

REIT Growth and Income Monitor

Weekly Comments 04/08/2014

REITs saw positive performance gap expand to 8% year to date for 2014, as REITs rallied, while S&P 500 Index was unchanged.

Office REITs face lower demand from corporate trend towards less space per employee, offsetting employment growth.

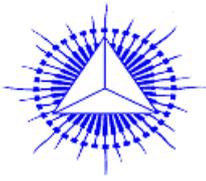
Boston Properties prioritizes new developments while divesting older properties.

Mack-Cali made strategic choice to divest suburban office properties while focusing new investment in residential properties.

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**Weekly REIT Comments**
04/08/2014

REIT stocks in the S&P 500 Index rallied up 2% during the week ended April 4, 2014, as positive performance gap expanded to 8% year to date for 2014. Average gain for all REITs followed by REIT Growth and Income Monitor is 6% year to date for 2014, exceeding 1% gain for the S&P 500 Index. REIT stocks trailed the S&P 500 Index during 2013, with average gain of 8%.

Investors see conservative REIT guidance indicating modest growth for 2014. Residential REITs expect strong FFO growth to continue through 2014, driven by tight occupancy and rental rate increases. Health Care REITs rally as Affordable Care Act is implemented, bringing more patient volume for tenants of Health Care REITs. Industrial REITs are gaining occupancy, allowing FFO guidance to increase. Performance of Retail REITs should respond to rental rate increases and portfolio expansion sustaining long term FFO growth. Certain Specialty REIT segments, such as Specialty Self-Storage REITs, have exceeded earnings expectations, while Specialty Timber REITs, with portfolios of timberlands and sawlog mills, traded lower on news of slower home sales for the past 4 months. Hotel REITs still demonstrate positive revenue and margin trends, with stock price performance impeded by investor focus on negative impact of weather related travel disruptions. Investors still take a cautious stance for Office REITs, due to exposure to financial industry layoffs and continued rent roll downs.

Investor acceptance of eventual Federal Reserve tapering supports outlook for Financial Mortgage REITs, allowing bond market volatility to moderate. Financial Mortgage REITs face significant fundamental change, with debate of reform legislation now likely to be delayed by interim elections. Proposals to liquidate Fannie Mae within 5 years face stiff opposition from liberal Congressmen and Senators, as industry experts and lobbyists warn recession would follow removal of government support from the housing sector. Profits paid by Fannie Mae and Freddie Mac support the Treasury at a time of fiscal austerity, increasing probability that status quo for Fannie Mae will be maintained through 2016 elections.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 19 REITs in the S&P 500 Index are actually invested in financial assets. Dividend increases for 2013 and 2014 indicate management confidence in continued FFO growth. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Office REITs are Challenged by Trend to Less Space per Employee, Offsetting Employment Growth

Investors have seen rents for Office REITs lagging economic recovery, raising questions regarding undiscussed demand trends, disguised by stable employment growth, that may be preventing rental growth for Office REITs. Modern technology provides an answer to this question, with sobering implications for Office REITs. Wireless communications and the computing power now available on portable devices has changed workplace design. Today's mobile workforces spend less time in partitioned cubicles working on desktop or tower workstations, instead using mobile Internet devices to access corporate software through cloud enabled applications. Today's new office designs eschew the separation of cubicles to provide unallocated common area space to free employees and workgroups from their personal space to work together in a collaborative way in shared space. While the newest office architecture embraces the full potential for wireless networks, older office properties (with cost structures weighed down by a central core powered by heavy electrical cables and rows of offices connected by miles of copper and fiber optic wire) cannot be easily redesigned to meet demand for flexibility. This disparity will force rents higher on new office designs, while rents erode on older properties. Valuations of office properties will reflect this widening valuation difference.

Recent analysis indicates a clear trend to less office space per employee. Although the greatest impact on changing use of office space is demonstrated by technology workers, even lawyers, traditional users of executive office space, are also using less space per employee. A survey released last week by Cushman & Wakefield found 48% of 286 law firms responding to the survey expected average use of office space per lawyer to shrink by (27%) to less than 500 square feet per attorney over next 10 years. This trend to use less space is already visible in excess space within law offices surveyed, with average vacancy of 16.6%. Corporations are pushing the trend much faster than lawyers. An August 2013 report from CoreNet Global found average use of corporate office space per employee at 150 square feet for 2013, expected to shrink by (33%) to less than 100 square feet per employee in 5 years by half of respondents. CoreNet Global found average corporate use of office space per employee has already declined by (33%) from 225 square feet per employee in 2010.

The largest Office REITs, **Boston Properties** and **Vornado Realty Trust**, have prioritized developments while divesting older properties. Midcap Office REIT **Brookfield Office Properties** is a leader in new office development, although visibility for its office portfolio is soon to be obscured by merger with non-REIT Brookfield Property Partners, leaving midcap **SL Green Realty** as Office REIT most concentrated in New York City and financial industry tenants. Other Office REITs, such as **Cousins Properties** and **Parkway Properties**, seek rapid portfolio expansion through acquisition. Small cap Office REITs seeking to upgrade portfolios through portfolio restructuring include **Brandywine Realty Trust**, **Highwoods Properties**, **Kilroy Realty**, **Washington REIT** and **First Potomac Realty Trust**. Strategy change for **Mack-Cali** now focuses investment on residential developments. Change is coming for **Commonwealth REIT**, as takeover looms following management loss to proxy battle.

Trading Opportunities

Boston Properties, with market cap of \$18 billion, prioritizes new development targeted for New York, Boston and metropolitan DC area. **Boston Properties** stock rallied up 16% year to date for 2014, offsetting (5%) decline for 2013. Positive occupancy trend in DC may help to offset portfolio risk from downsizing by financial industry tenants in New York, Boston, DC and San Francisco, with 20% of **Boston Properties** NOI drawn from the financial industry sector. Tenants include numerous law firms in DC, NYC and Boston, many serving financial industry clients. Portfolio of 175 upscale office properties will expand by 4% as new developments are completed in NYC, Boston and DC. FFO for 2013 showed no growth, while guidance for FFO for 2014 indicates growth of 6%-9%. Dividends increased 18% for 2013, now providing income investors with current yield of 2.2%.

Mack-Cali Realty, a small cap Office REIT with market cap of \$2 billion, owns a portfolio of 267 office properties concentrated in New York and New Jersey. The stock underperformed Office REITs, trading down (3%) year to date for 2014, following (18%) decline during 2013. Management sees a challenging environment for office leasing, causing strategic decision to diversify office property portfolio with recent acquisitions of 12 residential properties in MA and MD, as well as new joint venture residential developments in NJ. **Mack-Cali Realty** reported FFO down (11%) for 2013, for fourth consecutive annual FFO decline. FFO is expected to continue to decline as much as (26%) for 2014, on occupancy decline and lower office rental rates. **Mack-Cali Realty** dividend was reduced by (33%) during 2013. Current dividend distributions appear sustainable, with current yield of 5.8%.



