

REIT Growth and Income Monitor

Weekly Comments 04/03/2012

Negative performance gap for REITs narrowed to (2%) year to date for 2012.

Trading in Health Care REITs reacted to Supreme Court hearings on Affordable Care Act.

Acquisitions drive portfolio expansion for Health Care REIT Ventas.

HCP Inc., with a diverse portfolio of health care and life science properties, offers attractive yield for income investors.

For information, call Anne Anderson CFA, Atlantis Investment
(973) 263-2333
aanderson@atlantisinvestment.com

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**Weekly REIT Comments**
04/03/2012

REIT stocks enjoyed a strong rally for the last week of March, ended March 30, 2012. REITs included in the S&P 500 Index are now up 10% year to date for 2012, trailing the S&P 500 Index, now up 12% for 2012. Negative performance gap for 2012 narrowed to (2%). Average gain for all REITs followed by REIT Growth and Income Monitor is 12% year to date for 2012, matching performance of the S&P 500 Index.

Earnings reports of 2011 results provided an opportunity for REIT managements to signal investors regarding an improving economic environment. Residential REITs reported strong results for 4Q 2011, exceeding guidance for FFO for 2011. Retail REITs reported better than expected tenant sales gains to support occupancy and rental growth. Investors appear to be pulling back from Office REITs, due to continued rent roll-downs, lagging economic recovery, as well as exposure to financial industry layoffs. Industrial REITs trade in line with economic indicators, with news of higher manufacturing activity supported by employment growth. Hotel REITs react to daily fluctuations in investor fears that higher gasoline prices and negative economic trends in Europe will erode profitability.

Financial Mortgage REITs face significant fundamental change, although timing of the change has been delayed, preserving the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS. Proposals to require banks to refinance mortgages may impact decisions on Fannie Mae. Most Congressmen appear hesitant to vote on Fannie Mae issues before the 2012 elections. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends have already moved higher for 2012. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Health Care REITs Reacted to Supreme Court Hearings on Affordable Care Act

Health Care REITs traded erratically as the Supreme Court held hearings last week on the Affordable Care Act. Questioning of government lawyers defending Obama's health care plan, voted into law in March, 2010, indicated the judges are sharply divided on issues to be decided by their majority vote. Constitutionality of the individual mandate to purchase health care insurance (unless health insurance is provided by an employer) appears to be the issue causing greatest division among the Justices, with particular concern that those most in need of individual coverage would be receiving forced subsidies from individuals who don't need health care benefits at all. Expansion of Medicaid eligibility to young adults is another area of contention, although federal practice in setting standard rules for Medicaid eligibility has been long established. While many states oppose Medicaid expansion, availability of federal funding for half of Medicaid expenditures is assured. Concern over restraint of insurance company practices appears less pronounced among the Justices. Investors in Health Care REITs must now patiently await news of Supreme Court action. Normally, decisions by the Supreme Court are announced in late June or early July, following hearings held in March and April of each year.

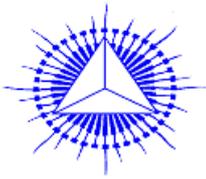
Almost all tenants of Health Care REITs would benefit if the Affordable Care Act is upheld, with the quickest benefit to be felt by doctors and clinics operating from medical office buildings, if Medicaid expansion is upheld. Skilled nursing facilities would also benefit from Medicaid expansion, as would LTACs (long term acute care facilities) and hospitals. Even senior living and assisted living facilities, where demand is driven by demographics of the aging population, would benefit if the Affordable Care Act is upheld, as the CLASS Act provisions establishing a new class of private insurance for disability and living assistance benefits were attached by Congress to the Affordable Care Act. Stocks of Health Care REITs should react positively if the Affordable Care Act is upheld, but may trade off only slightly if the decision is negative, supported by average Health Care REIT yield of 5.9% and by a general expectation that the Affordable Care Act will never take effect.

Trading Opportunities

Ventas, now with largest market cap among Health Care REITs at \$17 billion, traded up 4% year to date for 2012. **Ventas** owns senior living and assisted living properties in US and Canada, as well as specialty 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 primarily by acquisition. Completion of acquisition of **Cogdell Spenser** during 2Q 2012 brought **Ventas** medical office building segment contribution to 15% of total NOI. Normalized FFO increased 17% for 2011, exceeding previous guidance range, supported by \$3.1 billion acquisition of privately held Atria Senior Living and \$7.4 billion merger with Nationwide Health Properties during 2011. Guidance for 2012 indicates potential for 9% FFO growth. **Ventas** increased dividends 7% for 2011 and announced 8% dividend increase for 2012, now providing 4.3% yield for income investors.

HCP Inc., with market cap of \$16 billion, has underperformed other Health Care REITs, down (5%) year to date for 2012, on investor concern over exposure to changes in Medicare reimbursement for long term acute care services. During April, 2011, **HCP** completed acquisition of all of HCR ManorCare's real estate assets for \$6.1 billion, adding to skilled nursing and subacute care segment of its portfolio. A well diversified Health Care REIT, **HCP** also owns senior living and assisted living properties, as well as medical office buildings and life science research facilities. FFO increased 21% for 2011, with guidance for FFO for 2012 indicating 3% growth. **HCP** increased dividends 3% during 2011, now providing 4.9% yield for income investors, with 39% of total dividends for 2011 untaxed as return of capital.

