

REIT Growth and Income Monitor

Weekly Comments 06/10/2014

Positive performance gap for REITs was maintained at 11% year to date for 2014, as REITs outpace rally for the S&P 500 Index.

Health care industry consolidation provides incremental growth path for Health Care REITs.

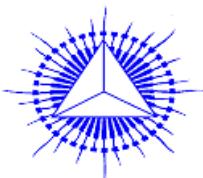
Ventas plans opportunistic acquisitions as health care providers consolidate.

Health Care REIT delivers high yield and consistent growth, driven by portfolio expansion.

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Weekly REIT Comments
06/10/2014

REIT stocks in the S&P 500 Index traded up 1% on average for the week ended June 6, 2014, maintaining positive performance gap at 11% year to date for 2014. Average gain for all REITs followed by REIT Growth and Income Monitor is 14% year to date for 2014, exceeding 5% gain for the S&P 500 Index. REIT stocks trailed the S&P 500 Index during 2013, with average gain of 8%.

Investors saw some REIT sectors increasing guidance, particularly Residential and Health Care REITs, while other REIT sectors affirmed conservative 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 variable home sales. Hotel REITs demonstrate positive revenue and margin trends, with stock price performance aided by price decline for oil and gasoline. Investors take a cautious stance for Office REITs, due to exposure to financial industry layoffs and continued rent rolldowns.

Investor acceptance of eventual Federal Reserve tapering supports outlook for Financial Mortgage REITs, as bond market volatility moderates. Financial Mortgage REITs face significant fundamental change, with debate of Fannie Mae reform legislation likely to be delayed by interim elections. Proposals to liquidate Fannie Mae within 5 years face stiff opposition from Democratic 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 the 2016 Presidential election.

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.

Health Care Industry Consolidation Provides Incremental Growth Path for Health Care REITs

As health care operators gear up to provide care to the newly insured population, mandated by Affordable Care Act, health care facilities and networks will face a challenge to deliver more care from the same amount of space. As the population seeking care suddenly increases, employment growth and facility expansion must follow. Health Care REITs are best positioned to meet this demand for incremental space. Close relationships with tenant health care operators place Health Care REITs at the elbow of decision makers determining growth requirements. Tenants of Health Care REITs may decide to divest properties to release capital from legacy assets, offering portfolio expansion for Health Care REITs through sale-leaseback transactions. Tenants may also decide to pursue new developments, while turning to Health Care REITs to provide equity capital to support new construction. Some health care operators may decide not to compete in every market, seeking to trim their assets while providing more potential acquisitions for Health Care REITs. Mergers and consolidations of health care providers will concentrate more assets among fewer companies, a trend favorable to the largest Health Care REITs. Announcement last week of Ventas latest \$2.6 billion acquisition of health care properties from ARC Healthcare provides a window on current valuations. Ventas is to pay 26.1X annualized FFO (including equity, assumed debt and non-trading capital of ARC Healthcare), a valuation higher than 80% of the Health Care REITs followed by REIT Growth and Income Monitor.

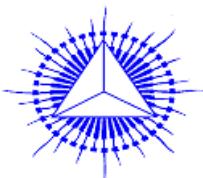
Investors should act now to add positions in Health Care REITs for both growth and income purposes. Large cap Health Care REITs include **HCP**, **Health Care REIT**, and **Ventas** (all 3 included in the S&P 500 Index). Smaller cap Health Care REITs with positive growth outlook include **Healthcare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

Trading Opportunities

Ventas, second largest Health Care REIT with market cap of \$19.4 billion, underperformed other Health Care REITs, trading up 14% year to date for 2014, following decline of (11%) during 2013. **Ventas** owns a portfolio of 1,500 health care properties, including senior living and assisted living properties in US and Canada, as well as specialty and acute care hospitals, skilled nursing properties, and medical office buildings. **Ventas** has also invested in financial assets, including mortgages on health care facilities. Portfolio expansion for **Ventas** has been driven by opportunistic acquisitions. Normalized FFO increased 7% for 1Q 2014, while guidance for normalized FFO for 2014 indicates potential for 4%-6% FFO growth. **Ventas** increased dividends 9% for 2014 and 10% for 2013, now providing 4.4% yield for income investors.