Weekly Price Change for S&P 500 Index REITs

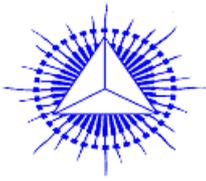
| S&P 500 Index REITs: | | Price | Price | Price | Weekly | 2014 |
|---------------------------------|---------|------------|------------|------------|--------------|--------------|
| | | 12/31/2013 | 03/28/2014 | 04/04/2014 | Price Change | Price Change |
| American Tower | AMT | \$80 | \$82 | \$81 | -2% | 1% |
| Apartment Investment | AIW | \$26 | \$30 | \$30 | 1% | 17% |
| AvalonBay Communities | AVB | \$118 | \$130 | \$133 | 3% | 13% |
| Boston Properties | BXP | \$100 | \$114 | \$116 | 2% | 16% |
| Equity Residential | EQR | \$52 | \$57 | \$59 | 3% | 14% |
| Essex Property Trust | ESS | \$144 | \$168 | \$170 | 1% | 19% |
| General Growth Properties | GGP | \$20 | \$22 | \$22 | 1% | 11% |
| HCP | HCP | \$36 | \$38 | \$39 | 3% | 9% |
| Health Care REIT | HCN | \$54 | \$59 | \$60 | 2% | 13% |
| Host Hotels & Resorts | HST | \$19 | \$20 | \$21 | 3% | 6% |
| Kimco Realty | KIM | \$20 | \$22 | \$22 | 0% | 11% |
| Macerich | MAC | \$59 | \$62 | \$63 | 2% | 6% |
| Plum Creek Timber | PCL | \$47 | \$42 | \$42 | 1% | -10% |
| Prologis | PLD | \$37 | \$41 | \$41 | 1% | 11% |
| Public Storage | PSA | \$151 | \$168 | \$170 | 1% | 13% |
| Simon Property Group | SPG | \$152 | \$164 | \$165 | 1% | 9% |
| Ventas | VTR | \$57 | \$60 | \$62 | 3% | 8% |
| Vornado Realty Trust | VNO | \$89 | \$98 | \$99 | 1% | 12% |
| Weyerhaeuser | WY | \$32 | \$29 | \$30 | 1% | -6% |
| S&P 500 Index | S&P 500 | \$1,848 | \$1,860 | \$1,865 | 0% | 1% |
| Average for S&P 500 Index REITs | | | | | 2% | 9% |

REIT stocks traded up 2% during the first week of April, 2014, the week ended April 4, 2014. REITs outperformed the S&P 500 Index, trading unchanged for the week, still showing 1% year to date gain for 2014. Positive performance gap for REITs expanded to 8% year to date for 2014. REIT stocks trailed the S&P 500 Index during 2013, with average gain of 8%. As investors become accustomed to the idea of higher interest rates, REIT stocks should continue to rally, maintaining positive performance gap.

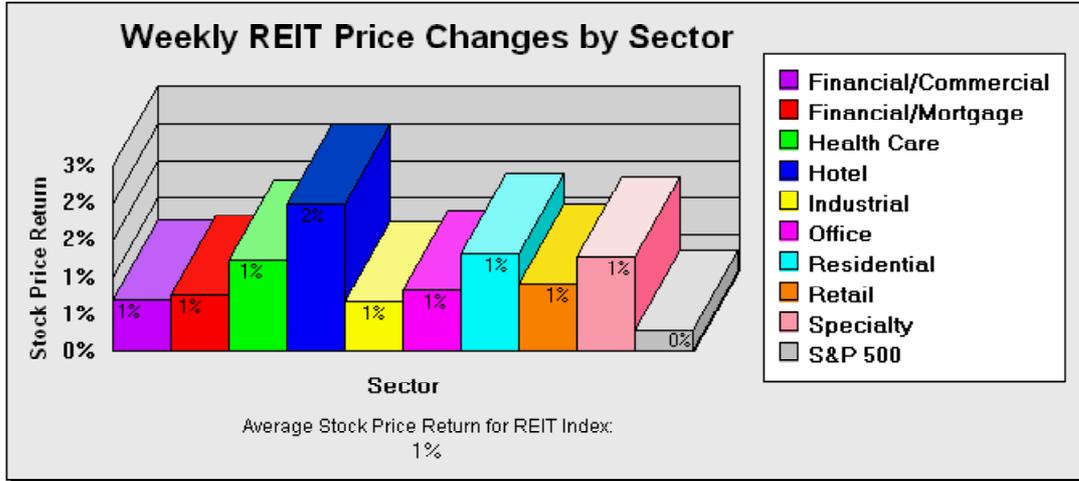
Almost all of the S&P 500 Index REITs outperformed the S&P 500 Index year to date for 2014, with 16 of the S&P 500 Index REITs trading up more than 1% gain for the S&P 500 Index, and 1 matching performance of the S&P 500 Index. Only 2 of the S&P 500 Index REITs traded down year to date for 2014. We note that REIT rally for 2014 was started by Health Care REITs, then surpassed by Residential REITs. Rally for Residential REITs now includes **Apartment Investment and Management** up 17%, **AvalonBay Communities** up 13%, **Equity Residential** up 14% and **Essex Property Trust** up 19%, all reporting strong earnings results for 4Q 2013, with guidance for additional FFO growth for 2014. Office REITs demonstrated strong performance, with **Boston Properties** up 16% and **Vornado Realty Trust** up 12% year to date for 2014. **Public Storage**, up 13%, and **Prologis Inc**, up 11%, both show solid gains for 2014. Health Care REITs appear to have started sustainable rally, buoyed by news of individual health enrollment under Affordable Care Act, with **HCP Inc** up 9%, **Health Care REIT** up 13%, and **Ventas** up 8%. Retail REITs show moderate gains, lead by **General Growth Properties** and **Kimco**, both up 11%, with **Simon Property Group** up 9% and **Macerich** up 6%. **Host Hotels & Resorts**, now up 6%, fluctuates along with oil prices during the spring of 2014. **American Tower Corp** shows 1% gain year to date for 2014, matching performance of the S&P 500 Index. In contrast, Specialty Timber REITs traded down on news of lower sales of new and existing homes over the past 4 months, with Specialty Timber REIT **Plum Creek Timber** now down (10%) and **Weyerhaeuser** down (6%) year to date for 2014.

List of REITs in the S&P 500 Index was expanded by addition of Residential REIT **Essex Property Trust**, effective April 1, 2014. **General Growth Properties**, a Retail REIT, was restored to the S&P 500 Index effective December, 2013, and was added to this table this week. These additions bring the total of S&P 500 Index REITs to 19 as of April, 2014.

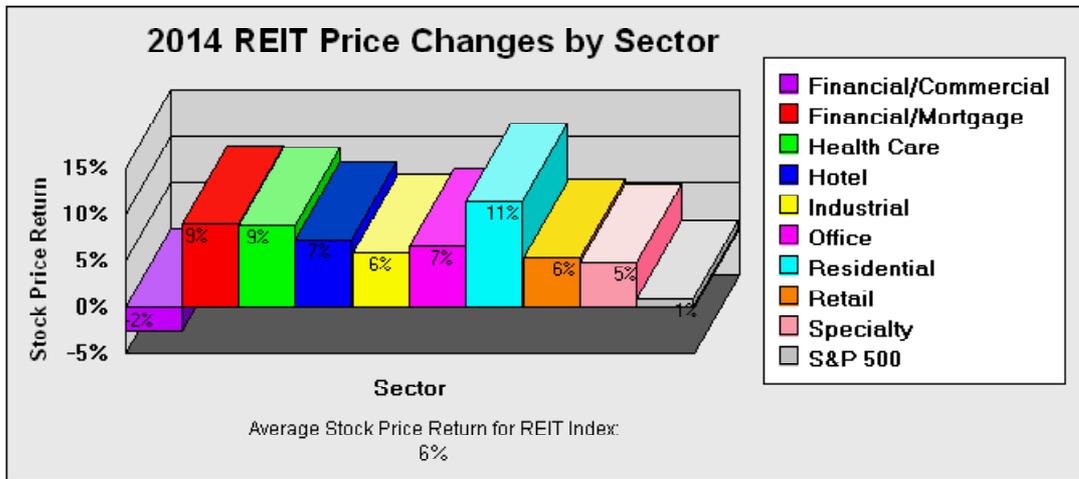
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Weekly REIT Price Changes by Sector



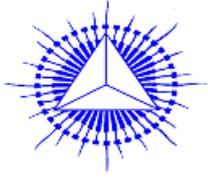
All REIT sectors rallied during the first week of April, 2014, the week ended April 4, 2014. Best performance was shown by Hotel REITs, trading up 2% for the week, as investor meetings highlighted improving profitability and better than expected demand growth. Health Care REITs, Residential REITs and Specialty REITs traded up more than 1%. All other REIT sectors, including Financial Commercial REITs, Financial Mortgage REITs, Health Care REITs, Industrial REITs, Office REITs and Retail Reits, traded up less than 1%. On average, stock prices for REIT Growth and Income Monitor increased 1% for the week ended April 4, 2014.