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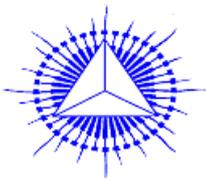
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Price	Price	Price	Price	Price	Weekly	2012
		12/30/2011	03/02/2012	03/09/2012	03/16/2012	03/23/2012	03/30/2012	Change	Price Change
Apartment Investment and Management	AIW	\$23	\$25	\$25	\$26	\$26	\$26	3%	15%
AvalonBay Communities	AVB	\$131	\$132	\$138	\$138	\$137	\$141	3%	8%
Boston Properties	BXP	\$100	\$102	\$102	\$106	\$104	\$105	1%	5%
Equity Residential	EQR	\$57	\$58	\$59	\$60	\$60	\$63	4%	10%
HCP Inc.	HCP	\$41	\$40	\$39	\$40	\$40	\$39	-0%	-5%
Health Care REIT	HCN	\$55	\$55	\$54	\$55	\$54	\$55	2%	1%
Host Hotels & Resorts	HST	\$15	\$16	\$16	\$16	\$16	\$16	1%	11%
Kimco Realty	KIM	\$16	\$19	\$18	\$20	\$19	\$19	0%	19%
Plum Creek Timber	PCL	\$37	\$40	\$40	\$41	\$41	\$42	1%	14%
Prologis, Inc	PLD	\$29	\$34	\$34	\$35	\$35	\$36	2%	26%
Public Storage	PSA	\$134	\$133	\$130	\$137	\$137	\$138	1%	3%
Simon Property Group	SPG	\$129	\$137	\$136	\$142	\$144	\$146	1%	13%
Ventas	VTR	\$55	\$57	\$55	\$57	\$56	\$57	2%	4%
Vornado Realty Trust	VNO	\$77	\$82	\$80	\$84	\$83	\$84	1%	10%
S&P 500 Index	S&P 500	\$1,258	\$1,370	\$1,371	\$1,404	\$1,397	\$1,408	1%	12%
Average for S&P 500 Index REITs								2%	10%

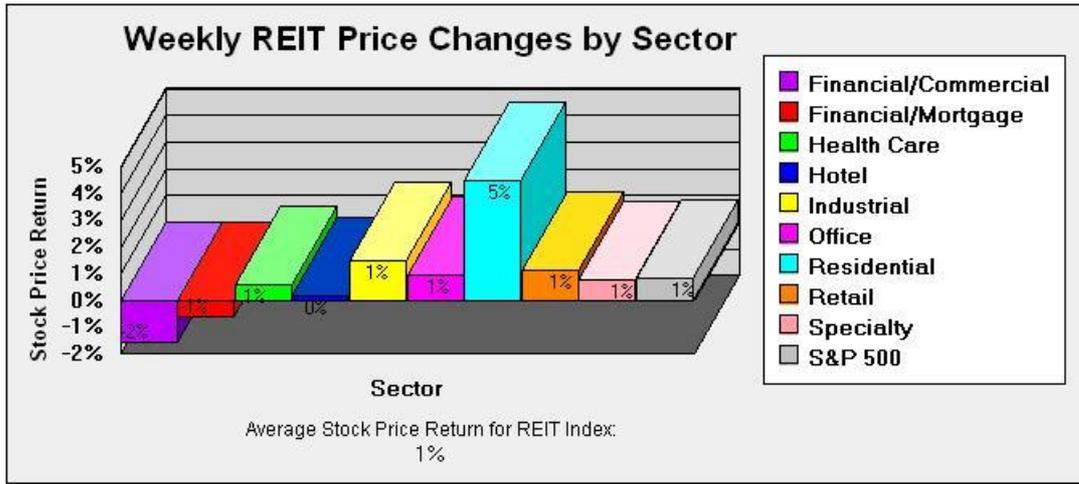
REIT stocks rallied smartly during the last week of March, 2012, with REIT stock prices trading up 2% on average for the week ended March 30, 2012. REITs exceeded performance of the S&P 500 Index, up 1% for the week. The S&P 500 Index increased 12% year to date for 2012, exceeding REIT performance, up 10%. Positive performance gap for S&P 500 Index REITs narrowed to negative (2%) for 2012.

Leaders among S&P 500 Index REITs for 2012 include **Prologis**, up 26%, followed by **Kimco Realty**, up 19%. Residential REITs saw renewed rally, with **Apartment Investment and Management** up 15%, **Equity Residential** now up 10% and **AvalonBay Communities** up 8% year to date for 2012. Health Care REITs are volatile due to Supreme Court review of the Affordable Care Act, with **HCP Inc** down (5%), **Health Care REIT** up 1%, and **Ventas** up 4% year to date for 2012. **Public Storage** continues to lag the 2012 rally, up 3%.

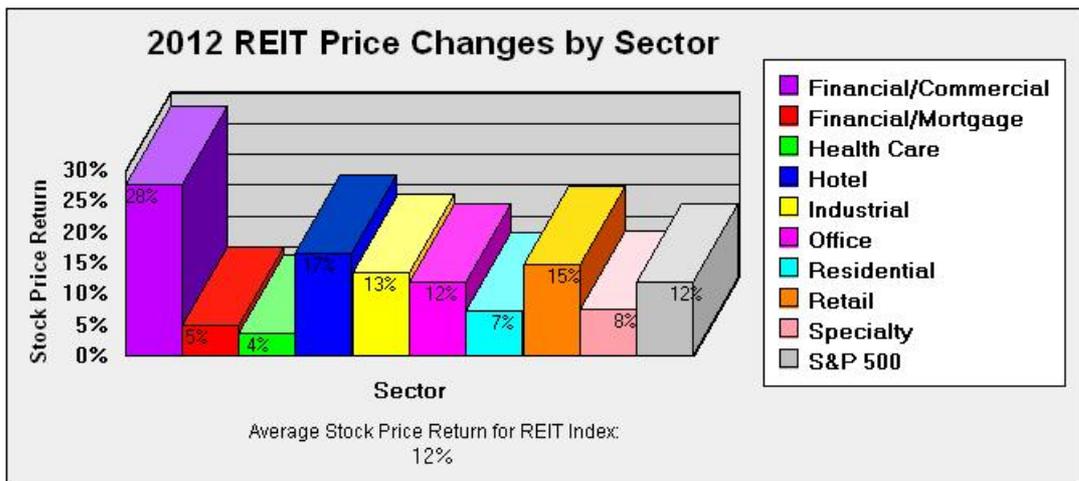
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Weekly REIT Price Changes by Sector



