Comment



Company:	AvalonBay Communities
Price:	\$134
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,736
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
AVB \$134

AvalonBay Communities AVB traded UP \$1.85 per share to close UP +1% day

AVB stock traded DOWN (2%) year to date for 2013, in line with Residential REITs, also trading DOWN (2%) for 2013

AVB last week report from Commerce Department found multi-family construction permit applications DOWN (10%) for May 2013 from previous month, indicating future new supply of apartments should be less of a concern

AVB completed \$6.9 billion Archstone acquisition during 1Q 2013, providing significant portfolio expansion in high growth markets

AVB also to benefit from \$2.2 billion development pipeline, expected to contribute 22% to portfolio capacity

AVB reported better than expected results for 1Q 2013, with FFO UP +6%, and increased guidance for FFO for 2013 to indicate growth UP more than +13%

AVB provides current annual dividend yield of 3.2%

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 \$13.7 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$648
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/24/2013
FPO \$12

First Potomac Realty Trust FPO traded DOWN (\$0.53) per share to close DOWN (4%) day

FPO stock traded DOWN (1%) year to date for 2013, underperforming Industrial REITs, trading UP +2% for 2013

FPO last week completed sale of DC area industrial portfolio for \$242 million to an affiliate of Blackstone

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

FPO guidance for FFO for 2013 indicates a FLAT year, impacted by portfolio divestitures

FPO provides current annual dividend yield of 4.9%

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 \$648 million

REIT Comment



Company:	Boston Properties
Price:	\$103
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,538
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
BXP \$103

Boston Properties BXP impact of layoffs at legal tenant Weil Gotshal & Manges may ultimately reflect on total valuation of General Motors office property in NYC, although joint venture ownership limits downside for BXP

BXP layoffs tend to signal declining revenue trend that may accelerate for law firms losing market share

BXP owns 60% of 50 story office tower known as GM Building on 58 Street, between Fifth Avenue and Madison Avenue in NYC

BXP recent transaction in June 2013 transferred remaining 40% ownership of GM building to foreign investors from China and Brazil, valuing the property at \$3.4 billion, as Middle Eastern sovereign wealth funds from Kuwait and Qatar sold their \$700 million stake in the property

BXP key office tenants for GM building include law firm Weil Gotshal, as well as Estee Lauder, while high value retail tenants FAO Schwartz and Apple help to generate high rental income for retail space

BXP most recent guidance for FFO for 2013 indicates growth UP +3%, while guidance for FFO for 2Q 2013 indicates decline DOWN (9%)

BXP provides current annual dividend yield of 2.5%

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 \$15.5 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,653
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
06/25/2013
NLY \$12

Annaly Capital Management NLY news of continued trend to higher home prices from closely followed Case-Shiller index demonstrates durability of US housing sector improvement with all regions reporting positive price trend

NLY report from Case-Shiller showed prices of US existing homes UP +12.1% for April 2013 from previous year

NLY greatest yearly change in prices included San Francisco UP+23.9%, Las Vegas UP +22.3%, Phoenix UP +21.5%, Atlanta UP +20.8%, Detroit UP +19.8%, Los Angeles UP +18.8% and Minneapolis UP +14.8%

NLY lowest yearly change in prices shown for New York UP+3.2%, Washington UP +7.2%, Charlotte UP +7.3%, Dallas UP +7.4% and Boston UP +8.1%

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 14.5%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$12.7 billion

REIT Comment



Company:	Boston Properties
Price:	\$103
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,538
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
BXP \$103

Boston Properties BXP news of layoffs by law firm tenant Weil Gotshal & Manges may impact short term trading in the stock

BXP tenant Weil Gotshal announced immediate layoffs of 7% of total employment (including 60 associate attorneys and 110 other employees) and reduced partner compensation as a result of declining fee income, with most of layoffs in Boston and Houston offices

BXP reduction in partner payouts at Weil Gotshal may force additional departures

BXP tenant Weil Gotshal handled bankruptcy of Lehman Brothers, as well as business matters for key clients General Motors and General Electric