Stock prices for REITs followed by REIT Growth and Income Monitor achieved gain of 6% on average year to date for 2014, outperforming the S&P 500 Index, trading up 1% year to date for 2014. Investors are attracted by dividend income, and REITs have demonstrated ability both to pay and to increase dividends. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. REIT funds flow demonstrates moderate growth, at a time when other market sectors face adjusted revenue expectations due to currency exposure and variable international economies. Leading sector for 2014 is Residential REITs, trading up 11% due to stable employment trends and high occupancy. Financial Mortgage REITs traded up 9% as investors respond positively to appointment of Janet Yellen as new Federal Reserve Chairman. Health Care REITs also rallied up 9% year to date for 2014, as the Affordable Care Act is implemented, bringing more patient volume to tenants of Health Care REITs. Hotel REITs traded up 7% year to date for 2014, with investors now expecting oil prices to decline during spring 2014. Office REITs show 7% gain, followed by Industrial REITs with 6% gain year to date for 2014. Retail REITs rallied 6% and Specialty REITs gained 5%. Lagging Financial Commercial REITs traded down (2%) year to date for 2014, reflecting investor concern over lower volume of new issues of commercial securitizations.

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REIT Comment



| | |
|-----------------|---|
| Company: | Simon Property Group |
| Price: | \$164 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$59,392 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
SPG \$164

Simon Property Group SPG news of sustained growth in income supports consumer spending at regional malls owned by Retail REITs

SPG report from BEA (Bureau of Economic Analysis of US Department of Commerce) found real DPI (disposable personal income) increased UP +0.3% for February 2014, sustaining same growth rate reported for January 2014

SPG real DPI adjusted to exclude price increments, demonstrating true buying power of consumer dollar

SPG guidance for FFO for 2014 indicates growth UP +8%

SPG pending spin-off of smaller shopping centers in a tax free transaction for shareholders should reveal higher profitability of remaining mall portfolio

SPG increased quarterly dividend by 4%, bringing current annual dividend yield to 3.1%

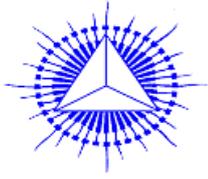
SPG a Retail REIT with a portfolio of regional malls and brand name outlet centers in US Europe and Asia

SPG we rank 2 BUY

SPG market cap \$59.4 billion

SPG an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | General Growth Properties |
| Price: | \$22 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$21,162 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
GGP \$22

General Growth Properties GGP report of lower consumer sentiment indicates uncertainty over economic trends

GGP report from University of Michigan found US consumer sentiment DOWN (1.6%) to 80.0% for March 2014 from previous month

GGP long term FFO growth for Retail REITs driven by rental rate increases and portfolio expansion not by tenant sales trends

GGP reported 2013 FFO within previous guidance range, with FFO growth UP +18%

GGP new guidance for 2014 FFO indicates growth to continue UP +9% - +13% this year

GGP increased dividend distribution by 8% for 1Q 2014, now providing current yield of 2.7%

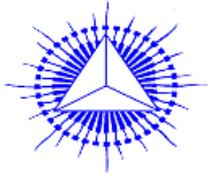
GGP a Retail REIT with a portfolio of regional malls

GGP we rank 2 BUY

GGP market cap \$21.2 billion

GGP an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$11 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$10,446 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
NLY \$11

Annaly Capital Management NLY comments from Janet Yellen indicate strong conviction behind Federal Reserve program of monetary ease

NLY Yellen noted large pool of "partly employed workers" and hesitancy of workers to change jobs indicates lingering concern over potential negative economic surprise

NLY Federal Reserve to continue buying \$55 billion long term Treasury bonds and agency Residential MBS monthly, representing reduction of (\$10) billion from previous month

NLY trading in stocks of Financial Mortgage REITs demonstrates little concern over news of proposed changes to Fannie Mae FNMA and Freddie Mac FMCC

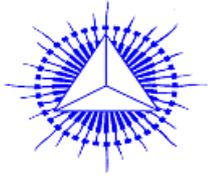
NLY stock price supported by current annual dividend yield of 11.0%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 1 BUY

NLY market cap \$10.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Tanger Factory Outlet Centers |
| Price: | \$35 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$3,447 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
SKT \$35

Tanger Factory Outlet Centers SKT rebounding Canadian economy improves outlook for strong opening of new joint venture developments in Canada

SKT report from Statistics Canada indicated Canada GDP increased UP+0.5% for January 2014, reversing decline DOWN (0.5%) reported for December 2013

SKT investing in joint venture development with Riocan to develop factory outlet centers near Ottawa and Toronto

SKT now operating 3 acquired Canadian properties in joint venture with Rio Can with plans to develop additional properties in Canada, with first new factory outlet center development to open in Kanata Ontario during 4Q 2014

SKT also investing in construction of 6 new factory outlet center developments in US located in Charlotte NC, Foxwoods Ct, Columbus OH, Savannah GA, Grand Rapids MI and Scottsdale AZ

SKT today announced additional development in Cheshire CT with WS Development

SKT guidance for FFO for 2014 indicates growth UP +3%

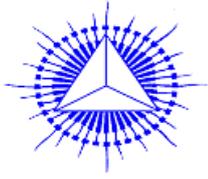
SKT provides current annual dividend yield of 2.6%

SKT a Retail REIT with a portfolio of brand name outlet centers

SKT we rank 2 BUY

SKT market cap \$3.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Mack-Cali Realty |
| Price: | \$21 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$2,075 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
CLI \$21

Mack-Cali Realty CLI traded DOWN (\$0.25) per share to close DOWN (1%) day

CLI stock traded UP +5% year to date for 2014, underperforming Office REITs, trading UP +6% for 2014

CLI stock traded UP +5% during 2013

CLI divesting low return office properties to focus new investment on residential properties

CLI investing \$1.1 billion in development pipeline of 3,084 apartment units at 11 projects, including unconsolidated joint ventures

CLI announced departure of CFO and in-house counsel during March 2014

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

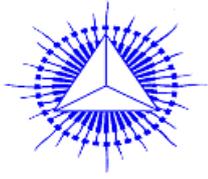
CLI provides current annual dividend yield of 5.8%

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

CLI we rank 3 HOLD

CLI market cap \$2.1 billion

REIT Comment



| | |
|-----------------|---|
| Company: | CubeSmart |
| Price: | \$17 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$2,409 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
CUBE \$17

CubeSmart CUBE traded UP \$0.45 per share to close UP +3% day

CUBE stock traded UP +8% year to date for 2014, outperforming Specialty REITs, trading UP +4% for 2014