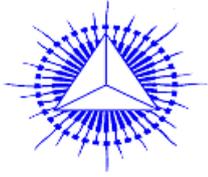
REIT sectors traded higher during the last week of March, ended March 30, 2012, with most REIT sectors matching performance of the S&P 500 Index, trading up 1% for the week. Best performing sector was Residential REITs, up 5%. Health Care REITs, Industrial REITs, Office REITs, Retail REITs and Specialty REITs all rallied 1% for the week, while Hotel REITs traded flat. Lagging sectors included Financial Commercial REITs, down (2%), with Financial Mortgage REITs down (1%). On average, stock prices for REIT Growth and Income Monitor traded up 1% for the week ended March 30, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor rallied 12% on average year to date for 2012, matching performance of the S&P 500 Index, also up 12%. Positive economic news on employment and manufacturing activity provides confidence. Leading sector year to date is Financial Commercial REITs, up 28%. Also demonstrating strength are Hotel REITs, up 17%, followed by Retail REITs, up 15%. Industrial REITs rallied 13%, while Office REITs are up 12%, matching performance of the S&P 500 Index. Residential REITs rallied to show 7% year to date gain for 2012, while Specialty REITs are up 8%. We expect Residential REITs to be a best performing sector for 2012, as they were during 2011, with strong profit gains driving another year of exceptional FFO growth during 2012. Lagging sectors include Financial Mortgage REITs, up 5% and Health Care REITs, up 4%. Investors in Health Care REITs should expect volatility pending Supreme Court decision on the Affordable Care Act. Earnings announcements during February, 2012 gave investors a better idea of which sectors should be expected to continue to lead in an enduring economic recovery

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REIT Comment



Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,066
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/26/2012
CYS \$13

CYS Investments CY5 report of lower purchase contracts for existing home sales ignores improvement from previous year

CYS report from National Association of Realtors showed new contracts to purchase existing homes DOWN (0.5%) for February 2012 from January 2012

CYS number of contracts to purchase existing homes UP +9.2% from previous year

CYS seasonality may account for a portion of the decline as well as confusion regarding mortgage refinance opportunities

CYS homeowners seeking clarity on mortgage refinance programs may decide to wait before accepting low offers to sell their homes

CYS status quo for Financial Mortgage REITs maintained, as Fannie Mae reform likely to be delayed until after 2012 elections

CYS stock price supported by current annual dividend yield of 15.5%, at the top end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.1 billion

REIT Comment



Company:	Health Care REIT
Price:	\$54
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,615
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/26/2012
HCN \$54

Health Care REIT HCN stock market trading in Health Care REITs may be impacted by this weeks Supreme Court hearings on Affordable Care Act

HCN constitutionality of individual mandate to purchase health care is most important issue to be decided by the court

HCN expansion of Medicaid program to include low income adults under Affordable Care Act would benefit tenants of Health Care REITs

HCN reported normalized FFO growth of UP +11% for 2011, exceeding high end of previous guidance range, while providing new guidance range for 2012 normalized FFO indicating growth of as much as UP +11%

HCN higher occupancy and rental rate increases driving better than expected same property NOI

HCN stock price supported by current dividend yield of 5.5%

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

HCN we rank 2 BUY

HCN market cap \$9.6 billion

HCN an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,683
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/26/2012
PCL \$41

Plum Creek Timber PCL news of lower contracts to purchase existing homes matters less than building permits for new home construction

PCL although report from National Association of Realtors showed new contracts to purchase existing homes DOWN (0.5%) for February 2012 from January 2012, number of contracts UP more than +9% from previous year

PCL last week Commerce Department reported reported new building permits UP+5.1% for February 2012 to annualized rate of 717,000 homes

PCL demand for lumber stimulated more by new home construction than by sales of existing homes

PCL Specialty REITs with portfolios of timberlands and sawlog mills should see higher demand and improved prices for lumber on US housing sector recovery

PCL management of assets to support shareholder returns should provide opportunities to increase dividends through asset sales and share repurchase

PCL reported 2011 EPS decline of (4%) and provided guidance for EPS for 2012 indicating FLAT year at best, with potential for decline of as much as (16%), due to current low prices for sawlogs and lumber

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

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

PCL we rank 2 BUY

PCL market cap \$6.7 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$77
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,752
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/26/2012
SLG \$77

SL Green Realty SLG news of Citigroup intent to divest Smith Barney 49% owned joint venture with Morgan Stanley for \$10 billion highlights intensity of need for banks to raise capital under Dodd-Frank pressures

SLG Citigroup was only major US bank to fail most recent Federal Reserve stress test

SLG investor concern over exposure to financial industry tenants curtails performance of certain Office REITs with high exposure to banks and brokerage firms forced to downsize under new Dodd-Frank regulations

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

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

SLG reported FFO for 2011 decreased DOWN (3%), while guidance for FFO for 2012 indicates potential decline of (8%)

SLG current yield of only 1.3% offers little to attract income investors

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

SLG we rank 4 SELL

SLG market cap \$6.8 billion

REIT Comment



Company:	FelCor Lodging Trust
Price:	\$4
Recommendation:	SELL
Ranking:	5
Market Cap:	\$433
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/26/2012
FCH \$4

FelCor Lodging Trust FCH traded UP \$0.13 per share to close UP +4% day

FCH stock traded UP +23% year to date for 2012, underperforming Hotel REITs, UP +30%

FCH exposure to higher gasoline prices a concern for investors in travel related stocks including airlines and hotels

FCH reported disappointing FFO loss for 4Q 2011

FCH renovation program to impact hotel occupancies during 2012

FCH has not paid common stock dividends since 2007

FCH a Hotel REIT

FCH we rank 5 SELL

FCH market cap \$433 million

REIT Comment



Company:	First Industrial
Price:	\$12
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,104
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/26/2012
FR \$12

First Industrial FR traded UP \$0.25 per share to close UP +2% day

FR stock traded UP +18% year to date for 2012, outperforming Industrial REITs, UP +12%

FR Industrial REITs rallying on signs of economic growth although lease rates still down on lease turnover

FR occupancy recovered to almost 88% for 4Q 2011

FR during 2011 FFO from continuing operations increased UP +11%, near the midpoint of previous guidance

FR new guidance for FFO for 2012 indicated potential for growth of as much as UP+16%

FR no indication of when dividends on common stock to be restored

FR an Industrial REIT

FR we rank 4 SELL

FR market cap \$1.1 billion

REIT Comment



Company:	National Retail Properties
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,315
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/26/2012
NNN \$27

National Retail Properties NNN traded UP \$0.44 per share to close UP +2% day

NNN stock traded UP +4% year to date for 2012, underperforming Retail REITs, UP +14%

NNN Retail REIT stocks should continue to outperform the S&P 500 Index so long as US retail sales continue to climb