BXP tenant Weil Gotshal represents 1% of total rental revenue for BXP, as one of the largest tenants at high profile GM building in NYC

BXP most recent guidance for FFO for 2013 indicates growth UP +3%, while guidance for FFO for 2Q 2013 indicates decline DOWN (9%)

BXP provides current annual dividend yield of 2.5%

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 \$15.5 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$155
Recommendation:	BUY
Ranking:	2
Market Cap:	\$48,029
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
SPG \$155

Simon Property Group SPG news of slightly lower consumer confidence indicates momentum for Retail REITs may continue to moderate

SPG report from University of Michigan found consumer sentiment decreased DOWN(1.8%) to 82.7% for June 2013 from revised number for previous month

SPG consumers still anticipate improving economy, despite pressure on incomes through higher payroll taxes

SPG recent management comments at REITWeek noted portfolio expansion, driven by joint ventures and direct investment, supplemented by new developments of regional malls and brand name outlet centers in US and Canada

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

SPG provides current annual dividend yield of 3.0%

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 \$48.0 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Redwood Trust
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,368
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
RWT \$17

Redwood Trust RWT traded DOWN (\$0.42) per share to close DOWN (2%) day

RWT stock traded DOWN (2%) year to date for 2013, underperforming Financial Mortgage REITs, trading DOWN (3%) for 2013

RWT crashing bond prices causing another flight to quality, driving higher yields on non-agency securities

RWT investing in commercial loans to diversify portfolio

RWT provides current annual dividend yield of 6.8%, 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 \$1.4 billion

REIT Comment



Company:	Brandywine Realty Trust
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,938
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
BDN \$13

Brandywine Realty Trust BDN traded UP\$0.47 per share to close UP +4% day

BDN stock traded UP +9% year to date for 2013, outperforming Office REITs, trading UP +4% for 2013

BDN investor concern over Office REITs as tenant layoffs continue in financial centers

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

BDN stock price supported by current dividend yield of 4.5%

BDN an Office REIT with a portfolio of office properties in mid-Atlantic states

BDN we rank 3 HOLD

BDN market cap \$1.9 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$24
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,393
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
CLI \$24

Mack-Cali Realty CLI traded UP \$0.80 per share to close UP +3% day

CLI stock traded DOWN (8%) year to date for 2013, underperforming Office REITs, trading UP +4% for 2013

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

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 5.0%

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

CLI we rank 3 HOLD

CLI market cap \$2.4 billion

REIT Comment



Company:	Brookfield Properties
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,352
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/25/2013
BPO \$16

Brookfield Office Properties BPO traded UP \$0.52 per share to close UP +3% day

BPO stock trading DOWN (3%) year to date for 2013, underperforming Office REITs, trading UP +4% for 2013

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

BPO pending joint venture acquisition of MPG Office properties in LA with significant opportunities to improve occupancy through capital investment and updating services

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 guidance for FFO for 2013 indicates growth UP +5%

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

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 \$8.4 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,968
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
06/26/2013
NLY \$13

Annaly Capital Management NLY lower mortgage application volume indicates higher mortgage interest rates impacting mortgage application decisions

NLY report from MBA (Mortgage Bankers Association) found mortgage applications DOWN (3.0%) for week ended June 21, 2013

NLY mortgage applications for refinance DOWN (5%), while mortgage applications for home purchase UP +2%

NLY report from MBA (Mortgage Bankers Association) found average interest rate on 30 year fixed rate conforming mortgage UP +0.29% to 4.46%, now up more than 0.85% since beginning of 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 14.1%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$13.0 billion

REIT Comment



Company:	Plum Creek Timber
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,463
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
PCL \$46

Plum Creek Timber PCL news of higher sales of new homes confirms housing sector strength

PCL report from US Census Bureau and HUD found sales of new US single family homes increased UP +2.1% to annual rate of 476,000 units for May 2013

PCL new US single family home sales UP +30% from previous year

PCL average home price UP +13%

PCL current supply of new homes at 4.4 months at current sales rate

PCL Specialty Timber REITs benefit from higher home starts through increased demand and higher prices for lumber and other building materials derived from timber and sawlogs