CUBE stock traded UP +9% during 2013

CUBE Specialty Self-Storage REITs continue to rally as profitability improves on rental rate increases and occupancy gains

CUBE 2013 FFO growth increased UP +23%, driven by portfolio acquisitions

CUBE guidance for FFO for 2014 indicates growth UP +12%

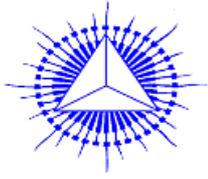
CUBE increased quarterly dividend distribution by 18%, bringing current annual dividend yield to 3.0%

CUBE a Specialty REIT with a portfolio of self-storage properties

CUBE we rank 1 BUY

CUBE market cap \$2.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Potlatch |
| Price: | \$39 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,575 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
PCH \$39

Potlatch PCH traded UP \$0.88 per share to close UP +2% day

PCH stock traded DOWN (7%) year to date for 2014, underperforming Specialty REITs, trading UP +4% during 2014
PCH stock traded UP +7% during 2013

PCH trading in stocks of Specialty Timber REITs impacted by lower sales of new and existing homes for the past 4 months

PCH unlikely to increase harvest for southern resources segment until prices recover further

PCH reported EPS FLAT for 4Q 2013, while 2013 EBITDA increased UP +19%

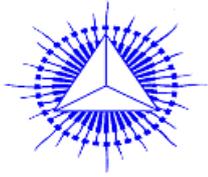
PCH provides current dividend yield of 3.6%

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: | Highwoods Properties |
| Price: | \$38 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$3,486 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
03/31/2014
HIW \$38

Highwoods Properties HIW stock traded UP \$0.73 per share to close UP +2% day

HIW stock traded UP +6% year to date for 2014, in line with Office REITs, also UP +6% for 2014
HIW stock traded UP +8% during 2013

HIW portfolio of office properties still seeing lower rents on lease renewals

HIW target 2014 investments \$250 million, including \$130-\$150 million acquisitions and \$75-\$100 million developments

HIW guidance for FFO for 2014 indicates growth UP +4%

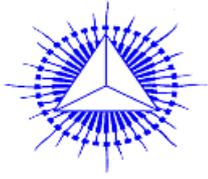
HIW stock price supported by current annual dividend yield of 4.4%

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 \$3.5 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Healthcare Realty Trust |
| Price: | \$24 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$2,290 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
HR \$24

Healthcare Realty Trust HR news of "doc fix" bill passed by House and Senate positive news for Health Care REITs with portfolios of medical office buildings

HR both House and Senate passed "Protecting Access to Medicare Act of 2014", delaying by 1 year (24%) reduction of doctor payments that would have taken effect today if bill is not signed by President Obama

HR long planned reduction of physician payments has been delayed many times since CMS (Centers for Medicare and Medicaid Services) announced transition to "Sustainable Growth Rate System"

HR tenants of Health Care REITs expect to benefit from revenue growth as a result of expansion of insured population under Affordable Care Act

HR occupancy of medical office buildings should improve as doctor practices seek to expand services to meet higher level of demand

HR expects same property NOI UP +2% - +4% for 2014

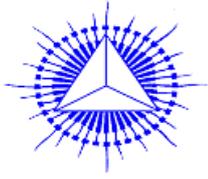
HR stock price supported by current dividend yield of 5.0%

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: | Health Care REIT |
| Price: | \$60 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$17,167 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
HCN \$60

Health Care REIT HCN this week's House and Senate vote to pass "Protecting Access to Medicare Act of 2014" extends favorable reimbursement system for hospitals and nursing homes

HCN CMS (Centers for Medicare & Medicaid Services) planned move to ICD-10 code set will reduce payments to hospitals and skilled nursing facilities when implemented

HCN under this week's legislation, withholding of 2% of Medicare reimbursement for skilled nursing facilities will be delayed until October 2018, with 70% to be released only if rate of hospital readmission improves

HCN adjustment to Medicaid and Medicare reimbursement a constant issue for tenants of Health Care REITs, a negative firmly offset for 2014 by expansion of insured population under Affordable Care Act

HCN guidance for FFO for 2014 indicates growth to continue UP +6% this year

HCN increased dividend by 4% for 2014, now providing current annual dividend yield of 5.3%

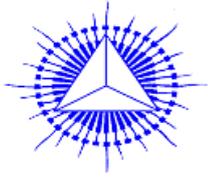
HCN a Health Care REIT with a diverse portfolio of health care and life science properties

HCN we rank 2 BUY

HCN market cap \$17.2 billion

HCN an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Kimco Realty |
| Price: | \$22 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$9,014 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
KIM \$22

Kimco Realty KIM announced divestiture of certain Mexican retail properties continuing portfolio restructuring program

KIM completed sale of 9 retail properties in Mexico for \$222 million, recognizing gain of \$20 million for 1Q 2014

KIM planning to divest all Mexican properties during 2014

KIM divestitures and redevelopments drive improving profitability through portfolio restructuring

KIM reported FFO for 2013 increased UP +6%, while guidance for FFO for 2014 indicates growth UP +5%

KIM increased quarterly dividend by 2%, bringing current annual dividend yield to 4.1%

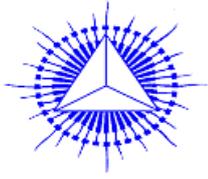
KIM a Retail REIT with a diverse portfolio of retail properties including neighborhood and community shopping centers and big box retail, as well as grocery anchored shopping centers

KIM we rank 1 BUY

KIM market cap \$9.0 billion

KIM an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | NorthStar Realty Finance |
| Price: | \$16 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$3,736 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
NRF \$16

NorthStar Realty Finance NRF announced IPO offering for non-traded REIT to invest in commercial real estate in New York City

NRF new offering NorthStar/RXR New York Metro Income, Inc to be a public non-traded REIT co-sponsored by NSAM (NorthStar Asset Management) and RXR Realty, LLC

NRF proposed \$2.0 billion offering to be invested in commercial real estate investments located in NY metropolitan area

NRF pending spin-off of NSAM (NorthStar Asset Management) to separate publicly traded NYSE vehicle expected to be completed during 2Q 2014

NRF stock trading at premium of 124% to adjusted book value of \$7.20 per share as of December 2013, reflecting portfolio growth

NRF increased quarterly dividend distribution by 19%, now providing current annual dividend yield of 6.2%

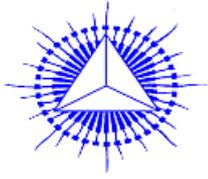
NRF increased quarterly dividend distributions for 10 consecutive quarters, including 1Q 2014

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$3.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | BRE Properties |
| Price: | \$61 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$4,724 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
BRE \$61

BRE Properties BRE traded DOWN (\$1.78) per share to close DOWN (3%) day

BRE stock traded UP +11% year to date for 2014, outperforming Residential REITs, trading UP +10% for 2014
BRE stock traded UP +8% during 2013

BRE completed \$6.5 billion merger with Essex Property Trust ESS, for total value of \$61 per share, with 0.2791 shares of ESS to be exchanged for each share of BRE, plus \$12.33 per share in cash

BRE shareholders will continue to receive dividends pro rata through date of merger

BRE stock price supported by current annual dividend yield of 2.6%

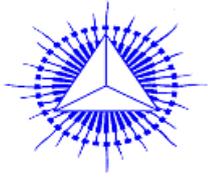
BRE we rank 3 HOLD pending takeover

BRE a Residential REIT with a diverse portfolio of apartment communities concentrated in western states