NNN reported FFO for 2011 increased UP +8%, while guidance for FFO for 2012 indicates potential for growth of as much as UP +11%

NNN considering some properties for divestiture, while major focus remains acquisitions

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

NNN we rank 2 BUY

NNN market cap \$2.3 billion

REIT Comment



Company:	Ventas
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,500
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/26/2012
VTR \$57

Ventas VTR stock traded UP \$0.54 per share to close UP +1% day

VTR stock traded UP +3% year to date for 2012, in line with Health Care REITs, UP +3%

VTR this week's Supreme Court review of Affordable Care Act likely to impact trading in Health Care REITs over the next few months

VTR constitutionality of mandate for individuals to purchase health care insurance if no coverage provided by employer is the most contentious issue to be addressed by the Supreme Court

VTR tenants of Health Care REITs renting space in medical office buildings and facilities providing outpatient and inpatient health care services would benefit from expansion of Medicaid coverage if Affordable Care Act is upheld

VTR pending \$770 million acquisition of Cogdell Spenser CSA to be completed during 2Q 2012, bringing medical office building contribution to as much as 15% of total NOI for VTR, up from previous 11%

VTR reported normalized FFO for 2011 increased UP +17%, while providing new guidance for normalized FFO for 2012 indicating growth of UP +8%-+9%

VTR also increased dividends by 8%, providing current yield of 4.4%

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

VTR we rank 2 BUY

VTR market cap \$16.5 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,461
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/27/2012
NLY \$16

Annaly Capital Management NLY home prices continue year over year decline in most US cities

NLY Case-Shiller index of home prices shows prices DOWN (3.8%) for January 2012 from previous year, compared to DOWN (4.1%) for December 2011

NLY greatest year over year price declines reported for Atlanta DOWN(14.8%), Las Vegas DOWN (9.1%) and Chicago DOWN (6.6%)

NLY only 3 cities showed home prices higher than previous year, including Detroit UP +1.7%, Phoenix UP +1.3% and Denver UP +0.2%

NLY lack of recovery in US housing sector keeps Financial Mortgage REITs dependent on existing portfolio and limited new mortgage originations to maintain income

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

NLY reported Core EPS decline of (10%) for 4Q 2011, due to more narrow NIM (net interest margin)

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

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

NLY we rank 2 BUY

NLY market cap \$15.5 billion

REIT Comment



Company:	Potlatch Corp.
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,276
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
PCH \$32

Potlatch PCH continued decline for US home prices maintains US housing sector at low level of activity

PCH demand for lumber stimulated more by new home construction than by sales of existing homes

PCH Specialty REITs with portfolios of timberlands and sawlog mills should see higher demand and improved prices for lumber on US housing sector recovery

PCH growth in export demand has partially offset lower domestic demand over last 2 years

PCH timberlands and sawlog harvest concentrated in southeastern states

PCH stock price supported by current dividend yield of 3.9%

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

PCH we rank 2 BUY

PCH market cap \$1.3 billion

REIT Comment



Company:	HCP Inc.
Price:	\$40
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,455
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/27/2012
HCP \$40

HCP Inc HCP Supreme Court hearings on Affordable Care Act continue today with focus on individual mandate to purchase insurance

HCP Supreme Court hearings to continue this week with no decision likely to be issued before July 2012

HCP Health Care REITs likely to rally if Affordable Care Act upheld

HCP constitutionality of mandate for individuals to purchase health care insurance if no coverage provided by employer is the most contentious issue to be addressed by the Supreme Court

HCP tenants of Health Care REITs renting space in medical office buildings and facilities providing outpatient and inpatient health care services would benefit from expansion of Medicaid coverage if Affordable Care Act is upheld

HCP reported FFO growth of UP +21% for 2011, while indicating potential for FFO growth of UP +4% for 2012

HCP since 2011 acquisition, HCR ManorCare (post acute and skilled nursing) now represents 32% of NOI

HCP stock price supported by current annual dividend rate of 4.8%

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

HCP we rank 2 BUY

HCP market cap \$16.5 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$145
Recommendation:	BUY
Ranking:	2
Market Cap:	\$51,254
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
SPG \$145

Simon Property Group SPG consumer confidence still high enough to justify continued growth in US retail sales

SPG report from Conference Board indicates consumer confidence decreased only DOWN(1.4%) to 70.2% for March 2012 from revised 71.6% for February 2012

SPG consumer confidence index above 65% consistent with expectations for continued economic improvement

SPG next report on US retail sales for month of March 2012 to be announced during second week of April 2012, likely to show slight gain, similar to UP +1% increase reported earlier this month for February 2012

SPG expects pending \$3.5 billion acquisitions of European joint venture in Klepierre and acquisition of 26 regional malls from Farallon to be immediately accretive to FFO, with new guidance for FFO for 2012 indicating growth of as much as UP +9%

SPG portfolio expansion through acquisition supplements investment in new developments of regional malls and brand name outlet centers in US, Europe and Asia

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 \$51.3 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,937
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
PLD \$36

Prologis Inc PLD slightly better than expected news on consumer confidence should help to support trading in Industrial REITs

PLD Conference Board reported consumer confidence index at 70.2% for February, 2012, a level consistent with continued US retail sales gains

PLD next report on US retail sales expected during second week of April 2012

PLD along with retail sales and manufacturing activity, international trade metrics provide coincident demand trend signals for Industrial REITs

PLD strength of US dollar relative to Japanese yen encourages higher imports of electronics and other goods

PLD reported Core FFO UP +7% for 4Q 2011, bringing full year 2011 Core FFO growth to UP +24%

PLD most recent guidance for Core FFO growth for 2012 indicates potential for growth of as much as UP +8%

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

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

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

PLD we rank 2 BUY

PLD market cap \$16.9 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Medical Properties Trust
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,036
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
MPW \$9

Medical Properties Trust MPW traded DOWN (\$0.28) per share to close DOWN (3%) day

MPW stock traded DOWN (5%) year to date for 2012, underperforming Health Care REITs, UP +3%

MPW like all Health Care REITs would benefit from Supreme Court positive decision on Affordable Care Act

MPW pending acquisition of Earnest Health Care LTAC (long term acute care) hospitals expected to add \$0.19 per share incremental FFO for 2012 and future years