Health Care REIT is third largest of the Health Care REITs as measured by market cap at \$18.6 billion, with the stock price now up 20% year to date for 2014, outperforming other Health Care REITs, following (13%) decline for 2013. Portfolio expansion by acquisition drives growth for **Health Care REIT**, now with 1,212 health care properties in 46 states, Canada and UK. During 2013, **Health Care REIT** completed \$5.3 billion acquisitions, including \$4.3 billion acquisition of Sunrise Senior Living, and \$1.3 billion joint venture acquisitions with Revera of senior living properties in Canada. Normalized FFO increased 10% for 1Q 2014, with guidance for normalized FFO for 2014 indicating potential for 6%-8% FFO growth. **Health Care REIT** increased dividends 4% for 2014 and 3% for 2013, now providing 5.0% yield for income investors.

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Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price 12/31/2013	Price 05/30/2014	Price 06/06/2014	Weekly Price Change	2014 Price Change
American Tower	AMT	\$80	\$90	\$90	1%	13%
Apartment Investment	AV	\$26	\$31	\$32	1%	23%
AvalonBay Communities	AVB	\$118	\$142	\$143	1%	21%
Boston Properties	BXP	\$100	\$121	\$122	1%	21%
Equity Residential	EQR	\$52	\$62	\$63	1%	21%
Essex Property Trust	ESS	\$144	\$181	\$185	2%	29%
General Growth Properties	GGP	\$20	\$24	\$24	1%	20%
HCP	HCP	\$36	\$42	\$42	2%	17%
Health Care REIT	HCN	\$54	\$63	\$64	1%	20%
Host Hotels & Resorts	HST	\$19	\$22	\$23	3%	17%
Kimco Realty	KIM	\$20	\$23	\$23	2%	18%
Macerich	MAC	\$59	\$66	\$68	2%	15%
Plum Creek Timber	PCL	\$47	\$45	\$45	-0%	-3%
Prologis	PLD	\$37	\$42	\$42	2%	14%
Public Storage	PSA	\$151	\$172	\$173	0%	15%
Simon Property Group	SPG	\$152	\$166	\$170	2%	12%
Ventas	VTR	\$57	\$67	\$65	-2%	14%
Vornado Realty Trust	VNO	\$89	\$107	\$108	1%	22%
Weyerhaeuser	WF	\$32	\$31	\$31	-0%	-1%
S&P 500 Index	S&P 500	\$1,848	\$1,924	\$1,949	1%	5%
Average for S&P 500 Index REITs					1%	16%

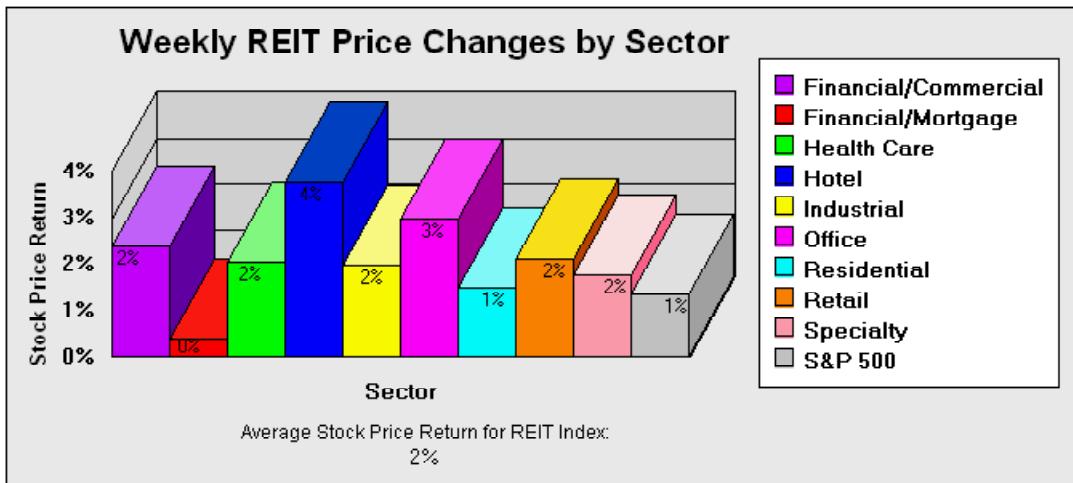
REIT stocks traded up 1% during the first week of June, the week ended June 6, 2014. REITs matched performance of the S&P 500 Index, also trading up 1% for the week, now showing 5% gain year to date for 2014. Positive performance gap for REITs was maintained at 11% year to date for 2014. REIT stocks trailed the S&P 500 Index during 2013, with average gain of 8%. 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 17 of the S&P 500 Index REITs trading up more than 4% gain for the S&P 500 Index during 2014. Only 2 of the S&P 500 Index REITs traded down year to date for 2014. Rally for Residential REITs now includes **Apartment Investment and Management** up 23%, **AvalonBay Communities** up 21%, **Equity Residential** up 21% and **Essex Property Trust** up 29%, all reporting strong earnings results for 1Q 2014. Office REITs demonstrated strong performance, with **Boston Properties** up 21% and **Vornado Realty Trust** up 22% year to date for 2014. **Public Storage**, up 15%, and **Prologis Inc**, up 14%, both show solid gains for 2014. Health Care REITs enjoy sustainable rally, buoyed by news of individual health enrollment under Affordable Care Act, with **Health Care REIT** up 20%, while **HCP** shows 17% gain and **Ventas** shows 14% gain. Retail REITs show more moderate gains, now lead by **General Growth Properties** up 20%, with **Kimco Realty** up 18% and **Macerich** up 15%. **Simon Property Group** gave up a portion of its year to date gain due to spin-off of **Washington Prime Group**, leaving the parent company up 12% year to date for 2014. **Host Hotels & Resorts**, now up 17%, announced higher group bookings during 2014. **American Tower** now shows 13% gain year to date for 2014. In contrast, Specialty Timber REITs traded down on news of variable sales of new and existing homes, with Specialty Timber REIT **Plum Creek Timber** now down (3%) and **Weyerhaeuser** down (1%) year to date for 2014.