BRE we rank 3 HOLD

BRE market cap \$4.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | QTS Realty Trust |
| Price: | \$26 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$961 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
QTS \$26

QTS Realty Trust QTS traded UP \$0.99 per share to close UP +4% day

QTS stock traded UP +5% year to date for 2014, outperforming Specialty REITs, trading UP +4% for 2014

QTS stock traded UP +8% during 2013

QTS approved to provide cloud computing service for federal agency tenants providing confidence for data center portfolio expansion

QTS reported 2013 adjusted EBITDA UP +32% on portfolio lease-up

QTS provided new guidance for EBITDA for 2014 indicating growth UP +30% this year

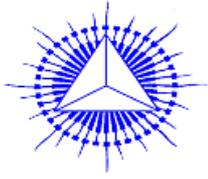
QTS increased dividend distribution by 21%, now providing annual dividend yield of 4.4%

QTS a Specialty Data Center REIT with a portfolio of data centers leased to corporate telecom and government tenants

QTS we rank 2 BUY

QTS market cap \$961 million

REIT Comment



| | |
|-----------------|---|
| Company: | Essex Property Trust |
| Price: | \$174 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$10,655 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
ESS \$174

Essex Property Trust ESS traded UP \$3.95 per share to close UP +2% day

ESS stock traded UP +21% year to date for 2014, outperforming Residential REITs, trading UP +10% for 2014
ESS stock traded DOWN (2%) during 2013

ESS completed \$6.5 billion merger with BRE Properties BRE, for total value of \$61 per BRE share, with 0.2791 shares of ESS to be exchanged for each share of BRE, plus \$12.33 per share in cash

ESS expects merger to be accretive, adding \$0.05-\$0.08 per share to annual core FFO

ESS combined portfolio includes 239 apartment communities with 56,064 apartments concentrated 50% in southern CA, 33% in northern CA and 16% in Seattle

ESS former BRE shareholders to own 37% of ESS total shares outstanding

ESS guidance for FFO for 2014 indicates growth UP +11%

ESS providing annual dividend yield of 2.8%

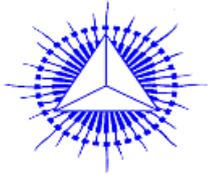
ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap including BRE \$10.7 billion

ESS an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Extra Space Storage |
| Price: | \$49 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$5,665 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/01/2014
EXR \$49

Extra Space Storage EXR traded UP \$0.94 per share to close UP +2% day

EXR stock traded UP +17% year to date for 2014, outperforming Specialty REITs, trading UP +4% for 2014

EXR stock traded UP +16% during 2013

EXR rally for Specialty Self-Storage REITs during 2014 a result of improved profitability due to rental rate increases and occupancy gains

EXR long term FFO growth supplemented by portfolio expansion through acquisitions

EXR reported FFO growth UP 29% for 2013, exceeding previous guidance

EXR guidance for FFO for 2014 indicates growth to continue UP +17% this year

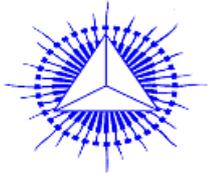
EXR providing annual yield of 3.2%

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

EXR we rank 2 BUY

EXR market cap \$5.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Equity Residential |
| Price: | \$59 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$21,695 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
EQR \$59

Equity Residential EQR news of higher new job creation indicates employment trends supporting economic growth

EQR report from ADP (Automatic Data Processing) found private payrolls added 191,000 new jobs for March 2014, UP +13,000 from revised 178,000 for February 2014

EQR report expected on Friday this week from Labor Department may conflict with ADP report due to inclusion of government jobs and estimates for negative impact of bad weather on private sector

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

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

EQR stock supported by current annual dividend yield of 3.4%

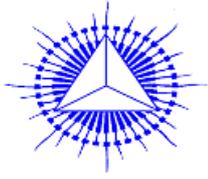
EQR the largest publicly traded Residential REIT with a diverse portfolio of apartment communities

EQR we rank 2 BUY

EQR market cap \$21.7 billion

EQR an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Ventas |
| Price: | \$61 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$18,174 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
VTR \$61

Ventas VTR announcement of enrollment of 7 million individuals through healthcare.gov signals broad participation in Affordable Care Act

VTR extension of enrollment deadline by 2 weeks to April 15, 2014 may indicate another 1 million enrollees to be expected

VTR implementation of Affordable Care Act from 2014-2017 will increase patient traffic for health care tenants, driving demand for more space

VTR well capitalized Health Care REITs such as VTR positioned to provide capital supporting network expansion and strategic acquisitions for health care providers

VTR reported normalized FFO for 2013 at high end of previous guidance range, indicating FFO growth UP +9%

VTR conservative guidance for FFO for 2014 indicates FFO growth to continue UP +6% this year

VTR provides current annual dividend yield of 4.7%

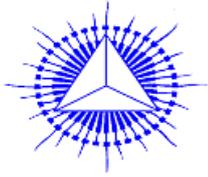
VTR a Health Care REIT with a diverse portfolio of health care properties

VTR we rank 2 BUY

VTR market cap \$18.2 billion

VTR an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Boston Properties |
| Price: | \$116 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$17,696 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
BXP \$116

Boston Properties BXP use of smaller spaces to serve mobile workforces signals long term trend to lower demand for office space

BXP although greatest impact on changing use of office space is demonstrated by technology workers, even lawyers, traditional users of office space, now using less space per employee

BXP survey released yesterday by Cushman& Wakefield found 48% of 286 law firms responding to the survey expected average use of office space per lawyer to shrink by(27%) to less than 500 square feet per attorney over next 10 years

BXP Cushman & Wakefield estimates average vacancy of 16.6% within law offices surveyed

BXP law firms and legal service tenants represent 25% of total base rent for BXP

BXP August 2013 report from CoreNet Global found average use of corporate office space per employee at 150 square feet for 2013, expected to shrink by (33%) to less than 100 square feet per employee in 5 years by half of respondents

BXP CoreNet Global report found average corporate use of office space per employee already DOWN by (33%) from 225 square feet per employee in 2010

BXP marked down valuations likely for older office buildings with traditional floor plans of office cubicles, unable to compete with new collaborative office plans without expensive renovation

BXP many Office REITs still struggling to achieve higher rents, lagging economic recovery for other REIT sectors

BXP guidance for FFO for 2014 indicates growth UP +6%~+9% for this year, driven by new office developments

BXP provides current annual dividend yield of 2.3%

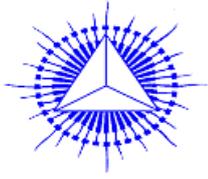
BXP an Office REIT with a portfolio of upscale office properties in NY, Boston, DC and San Francisco

BXP we rank 4 SELL

BXP market cap \$17.7 billion

BXP an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$11 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$10,952 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
NLY \$11

Annaly Capital Management NLY news of continued decline in mortgage applications indicates negative impact of tight lending restrictions

NLY report from MBA (Mortgage Bankers Association) found mortgage applications DOWN (1.2%) for week ended March 28, 2014

NLY mortgage applications for refinance DOWN (3%), while mortgage applications for home purchase UP +1% from previous week

NLY mortgage applications for home purchase DOWN (17%) from previous year

NLY report from MBA (Mortgage Bankers Association) found average interest rate on 30 year fixed rate conforming mortgage unchanged at 4.56%

NLY lower mortgage application volume consistent with recent report from NAR (National Association of Realtors), citing "weather disruption, tight credit, limited inventory, higher prices and higher mortgage interest rates" as reasons for decline in existing home sales for each of the past 4 months, starting December 2013