PCL recent seasonal decline in lumber prices driven by higher supply not lower demand

PCL guidance for EPS for 2013 indicates growth UP +20%

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

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

PCL we rank 2 BUY

PCL market cap \$7.5 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Weyerhaeuser
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,158
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
WY \$28

Weyerhaeuser WY growth in sales of new US single family homes supports positive outlook for Specialty Timber REITs

WY report from US Census Bureau and HUD found sales of new US single family homes increased UP 30% from the previous year for May 2013

WY pending \$2.7 billion timberland acquisition adds adjacent timberlands of high quality douglas fir in northwest Pacific states

WY potential spin-off of homebuilding operations to be determined by strategic review under direction of new CEO, previously with Temple-Inland division of International Paper

WY June 2013 common and preferred stock offerings to add 9% to total shares outstanding

WY increased dividend by 10% for 3Q 2013, bringing current annual yield to 3.2%

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 \$15.2 billion

WY an S&P 500 Index REIT

REIT Comment



Company:	AvalonBay Communities
Price:	\$135
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,932
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2012
AVB \$135

AvalonBay Communities AVB today's Investor Day provides opportunity to update investors on strategic focus on portfolio growth

AVB completed \$6.9 billion Archstone acquisition during 1Q 2013, providing significant portfolio expansion in high growth markets

AVB also to benefit from \$2.2 billion development pipeline, expected to contribute 22% to portfolio capacity

AVB reported better than expected results for 1Q 2013, with FFO UP +6%, and increased guidance for FFO for 2013 to indicate growth UP more than +13%

AVB provides current annual dividend yield of 3.2%

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 \$13.9 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	AvalonBay Communities
Price:	\$135
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,932
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
06/26/2012
AVB \$135

AvalonBay Communities AVB management presentation at Investor Day noted changing priorities following recent Archstone acquisition

AVB recently completed \$6.9 billion Archstone acquisition during 1Q 2013, providing significant portfolio expansion in high growth markets

AVB changing focus from acquisitions to divestitures for the rest of 2013, seeking to optimize current portfolio holdings

AVB management expects future demand growth to be balanced between urban and suburban markets

AVB now pursuing a multi-brand strategy, with addition of smaller units designed for apartment dwellers with lower total incomes than AVB average

AVB comments on DC market noted potential for slight rental declines in some markets such as Rockville and Crystal City

AVB current guidance for 14% FFO growth during 2013 at the high end of target growth range

AVB provides current annual dividend yield of 3.2%

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 \$13.9 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	BioMed Realty Trust
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,278
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
BMR \$20

BioMed Realty Trust BMR stock traded UP \$0.61 per share to close UP +3% day

BMR stock traded UP +1% year to date for 2013, underperforming Health Care REITs, trading UP +2% for 2013

BMR higher funds raised by biotech companies during 2013 adds to demand for life science properties

BMR completed \$640 million merger with Wexford Science and Technology LLC, adding 20% to BMR portfolio capacity

BMR guidance for 2013 FFO indicates growth UP +16%

BMR stock price supported by current annual dividend yield of 4.2%

BMR a Health Care REIT with a portfolio of life science office and laboratory properties leased to biotech and pharmaceutical tenants

BMR we rank 3 HOLD

BMR market cap \$3.3 billion

REIT Comment



Company:	Duke Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,351
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
DRE \$15

Duke Realty DRE traded UP \$0.43 per share to close UP +3% day

DRE stock traded UP +10% year to date for 2013, outperforming Industrial REITs, trading UP +2% for 2013

DRE portfolio divestitures completed during 2012 impacting FFO growth

DRE higher profitability a result of increasing occupancy for bulk distribution facilities

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

DRE stock price supported by current annual dividend yield of 4.4%

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

DRE we rank 2 BUY

DRE market cap \$4.4 billion

REIT Comment



Company:	Potlatch
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,649
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
PCH \$41