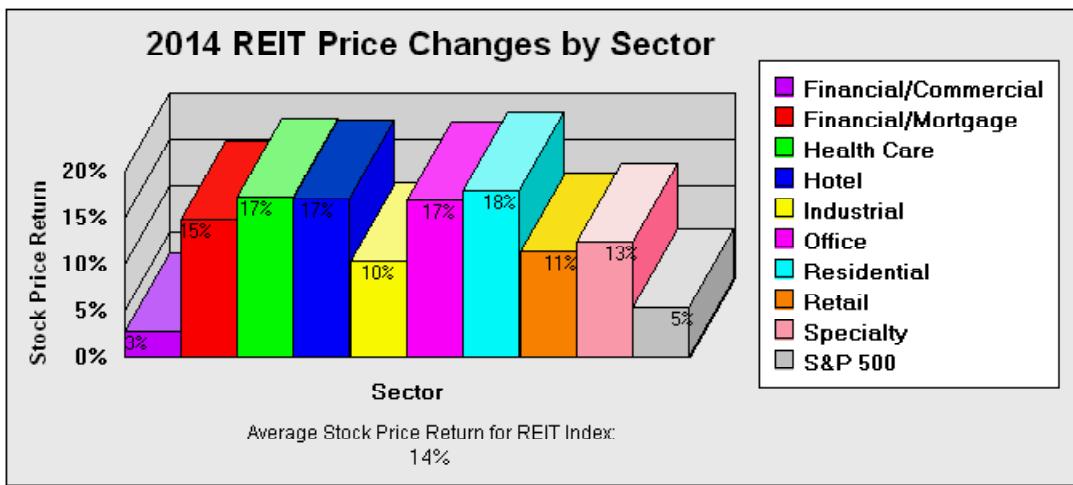
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Weekly REIT Price Changes by Sector



All REIT sectors showed gains for the first week of June, the week ended June 6, 2014. Best performance was shown by Hotel REITs, up 4%, followed by Office REITs, up 3%. Good gains were also demonstrated by Financial Commercial REITs, Health Care REITs, Industrial REITs, Retail REITs and Specialty REITs, all up 2%. Smaller gain was shown by Residential REITs, up 1% for the week. Lagging REIT sector was Financial Mortgage REITs, showing gain of less than 1%. On average, stock prices for REIT Growth and Income Monitor increased 2% for the week ended June 6, 2014.