MPW following acquisition, 20% of total assets will be located in CA

MPW asset allocation following acquisition to be 51% general acute care hospitals, 27% LTAC and 21% IRF (inpatient rehabilitation facilities)

MPW stock price supported by current yield of 8.6%

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

MPW we rank 2 BUY

MPW market cap \$1.0 billion

REIT Comment



Company:	Associated Estates Realty Corp.
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$671
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
AEC \$03/27

Associated Estates AEC traded UP \$0.13 per share to close UP +1% day

AEC stock traded UP +1% year to date for 2012, underperforming Residential REITs, UP +3%

AEC Residential REITs seeing higher rental rates due to apartment shortage in key urban markets

AEC reported FFO growth UP +16% for 2011, while providing guidance for FFO for 2012 UP +6%

AEC increased quarterly dividend distribution by UP+6% for 2Q 2012, now providing yield of 4.5%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$671 million

REIT Comment



Company:	Macerich Company
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$8,184
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
MAC \$57

Macerich MAC traded UP \$0.74 per share to close UP +1% day

MAC stock traded UP +13% year to date for 2012, underperforming Retail REITs, UP +14%

MAC consumer confidence still high enough to justify continued growth in US retail sales

MAC reported 8% growth in FFO for 2011 and provided guidance indicating FFO growth of as much as UP +9% for 2012

MAC recently announced 10% dividend increase

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

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

MAC we rank 2 BUY

MAC market cap \$8.2 billion

REIT Comment



Company:	BioMed Realty Trust
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,751
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
BMR \$19

BioMed Realty Trust BMR traded DOWN (\$0.20) per share to close DOWN (1%) day

BMR stock traded UP +5% year to date for 2012, outperforming Health Care REITs, UP +3%

BMR even Health Care REITs with life science portfolios may be impacted by Supreme Court review of Affordable Care Act

BMR portfolio occupancy at 90% as of 4Q 2011

BMR reported FFO growth of UP +3% for 2011, with guidance for FFO for 2012 indicating growth of as much as UP +8%

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

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

BMR we rank 3 HOLD

BMR market cap \$2.8 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,072
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/27/2012
HTS \$27

Hatteras Financial HTS traded DOWN (\$0.67) per share to close DOWN (2%) day

HTS stock traded UP +4% year to date for 2012, underperforming Financial Mortgage REITs, UP +6%

HTS new public offering of \$475 million in common stock to fund portfolio purchases of agency-guaranteed Residential MBS

HTS continued low mortgage rates and availability of refinance options should support volume of mortgage applications

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

HTS reported EPS decline of DOWN (8%) for 2011, with slight decline in NIM (net interest margin)

HTS stock price supported by current annual dividend yield of 13.2%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.1 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$11,828
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
HST \$17

Host Hotels & Resorts HST concern over potential conflict between Israel and Iran keeping oil prices higher than justified by economic recovery

HST higher gasoline prices causing investors concern over travel related stocks including airlines and hotels

HST higher transportation costs may force travelers to curtail length of stay

HST reported FFO growth for 2011 UP +24%, exceeding high end of previous guidance range

HST guidance for FFO growth of 2012 at a slower rate, UP 5%-+13%

HST absence of acquisitions expected to reduce FFO growth rate for 2012, while dispositions of \$100-\$115 million during the first 6 months of 2012 will depress operating income

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

HST we rank 4 SELL

HST market cap \$11.8 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Ventas
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,596
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/28/2012
VTR \$57

Ventas VTR Supreme Court questioning of lawyers regarding Affordable Care Act appears to reflect divided opinions on the issues, with much concern over government forcing subsidy of those in need of health care by those who do not need it for themselves

VTR additional hearings today will address the constitutionality of the individual mandate to purchase health insurance

VTR tenants of Health Care REITs renting space in medical office buildings and facilities providing outpatient and inpatient health care services would benefit from expansion of Medicaid coverage if Affordable Care Act is upheld

VTR pending \$770 million acquisition of Cogdell Spenser CSA to be completed during 2Q 2012, bringing medical office building contribution to as much as 15% of total NOI for VTR, up from previous 11%

VTR reported normalized FFO for 2011 increased UP +17%, while providing new guidance for normalized FFO for 2012 indicating growth of UP +8%-+9%

VTR also increased dividends by 8%, providing current yield of 4.4%

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

VTR we rank 2 BUY

VTR market cap \$16.6 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,072
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
HTS \$27

Hatteras Financial HTS to sell public offering of 17.5 million shares

HTS expected proceeds of \$475 million to be invested in portfolio of agency guaranteed Residential MBS

HTS joint bookrunning managers Credit Suisse, Deutsche Bank, Keefe Bruyette & Woods, Morgan Stanley, and Wells Fargo

HTS co-manager RBC Capital Markets

HTS March 2012 offering to increase total shares outstanding by 23%

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

HTS we rank 2 BUY

HTS market cap \$2.1 billion

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,688
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
HR \$22

Healthcare Realty Trust HR Supreme Court review of Affordable Care Act may provide upside to HR stock if Affordable Care Act is deemed constitutional

HR tenants of Health Care REITs renting space in medical office buildings and facilities providing outpatient and inpatient health care services would benefit from expansion of Medicaid coverage to younger adults if Affordable Care Act is upheld

HR reported FFO growth UP +10% for 4Q 2011, but provided no guidance for FFO for 2012

HR stock price supported by current dividend yield of 5.5%

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

HR we rank 2 BUY

HR market cap \$1.7 billion

REIT Comment



Company:	UMH Properties
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$163
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
UMH \$11

UMH Properties UMH traded UP \$0.38 per share to close UP +4% day

UMH stock traded UP +19% year to date for 2012, outperforming Specialty REITs, UP +7%

UMH portfolio of REIT securities, valued at \$43 million as of 12/31/2011, should show unrealized gains as a result of stock market rally

UMH reported FFO for 2011 DOWN (30%)

UMH no guidance provided for FFO for 2012

UMH stock price supported by current annual dividend yield of 6.5%

UMH a Specialty REIT with a portfolio of manufactured home communities

UMH we rank 3 HOLD

UMH market cap \$163 million

REIT Comment



Company:	Mission West Properties
Price:	\$10
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,029
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
MSW \$10