Potlatch PCH traded DOWN (\$0.93) per share to close DOWN (2%) day

PCH stock traded UP +4% year to date for 2013, outperforming Specialty REITs, trading UP +3% for 2013

PCH today's news of higher US home sales should support positive outlook for Specialty Timber REITs

PCH sales of new US single family homes increased UP30% from the previous year for May 2013

PCH higher new home sales should result in homebuilder commitments to build more inventory

PCH provides current dividend yield of 3.1%

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

PCH we rank 2 BUY

PCH market cap \$1.6 billion

REIT Comment



Company:	CBL & Associates
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,108
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/26/2013
CBL \$22

CBL & Associates CBL traded UP \$0.50 per share to close UP +2% day

CBL stock traded UP +2% year to date for 2013, in line with Residential REITs, also trading UP +2% for 2013

CBL this week news of higher consumer sentiment should support trading for Retail REITs

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

CBL increased dividend by 4.5%, now providing current yield of 4.4%

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

CBL we rank 2 BUY

CBL market cap \$4.1 billion

REIT Comment



Company:	Equity Residential
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,308
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
EQR \$57

Equity Residential EQR news of lower new unemployment claims indicates unemployment within stable range

EQR Labor Department reported new claims for unemployment DOWN(9,000) to 346,000 for week ended June 22, 2013 from revised number for previous week

EQR more stable 4 week moving average of new unemployment slightly decrease, DOWN (2,750) to 345,750 from revised number for previous week

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

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

EQR stock supported by current annual dividend yield of 3.1%

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

EQR we rank 2 BUY

EQR market cap \$18.3 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,096
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
PLD \$37

Prologis Inc PLD news of downwards revision to US GDP growth for 1Q 2013 highlights slowing US economic growth

PLD magnitude of correction to GDP growth rate (DOWN (0.6%) from previous estimate of UP +2.4% growth for 1Q 2013) a result of slower than previously estimated growth in personal consumption expenditures

PLD latest estimate of personal consumption expenditures released today, shows personal consumption UP +0.3% for May 2013, following previous decline DOWN (0.3%) for April 2013

PLD Industrial REITs with portfolios of bulk distribution facilities are among the most economically sensitive REIT sectors

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 3.0%

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

PLD we rank 2 BUY

PLD market cap \$17.1 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$158
Recommendation:	BUY
Ranking:	2
Market Cap:	\$49,049
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
SPG \$158

Simon Property Group SPG improving rate of growth for disposal personal income and personal consumption expenditures may indicate modest reacceleration in US economic growth following slower than expected growth for 1Q 2013

SPG report from Bureau of Economic Analysis of Department of Commerce found disposable personal income UP +0.5% for May, 2013, following slower growth UP +0.1% for April 2013

SPG same report cites growth in personal consumption expenditures UP+0.3% for May, 2013 following previous decrease DOWN (0.3%) for April 2013

SPG moderating consumer sentiment reported earlier this week indicates consumers may be cautious on spending, as a result of higher payroll taxes

SPG recent management comments at REITWeek noted portfolio expansion driven by joint ventures and direct investment, supplemented by new developments of regional malls and brand name outlet centers in US and Canada

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

SPG provides current annual dividend yield of 3.0%

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 \$49.0 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,264
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
06/27/2013
NLY \$13

Annaly Capital Management NLY news of proposed reform legislation for Fannie Mae and Freddie Mac roiling the market for Financial Mortgage REITs

NLY proposed legislation from Senators Bob Corker and Mark Warner presents plan to wind down Fannie Mae, Freddie Mac and FHFA (Federal Housing Finance Agency), to be replaced eventually by new entity, Federal Mortgage Insurance Corporation, modeled after FDIC

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

NLY previous legislation from Rep Hensarling during 2011 provided for tighter lending standards and set cap on total Fannie Mae and Freddie Mac lending

NLY final bill to emerge from Congress may be heavily influenced by Obama administration proposals, not yet announced

NLY Fannie Mae role in guaranteeing conforming mortgage loans enables stable market for securitizations of agency guaranteed loans, representing the majority of mortgage lending over the past 5 years since the financial crisis