Stock prices for REITs followed by REIT Growth and Income Monitor achieved gain of 14% on average year to date for 2014, outperforming the S&P 500 Index, now up 5% 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 sectors for 2014 include Residential REITs, now up 18%, due to stable employment trends and high occupancy, as well as Health Care REITs, up 17% as the Affordable Care Act is implemented, bringing more patient volume to tenants of Health Care REITs. Hotel REITs also show 17% gain year to date for 2014, as investors come to expect renewed growth in group bookings, supported by low gasoline costs. Office REITs spurted ahead to show 17% gain on average year to date for 2014. Financial Mortgage REITs now show gain of 15%, as investors respond positively to appointment of Janet Yellen as new Federal Reserve Chairman, justifying expectations for continued low interest rates. Specialty REITs traded up 13% year to date for 2014, supported by investor interest in Data Center REITs and Self-Storage REITs, offset by decline for Specialty Timber REITs. Good results for Retail REITs supported gain up 11%, while Industrial REITs show 10% gain for 2014. Lagging Financial Commercial REITs traded unchanged year to date for 2014, reflecting investor concern over lower volume of new issues of commercial securitizations.



INDEX TO DAILY REIT COMMENTS

Week from 05/31/2014 to 06/06/2014

REIT Comment



Company:	Mack-Cali Realty
Price:	\$22
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,177
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForM&REIT

Additional Text:
06/02/2014
CLI \$22

Mack-Cali Realty CLI announced dividend reduction due to expected FFO decline

CLI reduced quarterly dividend distribution by(50%) to \$0.15 per share for 2Q 2014

CLI new annual dividend \$0.60 per share

CLI new yield 2.8%

CLI press release announcing dividend reduction indicates management taking action to "improve our balance sheet and maintain flexibility"

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

CLI we rank 4 SELL

CLI market cap \$2.2 billion

REIT Comment



Company: American Tower
Price: \$90
Recommendation: BUY
Ranking: 2
Market Cap: \$35,727
Link: <http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT>

Additional Text:
06/02/2014
AMT \$90

American Tower AMT increased quarterly dividend distribution by 6% to \$0.34 per share for 3Q 2014

AMT new annual dividend \$1.36 per share

AMT new yield 1.5%

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$35.7 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	Mack-Cali Realty
Price:	\$22
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,177
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

CLI \$22

Mack-Cali CLI latest management appointments continue influence of previous insiders

CLI new CFO Anthony Krug previously served as Acting CFO since taking over position from former CFO Barry Lefkowitz, EVP, departure announced in March 2014

CLI new CFO Krug previously served as chief accounting officer for CLI

CLI new Chief Legal Officer and Secretary Garry Wagner, replacing Roger Thomas, EVP, has been with related companies to CLI since 1989

CLI latest guidance for FFO for 2014 indicates (30%) decline

CLI also announced (50%) dividend reduction to "improve balance sheet and maintain flexibility"

CLI dividend reduction will enable additional capital to be applied to portfolio restructuring by divesting low return office properties, while investing in residential properties in target markets

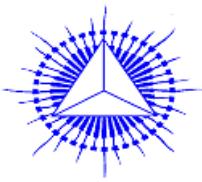
CLI new annual dividend yield 2.8%, below midpoint of the range for Office REITs

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

CLI we rank 4 SELL

CLI market cap \$2.2 billion

REIT Comment



Company:	American Tower
Price:	\$90
Recommendation:	BUY
Ranking:	2
Market Cap:	\$35,727
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

AMT \$90

American Tower AMT seeking additional international acquisitions for portfolio expansion

AMT indicating interest in acquiring from Telecom Italia 6,000 cell phone towers in Brazil, reported to be valued at \$1.0 billion

AMT existing interest in Brazil includes 6,771 cell phone and broadcast sites serving Nextel International, Telefonica, America Movil and Oi, representing 15% of total international sites for AMT

AMT also said to be seeking approval for sale-leaseback of cell phone towers in Israel from Cellcom and Pelephone, enabling resolution to regulatory issues on proposed sharing of 4-G network buildout

AMT Israel would be a new international market for AMT

AMT latest guidance for FFO for 2014 indicates growth UP +20%

AMT increased dividend by 6%, bringing current annual dividend yield to 1.5%

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$35.7 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	Ventas
Price:	\$67
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,776
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

VTR \$67

Ventas VTR portfolio expansion continues with announcement of 2 pending acquisitions totaling \$3.8 billion (including \$1.7 billion new debt and \$300 million assumed debt)

VTR to acquire ARC Healthcare HCT, a publicly traded Health Care REIT, for \$2.6 billion, expected to close during 4Q 2014