Mission West Properties MSW traded UP \$0.23 per share to close UP +2%

MSW stock traded UP +8% year to date for 2012, underperforming Office REITs UP +11%

MSW news on potential sale of company in negotiated transaction determines trading in the stock

MSW would hope to complete a transaction during 2Q 2012

MSW 2011 FFO increased UP +11%

MSW stock price supported by current annual dividend yield of 5.3%

MSW an Office REIT with a portfolio of office and R&D facilities located in the Silicon Valley area of CA

MSW we rank 2 BUY

MSW market cap \$1.0 billion

REIT Comment



Company:	Corporate Office Properties Trust
Price:	\$23
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,723
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/28/2012
OFC \$23

Corporate Office Properties Trust OFC traded DOWN (\$0.37) per share to close DOWN (2%) day

OFC stock traded UP +7% year to date for 2012, underperforming Office REITs, UP +11%

OFC new CEO Roger Waesche, currently CFO for OFC, to replace current CEO Randall Griffith effective April 1, 2012

OFC challenging leasing conditions in metropolitan DC area impacting office properties as federal agencies reallocate budgets

OFC reported FFO decline of DOWN (6%) for 2011, with guidance for FFO for 2012 indicating potential for another (6%) decline

OFC previously announced (33%) dividend reduction for 2012

OFC has highest exposure of any publicly traded REIT to defense and intelligence agencies already at more than 60% of total rental revenues, to increase to more than 70% as a result of pending strategic divestiture of suburban office properties

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

OFC we rank 5 SELL

OFC market cap \$1.7 billion

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$77
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,826
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/28/2012
SLG \$77

SL Green Realty SLG stock traded UP \$0.71 per share to close UP +1% day

SLG stock traded UP +16% year to date for 2012, outperforming Office REITs, UP +11%

SLG news of Citigroup intent to divest Smith Barney 49% owned joint venture with Morgan Stanley for \$10 billion highlights intensity of need for banks to raise capital under Dodd-Frank pressures

SLG Citigroup was only major US bank to fail most recent Federal Reserve stress test

SLG investor concern over exposure to financial industry tenants curtails performance of certain Office REITs with high exposure to banks and brokerage firms forced to downsize under new Dodd-Frank regulations

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

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

SLG reported FFO for 2011 decreased DOWN (3%), while guidance for FFO for 2012 indicates potential decline of (8%)

SLG current yield of only 1.3% offers little to attract income investors

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

SLG we rank 4 SELL

SLG market cap \$6.8 billion

REIT Comment



Company:	Kimco Realty
Price:	\$19
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,963
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/29/2012
KIM \$19

Kimco Realty KIM news of disappointing results for Best Buy should not concern investors in Retail REITs

KIM Best Buy disappointment (with same store sales DOWN (2.4%) for quarter ended February, 2012) may relate to size of stores, to be reduced in new model formats

KIM Best Buy plans to close 50 "big box" stores and invest in new "connected units" with more store fronts and smaller inventory, focused on mobile sales

KIM exposure to Best Buy at 2% of total rents as of 4Q 2011

KIM Retail REITs benefit from diversity of tenants, as some tenants expand, while others, such as Sears, Gap and Best Buy, contract their total retail space

KIM reported recurring FFO increased UP +5% for 2011, while guidance for recurring FFO for 2012 indicates growth of as much as UP +5%

KIM stock price supported by current dividend yield of 3.9%

KIM a Retail REIT with a diverse portfolio of retail concepts 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 \$8.0 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	National Retail Properties
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,308
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
NNN \$27

National Retail Properties NNN news of disappointing results for Best Buy should not concern investors in Retail REITs

NNN exposure to Best Buy at 3% of total rents as of 4Q 2011

NNN Retail REITs benefit from diversity of tenants, with single tenant properties leased to grocery chains, restaurants, fast food, convenience stores, fitness and automotive services as well as retail stores

NNN portfolio mix sensitive to recent acquisitions

NNN reported FFO for 2011 increased UP +8%, while guidance for FFO for 2012 indicates potential for growth of as much as UP +11%

NNN stock price supported by current annual dividend yield of 5.6%

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

NNN we rank 2 BUY

NNN market cap \$2.3 billion

REIT Comment



Company:	Health Care REIT
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,759
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
HCN \$55

Health Care REIT HCN Supreme Court hearings on Affordable Care Act reveal divided opinions that ensure uncertainty will continue until decision is released in late June or early July 2012

HCN individual mandate to purchase health care insurance appears to engender the greatest opposition among the judges

HCN Supreme Court may approve of portions of Affordable Health Care Act such as restraints on insurance companies regarding pre-existing conditions, and may permit expansion of Medicaid, while preventing individual mandate

HCN expansion of Medicaid program to include low income adults under Affordable Care Act would benefit tenants of Health Care REITs

HCN reported normalized FFO growth of UP +11% for 2011, exceeding high end of previous guidance range, while providing new guidance range for 2012 normalized FFO indicating growth of as much as UP +11%

HCN higher occupancy and rental rate increases driving better than expected same property NOI

HCN stock price supported by current dividend yield of 5.4%

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

HCN we rank 2 BUY

HCN market cap \$9.8 billion

HCN an S&P 500 Index REIT

REIT Comment



Company:	UDR, Inc.
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,861
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/29/2012
UDR \$26

UDR Inc UDR news of lower unemployment claims should help to drive outperformance by Residential REITs

UDR Labor Department reported lower unemployment claims DOWN (5,000) to 359,000 seasonally adjusted for week ended March 24, 2012 from revised 364,000 for previous week

UDR more important 4 week moving average of unemployment claims also decreased slightly from revised numbers to 365,000

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

UDR apartment shortage in key urban areas to drive record rental rates for 2012-2013

UDR well positioned to exploit apartment shortage in key urban markets with \$674 million pipeline of new developments, as well as \$319 million redevelopment projects

UDR reported FFO growth of UP +21% for 4Q 2011, while reporting FFO for 2011 near the midpoint of previous guidance range

UDR new guidance for 2012 indicates FFO growth of as much as UP +11%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$5.9 billion

REIT Comment



Company:	AvalonBay Communities
Price:	\$138
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,110
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
AVB \$138