NLY Financial Mortgage REITs benefit from higher mortgage volume, providing opportunities for portfolio repositioning

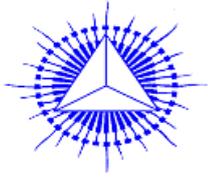
NLY stock price supported by current annual dividend yield of 10.9%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 1 BUY

NLY market cap \$11.0 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Hatteras Financial |
| Price: | \$19 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$1,848 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
HTS \$19

Hatteras Financial HTS trend for higher US home prices confirmed in latest report from CoreLogic

HTS report from CoreLogic found prices for US existing homes UP +12.2% for February 2014, maintaining trend of last 6 months

HTS tighter supply of US homes supporting prices although sales have declined reflecting bad weather and restrictive credit, among other factors

HTS stock now trading at discount of (12%) to current book value of \$21.50 per share as of 4Q 2013

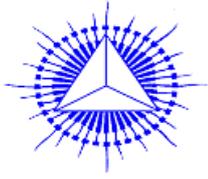
HTS yield 10.5%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 1 BUY

HTS market cap \$1.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Plum Creek Timber |
| Price: | \$42 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$7,152 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
PCL \$42

Plum Creek Timber PCL report of sluggish construction spending indicates little change in demand for lumber from Specialty Timber REITs

PCL report from US Census Bureau of Department of Commerce found total construction spending for February 2014 UP +0.1% from revised number for January 2014

PCL residential construction spending DOWN (0.8%) for February 2014 from revised number for January 2014, possibly reflecting negative impact of bad weather

PCL current quarter 1Q 2014 EPS expected to decline due to lower real estate transactions

PCL 2014 harvest volume to increase due to recent \$1.1 billion acquisition of timberlands and other assets from MeadWestvaco

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

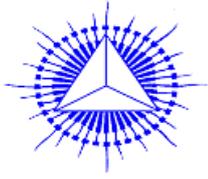
PCL a Specialty Timber REIT with a portfolio of timberlands and sawlog mills

PCL we rank 2 BUY

PCL market cap \$7.2 billion

PCL an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | DuPont Fabros Technology |
| Price: | \$24 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,929 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
DFT \$24

DuPont Fabros Technology DFT news of Microsoft Office app availability for Apples iPad extends utility of tablets for business market

DFT good reviews of Office app running on iPad highlights Microsoft revenue potential for\$99 per year Office subscription on more than 170 million iPads now in use

DFT many existing users of Microsoft online service Office 365 may also own iPad, enhancing utility of handheld device for business applications

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

DFT guidance for FFO for 2014 conservatively indicates growth UP +21%

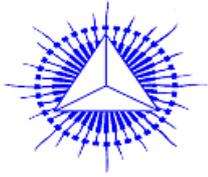
DFT now providing current annual dividend yield of5.9%

DFT a Data Center 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: | Washington REIT |
| Price: | \$25 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,646 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
WRE \$25

Washington REIT WRE traded UP +\$0.72 per share to close UP +3% day

WRE stock traded UP +6% year to date for 2014, in line with Office REITs, also trading UP +6% for 2014

WRE stock traded DOWN (11%) during 2013

WRE management seeking to complete \$350 million acquisitions to reverse FFO decline

WRE lower guidance for FFO for 2014 indicates negative impact of divestitures prior to reinvestment of proceeds from divestiture of medical properties

WRE new CEO seeking to optimize portfolio performance of remaining office, retail and multifamily residential properties

WRE guidance for FFO for 2014 indicates decline DOWN (13%) this year

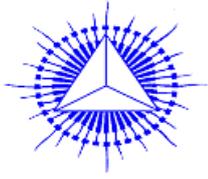
WRE stock price supported by current annual dividend yield of 4.8%

WRE an Office REIT with a diverse portfolio of office, retail, medical and residential properties concentrated in the metropolitan DC area

WRE we rank 3 HOLD

WRE market cap \$1.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Post Properties |
| Price: | \$50 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$2,742 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
PPS \$50

Post Properties PPS traded UP \$1.18 per share to close UP +2% day

PPS stock traded UP +11% year to date for 2014, outperforming Residential REITs, trading UP +10% for 2014
PPS stock traded DOWN (9%) during 2013

PPS today's report of new job creation a positive signal for Residential REITs

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

PPS investing \$354 million in development communities for 8% portfolio expansion

PPS guidance for FFO for 2014 indicates growth UP +5%

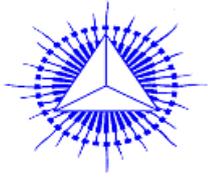
PPS provides income investors with current dividend yield of 2.6%

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

PPS we rank 2 BUY

PPS market cap \$2.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | First Potomac Realty Trust |
| Price: | \$13 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$787 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/02/2014
FPO \$13

First Potomac Realty Trust FPO traded UP \$0.18 per share to close UP +1% day

FPO stock traded UP +12% year to date for 2014, outperforming Office REITs, trading UP +6% for 2014

FPO stock traded DOWN (6%) during 2013

FPO in process of repositioning portfolio to drive FFO growth

FPO concentrating investment in office properties, from previous focus on industrial properties and business parks

FPO reported FFO for 2013 DOWN (14%) due to divestitures, while guidance for FFO for 2014 indicates decline DOWN (11%)

FPO provides current annual dividend yield of 4.6%

FPO reclassified from Industrial REIT to Office REIT effective February 2014, due to divestiture of industrial properties

FPO an Office REIT with a portfolio of commercial business park and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$787 million

REIT Comment



| | |
|-----------------|---|
| Company: | AvalonBay Communities |
| Price: | \$132 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$17,083 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
AVB \$132

AvalonBay Communities AVB news of moderate growth in new unemployment claims supports view of stable employment enabling rental rate growth for Residential REITs

AVB Labor Department reported new claims for unemployment UP+16,000 to 326,000 for week ended March 29, 2014 from revised number for previous week

AVB more stable 4 week moving average of new unemployment claims increased UF +250 to 319,500 from revised number for previous week

AVB 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

AVB investing \$2.7 billion in development pipeline, representing 10% portfolio capacity expansion

AVB guidance for FFO for 2014 indicates growth UP +11%

AVB provides current annual dividend yield of 3.5%

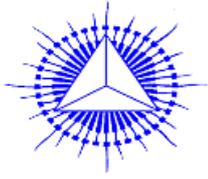
AVB a Residential REIT with a portfolio of upscale apartment communities in east coast and west coast locations

AVB we rank 2 BUY

AVB market cap \$17.1 billion

AVB an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | HCP |
| Price: | \$39 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$18,047 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
HCP \$39

HCP HCP enrollment on healthcare.gov sufficient to increase confidence of higher revenues for tenants of Health Care REITs

HCP news of 7 million individual members added during open enrollment period suggests total health care spending to increase by end of 2Q 2014, following incremental revenues from Medicaid beneficiaries starting 1Q 2014

HCP delay of employer mandate until 2015 indicates more impetus to health care provider revenue may be expected for 2015

HCP, like other well capitalized Health Care REITs, is positioned to provide capital supporting network expansion and strategic acquisitions for health care providers seeking to maximize revenues

HCP conservative guidance for FFO for 2014 indicates a FLAT year

HCP increased quarterly dividend by 4%, bringing current annual dividend yield to 5.6%

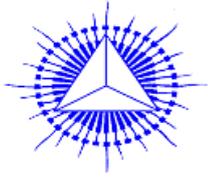
HCP a Health Care REIT with a diverse portfolio of health care and life science properties