VTR shareholders of HCT to receive VTR shares at fixed exchange ratio of 0.1688X, representing \$11.33 per HCT share

VTR acquisition price represents premium of 14% to Friday's closing price for HCT

VTR portfolio of HCT totals 141 health care properties, including 78 medical office buildings, 42 senior housing communities, 14 skilled nursing facilities and 7 specialty hospitals

VTR also announced pending \$900 million acquisition of 29 Canadian independent living facilities, expected to close during 3Q 2014

VTR combined acquisitions to add \$225-\$230 million to NOI and \$0.10 per share to FFO for VTR

VTR guidance for FFO for 2014 indicates growth UP +6%

VTR provides current annual dividend yield of 4.3%

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

VTR we rank 2 BUY

VTR market cap \$19.8 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Hersha Hospitality Trust
Price:	\$6
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,323
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text

06/02/2014

HT \$6

Hersha Hospitality Trust HT limited service hotel industry segment back in the news today with announcement of pending \$1.93 billion acquisition of Equity Inns portfolio by ARC Hospitality (American Realty Capital Hospitality Trust, a non-traded REIT)

HT ARC Hospitality transaction for Equity Inns portfolio does not appear to justify higher market prices for portfolios of limited service hotels

HT at time of Whitehall (Goldman Sachs) \$2.2 billion acquisition of Equity Inns [former ticker ENN] in 2007, limited service Hampton Inns brand represented more than one third of Equity Inns portfolio with other brands including AmeriSuites, Comfort Inn, Residence Inn, and Homewood Suites

HT hotel portfolio shows similar concentration of brands to Equity Inns portfolio although concentrated in only 2 markets, New York and DC

HT total ARC Hospitality transaction of \$1.93 billion values each of Equity Inns 126 hotels at average of \$15.3 million, compared to \$42.6 million on average for HT 50 remaining hotels at current total capitalization

HT hotel size (average 160 rooms) is 34% larger than Equity Inns average hotel size at time of 2007 acquisition

HT Goldman Sachs Whitehall Street Global Real Estate LP fund acquired Equity Inns [former ticker: ENN] for \$2.2 billion in 2007, paying 19% premium to ENN common shareholders and assuming debt at a time when hotel profits were strong and acquisition interest was high

HT during financial crisis of 2008, Goldman Sachs recapitalized Equity Inns, forcing preferred shareholders of Equity Inns to trade their preferred shares for a new issue of preferred that soon stopped paying dividends and traded at just a small fraction of par value

HT during the years Whitehall owned Equity Inns, Goldman Sachs made profits on loan fees and exercised option to acquire 97% of Equity Inns assets in exchange for debt forgiveness while divesting 6 hotels from Equity Inns portfolio to raise capital

HT decision by Goldman Sachs to divest Whitehall equity holdings in Equity Inns may result from litigation by preferred shareholders, seeking to force Goldman to rescind the recapitalization and restore preferred share dividends

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

HT a Hotel REIT with a portfolio concentrated in New York and DC

HT we rank 3 HOLD

HT market cap \$1.3 billion

REIT Comment



Company:	Ventas
Price:	\$65
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,222
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

VTR \$65

Ventas VTR traded DOWN (\$1.87) per share to close DOWN (3%) day

VTR stock traded UP +13% year to date for 2014, underperforming Health Care REITs, trading UP +15% for 2014

VTR stock traded DOWN (11%) during 2013

VTR announcement of 2 accretive acquisitions totaling \$3.8 billion may have brought in arbitrageurs to establish hedging positions in advance of acquisition of ARC Healthcare HCT, a publicly traded small cap Health Care REIT

VTR to issue shares for equity portion of \$2.6 billion HCT transaction, as well as cash in exchange for debt and cash for pending \$900 million purchase of Canadian independent living facilities

VTR guidance for FFO for 2014 indicates growth UP +6%

VTR provides current annual dividend yield of 4.5%

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

VTR we rank 2 BUY

VTR market cap \$19.2 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Tanger Factory Outlet Centers
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,577
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

SKT \$36

Tanger Factory Outlet Centers SKT traded UP \$0.66 per share to close UP +2% day

SKT stock traded UP +13% year to date for 2014, outperforming Retail REITs, trading UP +9% for 2014

SKT stock traded DOWN (6%) during 2013

SKT presentation at NAREIT this week presents opportunity for SKT management to highlight successful portfolio expansion strategy