AvalonBay Communities AVB news of lower unemployment claims should help to drive outperformance by Residential REITs

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

AVB apartment shortage in key urban areas expected to drive record rental rates for 2012-2013

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

AVB reported 2011 FFO increased UP +14% and announced dividend increase UP +9%

AVB new guidance 2012 FFO indicates potential for FFO growth of as much as UP +21%

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 \$13.1 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,624
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
PLD \$35

Prologis Inc PLD news of solid US economic growth for 4Q 2011 should support stock trading for Industrial REITs

PLD Commerce Department reported US GDP UP +3% for 4Q 2011, the fastest growth since spring 2010

PLD along with retail sales and manufacturing activity, US GDP growth and international trade metrics provide coincident demand trend signals for Industrial REITs

PLD reported Core FFO UP +7% for 4Q 2011, bringing full year 2011 Core FFO growth to UP +24%

PLD new guidance for Core FFO growth for 2012 indicates potential for growth of as much as UP +8%

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

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

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

PLD we rank 2 BUY

PLD market cap \$16.6 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Ashford Hospitality Trust
Price:	\$9
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$751
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
AHT \$9

Ashford Hospitality Trust AHT traded DOWN (\$0.21) per share to close DOWN (2%) day

AHT stock traded UP +12% year to date for 2012, underperforming Hotel REITs, UP +16%

AHT reported a turn-around year for 2011, with FFO UP +24%

AHT no guidance provided for FFO for 2012

AHT Hotel EBITDA margins for legacy portfolio of hotels may be nearing peak levels now 28.3%

AHT investment in 72% owned Highland Hospitality provides margin expansion as renovated hotels re-enter the same property portfolio

AHT dividend increased by 10% to provide current yield of 4.9%

AHT a Hotel REIT

AHT we rank 3 HOLD

AHT market cap \$751 million

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$629
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
FPO \$12

First Potomac Realty Trust FPO traded DOWN (\$0.13) per share to close DOWN (1%) day

FPO stock traded DOWN (7%) year to date for 2012, underperforming Industrial REITs, UP +11%

FPO Commerce Department announcement of 3% GDP growth for 4Q 2011 is a positive signal for Industrial REITs, but rental rates on new leases still lower than expiring leases

FPO reported FFO for 2011 DOWN (11%), while guidance for FFO for 2012 indicates growth of no more than UP +6%, with possibility for slight decline

FPO stock price supported by current dividend yield of 6.6%

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 \$629 million

REIT Comment



Company:	Post Properties
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,383
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
PPS \$46

Post Properties PPS traded UP \$0.85 per share to close UP +2% day

PPS stock traded UP +6% year to date for 2012, outperforming Residential REITs, UP +3%

PPS positive employment trends are a positive signal for Residential REITs as most new jobs are taken by 25-34 year olds, target market for apartment dwellers

PPS reported better than expected results for 4Q 2011, with FFO UP +33% for 2011, including sales of condo units

PPS conservative guidance for 2012 indicates FFO growth of UP as much as +14%

PPS pending condominium sales during 2012 appears to increase probability of another positive earnings surprise

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

PPS we rank 2 BUY

PPS market cap \$2.4 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,122
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/29/2012
HTS \$28

Hatteras Financial traded DOWN (\$0.34) per share to close UP +1% day

HTS stock traded UP +6% year to date for 2012, in line with Financial Mortgage REITs, UP +6%

HTS continued low mortgage rates and availability of refinance options should support volume of mortgage applications

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

HTS reported EPS decline of DOWN (8%) for 2011, with slight decline in NIM (net interest margin)

HTS stock price supported by current annual dividend yield of 12.8%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.1 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$11,456
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
HST \$16

Host Hotels & Resorts HST announced sale of San Francisco airport hotel, Marriott Burlingame, for net proceeds of \$113 million

HST portfolio divestitures cause lower FFO earnings potential, until proceeds of sale are reinvested in portfolio acquisitions

HST absence of acquisitions expected to reduce FFO growth rate for 2012, while dispositions of \$100-\$115 million during the first 6 months of 2012 will depress operating income

HST reported FFO growth for 2011 UP +24%, exceeding high end of previous guidance range

HST guidance for FFO growth of 2012 at a slower rate, UP 5%--13%

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

HST we rank 4 SELL

HST market cap \$11.5 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$145
Recommendation:	BUY
Ranking:	2
Market Cap:	\$51,321
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
SPG \$145

Simon Property Group SPG news of higher consumer spending a positive signal for Retail REITs

SPG Commerce Department reported consumer spending increased UP +0.8% for February 2012 from previous month

SPG excluding inflation, consumer spending increased UP +0.5%, while consumer incomes increased UP +0.2%

SPG consumer spending growth faster than income growth indicates positive level of consumer confidence

SPG next report on US retail sales for month of March 2012 to be announced during second week of April 2012, likely to show slight gain, similar to UP +1% increase reported earlier this month for February 2012

SPG expects pending \$3.5 billion acquisitions of European joint venture in Klepierre and acquisition of 26 regional malls from Farallon to be immediately accretive to FFO, with new guidance for FFO for 2012 indicating growth of as much as UP +9%

SPG portfolio expansion through acquisition supplements investment in new developments of regional malls and brand name outlet centers in US, Europe and Asia

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 \$51.3 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Macerich Company
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$8,162
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
MAC \$57

Macerich MAC news of higher consumer spending a positive signal for Retail REITs

MAC consumer spending excluding inflation increased UP+0.5% for February 2012, excluding inflation

MAC consumer spending growth faster than consumer income growth UP +0.2%, indicates positive level of consumer confidence

MAC reported 8% growth in FFO for 2011 and provided guidance indicating FFO growth of as much as UP +9% for 2012

MAC recently announced 10% dividend increase

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

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

MAC we rank 2 BUY

MAC market cap \$8.2 billion

REIT Comment



Company:	Duke Realty Corporation
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,766
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/30/2012
DRE \$14

Duke Realty DRE news of higher consumer spending for February 2012 should be a leading indicator of pending US retail sales numbers to be announced in next 2 weeks

DRE Commerce Department reported consumer spending increased UP +0.8% for February 2012 from previous month, and UP +0.5% excluding inflation