NLY many market participants fear adoption of proposed Senate legislation would cause chaos with major negative impact on growth of US housing sector

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 13.8%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$13.3 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,489
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
HTS \$25

Hatteras Financial HTS report of higher pending sales of existing homes indicates rush to complete transactions in advance of higher mortgage interest rates

HTS report from NAR (National Association of Realtors) found index of contracts for US existing home sales UP +6.7% for May 2013

HTS realtors report high level of buyer interest, with NAR now forecasting sales of existing homes to increase UP +8.5%-+9.0% to 5.07 million for 2013

HTS economist for NAR increased forecast for higher US home prices to indicate gain UP+10% for 2013

HTS pending legislation proposing Fannie Mae reform expected from House and Senate this month

HTS stock price supported by recent authorization for 10 million share repurchase program

HTS current annual dividend yield 11.1%, 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 \$2.5 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,161
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
CMO \$12

Capstead Mortgage CMO timing of negative news impacting trading for Financial Mortgage REITs

CMO last week's announcement of pending exit of Federal Reserve from QE (quantitative easing) followed by news of proposed Senate legislation to wind down Fannie Mae Freddie Mac and FHFA (Federal Housing Finance Agency) threatens to undermine stability of agency guaranteed securitizations

CMO like most Financial Mortgage REITs maintains portfolio concentration in agency guaranteed securities

CMO Financial Mortgage REITs trading DOWN on news of Federal Reserve "tapering", although exit of Federal Reserve likely to allow portfolio yields to rise, adding to NIM for Financial Mortgage REITs

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 10.4%, 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:	Annaly Capital Management
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,264
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
NLY \$13

Annaly Capital Management NLY concern over Senate proposal to wind down Fannie Mae may accelerate portfolio transition to non-agency mortgage loans in order to minimize portfolio disruption

NLY concern over transition to elimination of federal guarantees for agency confirming loans may cause severe fixed income market fluctuations as timing for transition approaches

NLY alternative proposal for Fannie Mae reform expected from House of Representatives during 2Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee, while final bill to emerge from Congress may be heavily influenced by Obama administration proposals not yet disclosed

NLY non-agency portion of Residential MBS market offers higher yields, but is also subject to greater risk of default, causing securities to trade at discount to par value

NLY significantly higher NIM (net interest margin) would result from mix change to as much as 35% portfolio concentration in non-agency securities

NLY recently 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 13.8%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$13.3 billion

REIT Comment



Company:	Potlatch
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,649
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
PCH \$41

Potlatch PCH US homebuilders demonstrating revenue momentum on much higher home sales supporting outlook for Specialty Timber REITs

PCH earnings report from homebuilder KB Home KBH showed revenue UP+73% for the quarter ended May 2013, with the number of new homes delivered UF +39%

PCH higher new home sales should result in homebulder commitments to build more inventory

PCH Specialty Timber REITs benefit from higher home starts through increased demand and higher prices for lumber and other building materials derived from timber and sawlogs

PCH provides current dividend yield of 3.1%

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

PCH we rank 2 BUY

PCH market cap \$1.6 billion

REIT Comment



Company:	Sun Communities
Price:	\$50
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,645
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
SUI \$50

Sun Communities SUI traded UP \$2.32 per share to close UP +5% day

SUI stock traded UP +25% year to date for 2013, outperforming Specialty REITs, trading UP +3% for 2013

SUI news of higher sales of existing homes a positive signal for Specialty Manufactured Home REITs, where sales of existing manufactured homes may contribute a significant portion of FFC

SUI Specialty REITs with portfolios of manufactured home communities see FFO growth from higher occupancy, higher average monthly rental rates, and conversions of rental units to sales

SUI guidance for FFO for 2013 indicates growth UP +3%

SUI stock price supported by current dividend yield of 5.0%

SUI a Specialty REIT with a portfolio of manufactured home communities

SUI we rank 2 BUY

SUI market cap \$1.6 billion

REIT Comment



Company:	National Retail Properties
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,891
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
NNN \$35