SKT stock has traded lower since news that SKT pulled out of development of new outlet centers in 2 US locations, Clarksburg VA and Scottsdale AZ, due to competition from other brand name outlet center developments

SKT still investing in construction of 5 new factory outlet center developments in US, located in Charlotte NC, Foxwoods CT, Columbus OH, Savannah GA and Grand Rapids MI

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

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

SKT we rank 2 BUY

SKT market cap \$3.6 billion

REIT Comment



Company:	Gramercy Property Trust
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$418
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

GPT \$6

Gramercy Property Trust GPT traded UP \$0.13 per share to close UP +2% day

GPT stock traded UP +4% year to date for 2014, outperforming Financial Commercial REITs, trading UP +2% for 2014

GPT stock traded UP +96% during 2013

GPT pending acquisition of remaining 50% joint venture interest in \$395 million Bank of America BAC portfolio funded by recent common stock offering

GPT Bank of America BAC transaction to add to revenues and expenses compared to existing 50% owned equity contribution accounting

GPT resumed common stock dividends with distribution of \$0.035 per share during April 2014

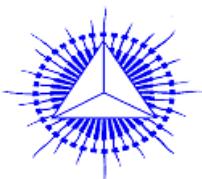
GPT new annual dividend yield 2.3%

GPT a Financial Commercial REIT

GPT we rank 2 BUY

GPT market cap \$418 million

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,421
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/02/2014

HR \$25

Healthcare Realty Trust HR traded UP \$0.42 per share to close UP +2% day

HR stock traded UP +19% year to date for 2014, outperforming Healthcare REITs, trading UP +15% for 2014

HR stock traded DOWN (11%) during 2013

HR news of Ventas VTR pending acquisitions highlights potential merger activity for small cap Health Care REITs such as HR

HR portfolio concentration in medical office properties viewed positively by potential acquirors seeking to capitalize on expansion of insured population under Affordable Care Act

HR development properties still not stabilized, although signed not commenced leases to bring occupancy over 80% for first time at new properties

HR stock price supported by current dividend yield of 4.7%

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

HR we rank 2 BUY

HR market cap \$2.4 billion

REIT Comment



Company:	Duke Realty
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,925
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

DRE \$18

Duke Realty DRE news of stronger than expected US manufacturing index for May 2014 supports trading in Industrial REITs

DRE corrected report from ISM (Institute of Supply Management) found May PMI (Purchase Managers Index) at 55.4% for May 2014, UP +0.5% from April 2014

DRE ISM also reported production index UP +5.3% and orders UP +1.8% for May 2014 compared to April 2014

DRE Industrial REITs view manufacturing production as a leading indicator of demand for bulk distribution space, while retail sales and international freight shipments are coincident indicators

DRE guidance for core FFO for 2014 indicates growth UP +2%~+7%, with same property NOI expected to increase UP +2.0%~+4.0%

DRE continuing divestitures of non-strategic assets, including suburban office properties and medical office buildings

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

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

DRE we rank 2 BUY

DRE market cap \$5.9 billion

REIT Comment



Company:	Brookfield Office Properties
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$10,520
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

BPO \$20

Brookfield Office Properties BPO announced oversubscribed cash portion of tender offer

BPO shareholders to receive only 42.65% of cash they elected to receive, with remainder of tender to be paid in limited partnership units of BPY

BPO shareholders still to receive total of \$20.34 per share

BPO Brookfield Property Partners LP BPY acquired 220 million shares of BPO during April 2014,

bringing ownership to 98% of BPO

BPO remainder of publicly traded shares of BPO to be acquired by BPY in "second stage transaction" under Canadian law

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

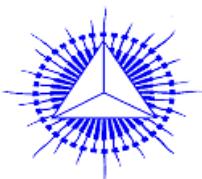
BPO stock price supported by dividend yield of 2.8%, with prorated dividends to be paid through completion of final stage of acquisition

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

BPO rank 3 HOLD, pending takeover

BPO market cap \$10.5 billion

REIT Comment



Company:	Health Care REIT
Price:	\$63
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,387
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

HCN \$63

Health Care REIT HCN completed offering of 16 million common shares at \$62.35 per share

HCN offering size increased from previous 12 million shares

HCN total gross proceeds of \$1.0 billion to be applied to pipeline of pending acquisitions and investments for 2014