HCP we rank 1 BUY

HCP market cap \$18.0 billion

HCP an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Brookfield Office Properties |
| Price: | \$19 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$10,277 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
BPO \$19

Brookfield Office Properties BPO pending merger with Brookfield Property Partners LP BPY expected to be completed this week

BPO merger offer for BPO offers \$20.34 per share from Brookfield Property Partners LP BPY

BPO offer valued at \$5.1 billion for 49% of BPO common stock, excluding total BPO debt of \$14 billion

BPO Brookfield Property Partners BPY a non-REIT owner of office, retail, industrial and residential assets trading on NYSE under ticker [BPY]

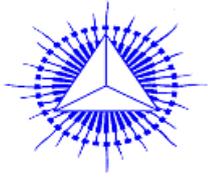
BPO stock price supported by current annual dividend yield of 2.9%

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

BPO we rank 3 HOLD

BPO market cap \$10.3 billion

REIT Comment



| | |
|-----------------|---|
| Company: | SL Green Realty |
| Price: | \$101 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$9,832 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
SLG \$101

SL Green Realty SLG news this week of FBI and New York State investigation of HFT(high frequency trading) may impact financial industry tenants of Office REITs

SLG high frequency trading a new focus for regulators that may open the way for examination of "dark pool" trading through banks and brokerage firms

SLG key tenant Credit Suisse, representing 5% of base rental revenue for SLG, mentioned in recent articles as prominent in "dark pool" trading

SLG banks already mandated to end proprietary trading that conflicts with customers under Volcker Rule segment of Dodd-Frank regulation

SLG negative impact of Volcker Rule on bank tenants likely to force closure of trading floors in some locations, limiting supplemental payments to landlords for telecom and electrical requirements to support intensive trading

SLG availability of bank sublets would impact rental rates in financial centers

SLG estimates exposure to banks and other financial industry tenants at20% of NOI, with key tenant Citi representing 11% of total rents

SLG reported FFO for 2013 decreased DOWN (3%)

SLG no guidance provided for FFO for 2014

SLG increased dividends by 32% during 2013 and announced 52% increase for 2014 to annual rate of \$2.00 per share

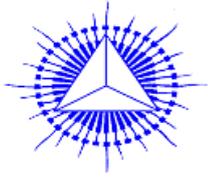
SLG provides current annual dividend yield of2.0%

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

SLG we rank 4 SELL

SLG market cap \$9.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Redwood Trust |
| Price: | \$20 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,708 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
RWT \$20

Redwood Trust RWT traded DOWN (\$0.33) per share to close DOWN (2%) day

RWT stock traded UP +4% year to date for 2014, underperforming Financial Mortgage REITs, trading UP +8% for 2014
RWT stock traded UP +15% during 2013

RWT completed sale of \$342 million non-agency RMBS securitization, representing first offering from Sequoia since November 2013

RWT industry sources report total non-agency RMBS securitizations for all issuers only \$1.3 billion year to date for 2014, compared to total non-agency RMBS securitizations of \$13.4 billion for 2013

RWT recent management comments noted slowdown in issuance of non-agency securitizations due to investor uncertainty and restrictive lending standards

RWT jumbo and non-conforming mortgage loans now difficult to obtain from most lenders

RWT significant year to date 2014 drop in mortgage applications for refinance may be partially attributable to bank layoffs of mortgage employees in high volume states

RWT stock now trading at premium of 34% to latest GAAP book value of \$15.10 per share

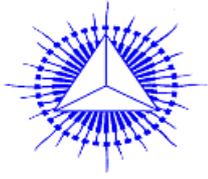
RWT provides current annual dividend yield of 5.5%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | CyrusOne |
| Price: | \$22 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,436 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
CONE \$22

CyrusOne CONE traded UP \$0.37 per share to close UP +2% day

CONE stock traded DOWN (1%) year to date for 2014, underperforming Specialty REITs, trading UP +4% for 2014
CONE stock traded UP +5% during 2014

CONE providing co-location services through portfolio of 25 data centers in US, as well as international locations in London and Singapore

CONE guidance for FFO for 2014 indicates growth UP +30%

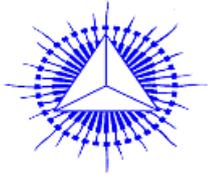
CONE increased dividend by 31% for 2014, bringing current annual dividend yield to 3.8%

CONE a Specialty Data Center REIT with a portfolio of data centers primarily providing colocation services to corporate customers

CONE we rank 2 BUY

CONE market cap \$1.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Washington REIT |
| Price: | \$24 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,618 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/03/2014
WRE \$24

Washington REIT WRE traded DOWN (\$0.42) per share to close DOWN (2%) day

WRE stock traded UP +4% year to date for 2014, underperforming Office REITs, trading UP +6% for 2014

WRE stock traded DOWN (11%) during 2013

WRE seeing FFO decline as a result of divestiture of medical office property portfolio

WRE guidance for FFO for 2014 indicates decline DOWN (13%) this year

WRE management seeking to complete \$350 million acquisitions to reverse FFO decline

WRE new CEO seeking to optimize portfolio performance of remaining office, retail and multifamily residential properties

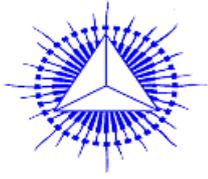
WRE stock price supported by current annual dividend yield of 4.9%

WRE an Office REIT with a diverse portfolio of office, retail, medical and residential properties concentrated in the metropolitan DC area

WRE we rank 3 HOLD

WRE market cap \$1.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Equity Residential |
| Price: | \$59 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$21,725 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
EQR \$59

Equity Residential EQR report of strong private sector new job creation supports positive outlook for Residential REITs

EQR report from Bureau of Labor Statistics found US economy added 192,000 new jobs for March 2014, UP +4,000 from revised 188,000 for February 2014

EQR report from Labor Department appears to be in synch with report earlier this week from ADP (Automatic Data Processing) showing 191,000 new private sector jobs created for March 2014

EQR government jobs showed no growth for March 2014, with federal jobs DOWN (9,000), state DOWN (2,000) and local UP +11,000

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

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

EQR stock supported by current annual dividend yield of 3.4%

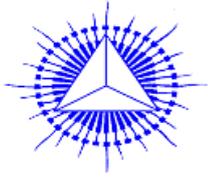
EQR the largest publicly traded Residential REIT with a diverse portfolio of apartment communities

EQR we rank 2 BUY

EQR market cap \$21.7 billion

EQR an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Camden Property Trust |
| Price: | \$67 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$5,914 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
CPT \$67

Camden Property Trust CPT positive employment environment supports profitability for Residential REITs

CPT success of apartment dwellers in finding jobs keeps occupancy above 95%, enabling rental rates for Residential REITs

CPT largest market is metropolitan DC, contributing 18% to same property NOI

CPT investing \$1.0 billion to develop new communities, representing 7% portfolio capacity expansion

CPT 2013 FFO increased UP +11%, while guidance for FFO for 2014 indicates growth UP +7%

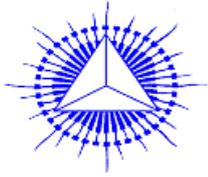
CPT increased quarterly dividend by 5%, bringing current annual dividend yield to 4.0%

CPT a Residential REIT with a diverse portfolio of apartment communities

CPT we rank 2 BUY

CPT market cap \$5.9 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Brandywine Realty Trust |
| Price: | \$14 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$2,281 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
BDN \$14