National Retail Properties NNN traded UP \$1.19 per share to close UP +4% day

NNN stock traded UP +11% year to date for 2013, outperforming Retail REITs, trading UP +2% for 2013

NNN slightly lower consumer confidence reported this week provides rationale for moderating performance of Retail REITs

NNN all leases are triple net, with no exposure to variable tenant sales

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

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

NNN providing income investors with current annual dividend yield of 4.6%

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

NNN we rank 2 BUY

NNN market cap \$3.9 billion

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$25
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,187
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
LHO \$25

LaSalle Hotel Properties LHO traded UP \$0.83 per share to close UP +3% day

LHO stock traded DOWN (1%) year to date for 2013, underperforming Hotel REITs, trading UP +13% for 2013

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

LHO 30% of total hotel rooms for LHO are concentrated in metropolitan DC area highlighting exposure to impact of lower government agency spending

LHO provides annual dividend yield of 3.2%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.2 billion

REIT Comment



Company:	Redwood Trust
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,402
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/27/2013
RWT \$17

Redwood Trust RWT traded UP \$0.55 per share to close UP +3% day

RWT stock traded UP +1% year to date for 2013, underperforming Financial Mortgage REITs, trading UP +2% for 2013

RWT concern over future continuity of Fannie Mae and agency guarantees of conforming loans may cause more Financial Mortgage REITs to diversify portfolios with non-agency Residential MBS

RWT pressure on financial institutions as part of Dodd-Frank may bring more non-traditional mortgage lenders, including subsidiaries of foreign banks, large realtors, insurance companies and investment banks, to invest in non-agency Residential loans and MBS

RWT position as one of the largest issuers of jumbo loan securitizations may help to capitalize on these trends

RWT investing in commercial loans to diversify portfolio

RWT provides current annual dividend yield of 6.6%, 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 \$1.4 billion

REIT Comment



Company:	Simon Property Group
Price:	\$161
Recommendation:	BUY
Ranking:	2
Market Cap:	\$49,796
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
SPG \$161

Simon Property Group SPG updated consumer sentiment index indicates strengthening consumer confidence

SPG consumer sentiment index updated with positive adjustment by University of Michigan for final weeks of June 2013, now indicating consumer sentiment of 84.1%, only slightly below 84.5% for May 2013, a 6 year high

SPG consumers to determine strength of US economy for the rest of 2013, with government spending now a negative contributing factor

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

SPG provides current annual dividend yield of 2.9%

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 \$49.8 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$22
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,862
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
KIM \$22

Kimco Realty KIM completed \$725 million divestiture of Intown Suites to an affiliate of Starwood Capital Group

KIM net proceeds from divestiture after repayment of debt total \$103 million

KIM to recognize gain of \$20 million on sale, with gain of \$0.05 per share to be excluded from FFO for 2Q 2013

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

KIM provides current annual dividend yield of 3.9%

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 \$8.9 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Anworth Mortgage Asset
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$758
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
ANH \$6

Anworth Mortgage Asset ANH Financial Mortgage REITs trading DOWN on news of Federal Reserve "tapering", although exit of Federal Reserve likely to allow portfolio yields to rise adding to NIM for Financial Mortgage REITs

ANH like most Financial Mortgage REITs maintains portfolio concentration in agency guaranteed securities

ANH last week's announcement of pending exit of Federal Reserve from QE (quantitative easing) followed by news of proposed Senate legislation to wind down Fannie Mae Freddie Mac and FHFA (Federal Housing Finance Agency) threatens to undermine stability of agency guaranteed securitizations

ANH stock now trading at discount of (22%) to book value of \$7.04 per share as of March, 2013

ANH 1Q 2013 portfolio \$9.5 billion agency guaranteed Residential MBS

ANH stock price supported by current annual dividend yield of 10.3%, 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 \$758 million

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,027
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
MFA \$8

MFA Financial MFA success in balancing portfolio of agency guaranteed and nonagency securities provides an example of strategic portfolio management under a new environment proposed by Senate legislation for Fannie Mae reform