HCN joint bookrunning managers BofA Merrill Lynch, Goldman Sachs, JP Morgan, Morgan Stanley, KeyBanc, RBC and UBS

HCN May 2014 offering increased total shares outstanding by 6%

HCN providing current annual dividend yield of 5.0%

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

HCN we rank 2 BUY

HCN market cap \$18.4 billion

HCN an S&P 500 Index REIT

REIT Comment



Company:	Prologis
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,911
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

PLD \$42

Prologis Inc PLD news of better than expected China PMI report a positive indicator for Industrial REITs with portfolios of bulk distribution space

PLD official report of China PMI (Purchase Managers Index) from China National Bureau of Statistics showed PMI at 50.8% for May 2014, UP 0.4% from previous month for strongest monthly gain in past 5 months

PLD official report draws on largest China manufacturing companies while PMI for smaller China firms will be reviewed later this week by Markit

PLD recently completed new China Logistics Venture2 to invest \$1.0 billion in bulk distribution centers in China, with institutional equity commitments of \$588 million

PLD portfolio concentration now 69% US, EU 25% and Asia 6%, while focus of development spending overweights Asia at 39% of total investment

PLD total \$23.4 billion assets under management in institutional funds enables PLD to increase market share in international markets

PLD reported FFO for 1Q 2014 increased UP +8%, exceeding expectations

PLD guidance for FFO for 2014 indicates growth UP +10%

PLD increased dividend distribution by 18% for 2014, bringing current yield to 3.2%

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

PLD we rank 2 BUY

PLD market cap \$20.9 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Associated Estates Realty
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,054
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

AEC \$18

Associated Estate Realty AEC traded UP \$0.89 per share to close UP +5% day

AEC stock traded UP +14% year to date for 2014, underperforming Residential REITs, trading UP +16% for 2014

AEC stock traded unchanged during 2013

AEC public letter from Jonathan Litt of Land & Buildings Investment Management LLC calls on management of AEC to consider sale of the company, while claiming ownership of only 1% of AEC stock

AEC letter from Land & Buildings cites small size of AEC as reason for inefficiency, while presence in midwestern markets "not well understood by investors"

AEC Land & Buildings claims role of catalyst in recent merger of BRE Properties [former ticker: BRE] with Essex Property Trust ESS, effective April 2014

AEC role of Land & Buildings CEO on board of Mack-Cali CLI may provide additional opportunity to promote sale or liquidation of AEC

AEC investment funds of KKR (Kohlberg Kravis & Roberts) previously disclosed holdings of 4% of AEC in November 2013

AEC management made no public response to public letter from Land & Buildings, despite opportunity at NAREIT presentation this morning

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

AEC provides annual dividend yield of 4.2%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$1.1 billion

REIT Comment



Company:	Equinix
Price:	\$197
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,859
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

EQIX \$197

Equinix EQIX traded DOWN (\$3.35) per share to close DOWN (2%) day

EQIX stock traded UP +11% year to date for 2014, in line with Specialty REITs, also trading UP +11% for 2011

EQIX stock traded DOWN (13%) during 2013

EQIX to make presentation at NAREIT conference this week on Thursday June 5, 2014

EQIX pending REIT conversion may take effect during 2014

EQIX market cap of \$9.3 billion and annualized revenues of \$2.3 billion exceed Digital Realty Trust DLR

EQIX invests in and operates its own data centers as well as rents space in data centers owned by others

EQIX a key tenant for DLR, representing 5% of total rental revenue for DLR, providing interconnection platform for global Internet services from 5 DLR owned data center locations in Chicago, Dallas, Los Angeles, Miami and DC

EQIX in preparation for REIT conversion expects to pay \$145-\$180 million cash taxes during 2014, to be followed by shareholder distribution of \$0.7-\$1.1 billion, to be paid 80% in stock and 20% in cash

EQIX no dividends paid during 2013 nor to date during 2014

EQIX pending REIT conversion to Specialty Data Center REIT with a portfolio of 75 data centers in global locations

EQIX we rank 2 BUY

EQIX market cap \$9.9 billion

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,048
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

MFA \$8

MFA Financial MFA traded DOWN (\$0.10) per share to close DOWN (1%) day

MFA stock traded UP +15% year to date for 2014, in line with Financial Mortgage REITs, also trading UP +15% for 2014

MFA stock traded DOWN (13%) during 2013

MFA no investor presentation scheduled for NAREIT this week

MFA 1Q 2014 earnings contribution 72% from non-agency portfolio and 28% from agency securities