Brandywine Realty Trust BDN to report 1Q 2014 with newly appointed CFO

BDN new CFO Thomas E Wirth previously EVP of Portfolio Management and Investments for BDN

BDN to discuss results for 1Q 2014 on May 1, 2014 with a conference call for investors scheduled at 9:00 AM

BDN expanding portfolio in metropolitan DC and other mid-Atlantic markets, as well as in TX to build on portfolio acquired from Parkway Properties PKY

BDN reported 2013 FFO FLAT and provided guidance for FFO for 2014 indicating growth UP +8%

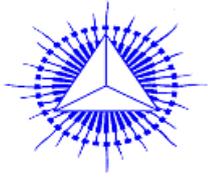
BDN stock price supported by current dividend yield of 4.2%

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

BDN we rank 2 BUY

BDN market cap \$2.3 billion

REIT Comment



| | |
|-----------------|---|
| Company: | MFA Financial |
| Price: | \$8 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$2,817 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
MFA \$8

MFA Financial MFA sensitivity to volume of non-agency securitizations may impact trading in stocks of Financial Mortgage REITs with portfolios of non-agency securities

MFA industry sources report significant drop in volume of non-agency securitizations since November 2013, as banks and other lenders pull away from mortgage market

MFA private market solution must be found to enable reset of jumbo mortgages or market downturn for high value homes likely to cause real estate disruption for best neighborhoods near major US cities

MFA income from portfolio of non-agency mortgages and securitizations contributes majority of income for MFA

MFA 4Q 2013 earnings contribution 77% from non-agency portfolio and 23% from agency securities

MFA better than expected loan loss performance for non-agency portfolio of RMBS enables MFA to reverse previous loan loss reserves while maintaining conservative valuations

MFA results for 4Q 2013 showed EPS UP +5% from previous year, with book value UP +3% from September 2013

MFA now trading at discount of (4%) to latest book value of \$8.06 per share as of December 2013

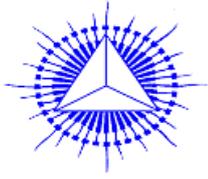
MFA providing current annual dividend yield of 10.3%, slightly above the midpoint of the range for Financial Mortgage REITs

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 \$2.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Omega Healthcare Investors |
| Price: | \$33 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$4,115 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
OHI \$33

Omega Healthcare Investors OHI news of 3 million new Medicaid enrollees for health care coverage likely to increase during rest of 2014

OHI unlike individual enrollment, subject to open enrollment period through March 31, 2014, Medicaid enrollment may continue throughout the year

OHI expansion of Medicaid program to young adults has enabled addition of people under age 50 to Medicaid program traditionally serving only senior citizens and children of lower income households

OHI nursing home tenants have greatest concentration of Medicaid reimbursement among all health care facility types owned by Health Care REITs

OHI reported FFO for 2013 increased UP +16% due to acquisitions

OHI guidance for FFO for 2014 indicates growth UP +8% this year

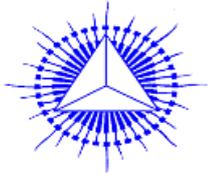
OHI provides current dividend yield of 5.8%

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

OHI we rank 2 BUY

OHI market cap \$4.1 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Essex Property Trust |
| Price: | \$169 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$10,339 |
| Link: | http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
ESS \$170

Essex Property Trust ESS traded UP \$1.28 per share to close UP +1% day

ESS traded UP 19% year to date for 2013, outperforming Residential REITs, trading UP 10% for 2014
ESS traded DOWN (2%) during 2013

ESS positive stock momentum this week relates to inclusion of ESS stock in S&P 500 Index as of April 1, 2014

ESS completed \$6.5 billion merger with BRE Properties BRE, for total value of \$61 per BRE share, with 0.2791 shares of ESS to be exchanged for each share of BRE, plus \$12.33 per share in cash

ESS expects merger to be accretive, adding \$0.05-\$0.08 per share to annual core FFO

ESS combined portfolio includes 239 apartment communities with 56,064 apartments concentrated 50% in southern CA, 33% in northern CA and 16% in Seattle

ESS former BRE shareholders now own 37% of ESS total shares outstanding

ESS guidance for FFO for 2014 indicates growth UP +11%

ESS providing annual dividend yield of 2.9%

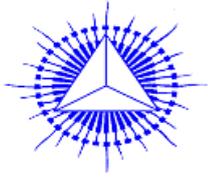
ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap including BRE \$10.3 billion

ESS an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | First Potomac Realty Trust |
| Price: | \$13 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$790 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
FPO \$13

First Potomac Realty Trust FPO traded DOWN (\$0.24) per share to close DOWN (2%) day

FPO stock traded UP +10% year to date for 2014, outperforming Office REITs, trading UP +6% for 2014

FPO stock traded DOWN (6%) during 2013

FPO seeking to reposition portfolio to drive FFO growth

FPO concentrating investment in office properties, from previous focus on industrial properties and business parks

FPO reported FFO for 2013 DOWN (14%) due to divestitures, while guidance for FFO for 2014 indicates decline DOWN (11%)

FPO provides current annual dividend yield of 4.7%

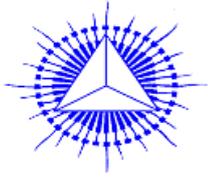
FPO reclassified from Industrial REIT to Office REIT effective February 2014, due to divestiture of industrial properties

FPO an Office REIT with a portfolio of commercial business park and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$790 million

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$11 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$10,803 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
NLY \$11

Annaly Capital Management NLY traded UP\$0.19 per share to close UP +2% day

NLY stock traded UP +11% year to date for 2014, outperforming Financial Mortgage REITs, trading UP +8% for 201

NLY stock traded DOWN (29%) during 2013 due to bond market volatility

NLY concern over lagging mortgage volume may impact trading in Financial Mortgage REITs if sales of existing homes and volume of refinance mortgages do not revive by May2014

NLY Financial Mortgage REITs benefit from higher mortgage volume, providing opportunities for portfolio repositioning

NLY stock now trading at discount of(9%) to current book value of \$12.13 per share as of December 2013

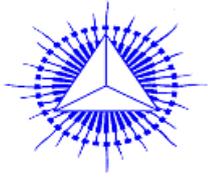
NLY stock price supported by current annual dividend yield of10.9%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 1 BUY

NLY market cap \$10.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | American Campus Communities |
| Price: | \$37 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$3,925 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
04/04/2014
ACC \$38

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

ACC stock traded UP +17% year to date for 2014, outperforming Specialty REITs, trading UP +4% for 2014

ACC stock traded DOWN (30%) during 2013

ACC investing \$466 million in development pipeline for delivery in fall 2014 and 2015

ACC previously reduced guidance for FFO for 2014 due to divestitures

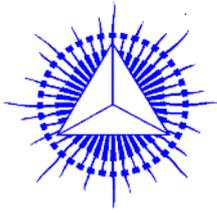
ACC latest guidance for FFO for 2014 indicates growth UP +1%-+5% this year

ACC provides current annual dividend yield of 3.8%

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

ACC we Rank 3 HOLD

ACC market cap \$3.9 billion



REIT Growth and Income Monitor posted 42 REIT comments for the week ended April 4, 2014. Comments were issued on REITs in the following sectors:

| | |
|-------------------|---|
| Financial REITs | 7 |
| Health Care REITs | 5 |
| Hotel REITs | 0 |
| Industrial REITs | 2 |
| Office REITs | 8 |
| Residential REITs | 8 |
| Retail REITs | 4 |
| Specialty REITs | 8 |

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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