DRE next report on US retail sales for month of March 2012 to be announced during second week of April 2012, likely to show slight gain, similar to UP +1% increase reported earlier this month for February 2012

DRE Industrial REITs depend on growth in US retail sales for higher demand for bulk distribution space

DRE news of US GDP growth of UP +3% for 4Q 2011, announced yesterday, another positive signal for Industrial REITs

DRE along with retail sales and manufacturing activity, US GDP growth and international trade metrics provide coincident demand trend signals for Industrial REITs

DRE reported Core FFO growth of UP +7% for 4Q 2011, with Core FFO for 2011 FLAT

DRE new guidance for FFO for 2012 indicated decline of (8%)-(18%) due to recent divestiture of office properties

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

DRE we rank 2 BUY

DRE market cap \$3.8 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,929
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
NLY \$16

Annaly Capital Management NLY lower mortgage rates may help to stimulate mortgage application volume

NLY Freddie Mac weekly report shows rates for 30 year mortgages DOWN (0.09%) to 3.99%

NLY Financial Mortgage REITs benefit from higher mortgage volume, providing opportunities to reposition portfolios

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

NLY reported Core EPS decline of (10%) for 4Q 2011, due to more narrow NIM (net interest margin)

NLY stock price supported by current annual dividend yield of 14.0%, 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 2 BUY

NLY market cap \$14.9 billion

REIT Comment



Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,074
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
CYS \$13

CYS Investments
CYS lower mortgage rates may help to stimulate mortgage application volume

CYS Freddie Mac weekly report shows rates for 15 year mortgages DOWN (0.07%) to 3.23%

CYS portfolio of agency guaranteed Residential MBS concentrated in shorter term issues with more than 50% of portfolio in 15 year mortgages

CYS Financial Mortgage REITs benefit from higher mortgage volume, providing opportunities to reposition portfolios

CYS status quo for Financial Mortgage REITs maintained, as Fannie Mae reform likely to be delayed until after 2012 elections

CYS stock price supported by current annual dividend yield of 15.4%, at the top end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.1 billion

REIT Comment



Company:	Government Properties Income Trust
Price:	\$24
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,089
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
GOV \$24

Government Properties Income Trust GOV House vote against Obama budget sets up another potential problem over budget before end of government fiscal year ending September 2012

GOV unanimous House vote to reject Obama budget proposal for fiscal year 2013 leaves federal agencies uncertain of spending limits

GOV House vote to accept Ryan budget proposal indicates no support for previous Simpson-Bowles automatic deficit reduction proposal, while accepting plan to reduce tax rates and cut Medicare and other entitlement programs

GOV Senate failure to act on budget prior to adjournment sets up fight for later this year during Presidential campaign season

GOV budget uncertainty will continue to impact leasing decisions by federal agencies

GOV has greatest exposure of any REIT to federal agency tenants at 83% of total rents

GOV reported FFO growth UP +16% for 2011

GOV no guidance provided for FFO for 2012

GOV stock price supported by current annual dividend yield of 7.0%

GOV a Specialty REIT with a portfolio of office properties net leased to federal and state government agencies

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



Company:	Apartment Investment and Management
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,188
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
AIV \$26

Apartment Investment and Management AIV traded UP\$0.61 per share to close UP +2% day

AIV stock traded UP +15% year to date for 2012, outperforming Residential REITs, UP +3%

AIV positive employment trends, with lower new unemployment claims reported this week, a positive signal for Residential REITs

AIV reported 2011 FFO (adjusted to exclude unusual items) at the high end of previous guidance range, UP +14%, while providing new guidance for FFO for 2012 indicating growth of as much as UP +11%

AIV recently increased dividend by 50% for 2012, providing current yield of 2.7%

AIV a Residential REIT with a diverse portfolio of apartment communities

AIV we rank 2 BUY

AIV market cap \$3.2 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	Colonial Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,038
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
CLP \$22

Colonial Properties Trust CLP traded UP \$0.41 per share to close UP +2% day

CLP stock traded UP +4% year to date for 2012, slightly outperforming Residential REITs, UP +3%

CLP emerging apartment shortage in key urban areas leads to high occupancy and rental rate increases

CLP announced better than expected results for 4Q 2011, and increased dividends by 30% for 2012

CLP 4Q 2011 Core FFO UP +11%, with 2011 Core FFO UP +13%

CLP conservative guidance for FFO for 2012 indicates growth of as much as UP +12%

CLP a Residential REIT with a diverse portfolio of residential and commercial properties

CLP we rank 2 BUY

CLP market cap \$2.0 billion

REIT Comment



Company:	Boston Properties
Price:	\$105
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,654
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
BXP \$105

Boston Properties BXP traded UP \$1.13 per share to close UP +1% day

BXP stock traded UP +5% year to date for 2012, outperforming Residential REITs, UP +11%

BXP investor concern over exposure to financial industry tenants as new Dodd-Frank regulations impact banks, forcing them to downsize operations

BXP management cautioned investors to expect "FLAT year" for 2012 leasing in NYC

BXP reported FFO for 4Q 2011 UP +6%, expected to decline sequentially for 1Q 2012

BXP guidance for FFO for 2012 indicated decline of as much as DOWN (4%) following growth of UP +9% for 2011

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 \$15.7 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Pennsylvania REIT
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$873
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/30/2012
PEI \$15

Pennsylvania REIT PEI traded UP \$0.30 per share to close UP +2% day

PEI stock traded UP +46% year to date for 2012, outperforming Retail REITs, UP +14%

PEI news of higher consumer spending a positive sign for US retail sales to be announced for March 2012 in 2 weeks

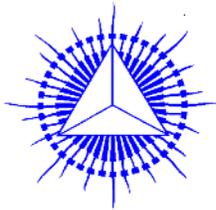
PEI reported 4Q 2011 FFO UP +13%, exceeding high end of previous guidance range for FFO for 2011, while indicating FFO growth UP as much as +5% for 2012

PEI stock price supported by current dividend yield of 3.9%

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

PEI we rank 2 BUY

PEI market cap \$873 million



REIT Growth and Income Monitor posted 47 REIT comments for the week ended March 30, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	7
Health Care REITs	8
Hotel REITs	4
Industrial REITs	5
Office REITs	5
Residential REITs	6
Retail REITs	8
Specialty REITs	4

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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