MFA concern over future continuity of Fannie Mae and agency guarantees of conforming loans may cause more Financial Mortgage REITs to diversify portfolios with non-agency Residential MBS

MFA Senate proposal to wind down Fannie Mae may accelerate portfolio transition to nonagency mortgage loans in order to minimize portfolio disruption for Financial Mortgage REITs

MFA non-agency Residential MBS securities represent 40% of \$12 billion portfolio, generating 71% of total NIM (net interest margin)

MFA conservative accounting for non-agency securities acquired for low prices causes MFA to expect to recognize gains on sale of portfolio positions

MFA expects as much as half of conservative credit reserves totaling \$1.3 billion to be reversed as loans mature, supporting earnings

MFA recently increased quarterly dividend distribution by 10%, now providing current annual dividend yield of 10.4%, below 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 \$3.0 billion

REIT Comment



Company:	Medical Properties Trust
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,932
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
MPW \$14

Medical Properties Trust MPW traded DOWN (\$0.31) per share to close DOWN (2%) day

MPW stock traded UP +20% year to date for 2013, outperforming Health Care REITs, trading UP +2% for 2013

MPW following recent public offering, MPW has \$500 million liquidity to invest in additional acquisitions

MPW guidance for FFO for 2013 indicates growth UP +22%, supported by 2012 acquisitions

MPW stock price supported by current yield of 5.6%

MPW a Health Care REIT with a portfolio of acute care and specialty hospitals

MPW we rank 2 BUY

MPW market cap \$1.9 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$31
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,484
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
OHI \$31

Omega Healthcare Investors OHI traded DOWN (\$0.61) per share to close DOWN (2%) day

OHI stock traded UP +30% year to date for 2013, outperforming Health Care REITs, trading UP +2% for 2013

OHI investors attracted to Health Care REITs to capitalize on positive impact of Affordable Care Act

OHI Health Care REITs to benefit from stimulus to revenue growth for health care providers as provisions of Affordable Care Act take effect from 2014-2017

OHI guidance for FFO for 2013 indicates growth UP +14%

OHI increased dividend distribution by 2%, now providing annual dividend yield of 5.9%

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

OHI we rank 2 BUY

OHI market cap \$3.5 billion

REIT Comment



Company:	Weyerhaeuser
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,692
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
06/28/2013
WY \$28

Weyerhaeuser WY stock traded UP \$0.29 per share to close UP +1% day

WY stock traded UP +3% year to date for 2013, in line with Specialty REITs, also UP +3% for 2013

WY pending \$2.7 billion timberland acquisition adds adjacent timberlands of high quality douglas fir in northwest Pacific states

WY pending spin-off of homebuilding operations may support stock trading later in 2013

WY June 2013 common and preferred stock offerings to add 9% to total shares outstanding

WY increased dividend by 10% for 3Q 2013, bringing current annual yield to 3.1%

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 \$15.7 billion

WY an S&P 500 Index REIT

REIT Comment



Company:	Mid-America Apartment Communities
Price:	\$68
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,985
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
06/28/2013
MAA \$68

Mid-America Apartment Communities MAA traded UP \$0.36 per share to close UP +1% day

MAA stock traded UP +5% year to date for 2013, underperforming Residential REITs, trading DOWN (2%) for 2013

MAA pending \$8.6 billion merger with Colonial Properties Trust CLP in stock for stock transaction to be completed later during 2013

MAA portfolios of both REITs are concentrated in southern cities with top markets of combined portfolios to include Dallas 12%, Atlanta 7%, Austin 6%, Raleigh 6% and Charlotte 6%

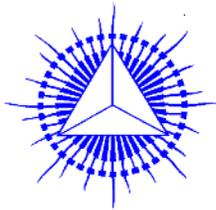
MAA guidance for FFO for 2013 indicates growth UP +9%

MAA expects to maintain current dividend of \$2.78 per share, providing current yield of 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 Growth and Income Monitor posted 46 REIT comments for the week ended June 28, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	11
Health Care REITs	5
Hotel REITs	1
Industrial REITs	3
Office REITs	7
Residential REITs	5
Retail REITs	8
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/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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