MFA stock now trading at discount of (1%) to latest book value of \$8.20 per share as of March, 2014

MFA provides current annual dividend yield of 9.8%, below the midpoint of the range for Financial Mortgage REITs

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

MFA we rank 2 BUY

MFA market cap \$3.0 billion

REIT Comment



Company:	CubeSmart
Price:	\$18
Recommendation:	BUY
Ranking:	1
Market Cap:	\$2,617
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/03/2014

CUBE \$18

CubeSmart CUBE stock traded DOWN (\$0.03) per share to close unchanged day

CUBE stock traded UP +14% year to date for 2014, outperforming Specialty REITs, trading UP +11% for 2014

CUBE stock traded UP +9% during 2013

CUBE management highlighted superior customer service as reason for market share gain among Specialty Self-Storage REITs

CUBE since 2008, divested 139 low volume self-storage centers and acquired 148 centers

CUBE management comments noted discounting of first month rent less prevalent indicating higher occupancies and steady growth in demand

CUBE providing innovative service offerings, including discount for Internet reservations, and co-branding with Iron Mountain IRM for document shredding and long term document storage

CUBE seeing limited new supply of self-storage properties under development

CUBE increased target 2014 acquisitions to \$250-\$350 million, following \$187 million acquisitions during 1Q 2014

CUBE recently increased guidance for FFO for 2014 to indicate growth UP +12%

CUBE increased quarterly dividend distribution by 18%, bringing current annual dividend yield to 2.9%

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

CUBE we rank 1 BUY

CUBE market cap \$2.6 billion

REIT Comment



Company:	Essex Property Trust
Price:	\$181
Recommendation:	BUY
Ranking:	2
Market Cap:	\$11,083
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

ESS \$181

Essex Property Trust ESS management presentation at NAREIT highlighted strength of apartment demand in northwest US markets

ESS rental rates for renewed leases increased more than 6.0% for June 2014, supported by local job growth UP +2.5%+3.0%

ESS owns 11 properties now in lease-up during 2014, providing incremental FFO growth for 2015 and beyond

ESS expects recent merger with BRE Properties [former ticker: BRE] to be accretive, adding \$0.05-\$0.08 per share to annual core FFO

ESS reports smooth transition combining recently acquired BRE Properties [former ticker: BRE] with ESS, with general managers now reassigned for geographic coverage of both branded apartment portfolios

ESS notes cap rates on acquisition properties holding constant at 4.75%, providing 11.0% unlevered IRR

ESS expects to slow development of BRE renovation pipeline pending full reprioritization of investment

ESS expects new apartment supply to have only minimal impact on occupancy and rental rates for 2014 and 2015

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

ESS providing annual dividend yield of 2.7%

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

ESS we rank 2 BUY

ESS market cap \$11.1 billion

ESS an S&P 500 Index REIT

REIT Comment



Company:	National Retail Properties
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,306
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

NNN \$36

National Retail Properties NNN management comments at NAREIT conference noted strength of diversified portfolio of net leased retail properties

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

NNN guidance for 2014 acquisitions \$300 million at average 7.5% cap rate

NNN would like to increase exposure to fast food portion of food service segment while full service dining concepts (including TGI Friday's, Applebee's, Ruby Tuesday's and Charlie O's) appear to be struggling

NNN has almost no exposure to office supply segment

NNN convenience store exposure focused on gasoline vending with strong food service element

NNN increased guidance for FFO for 2014 to indicate growth UP +4%

NNN expects to increase dividend during 2014, although no increase yet announced

NNN has completed 24 consecutive years with dividend increase

NNN provides current annual dividend yield of 4.6%

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

NNN we rank 2 BUY

NNN market cap \$4.3 billion

REIT Comment



Company:	Government Properties Income Trust
Price:	\$25
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,393
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

GOV \$25

Government Properties Income Trust GOV presentation at NAREIT highlighted restoration of normal federal agency contracting after end to sequestration during February2014

GOV key contracting agent GSA appears to be emphasizing shorter term to renewal of leases seeking as little as 3 year term instead of 15 year term previously expected

GOV also sees GSA following private sector in seeking to put more employees into the same size office, placing more load on building infrastructure

GOV can pass through 100% of real estate tax increases and add to expense base on lease renewals, enabling minimal rental rate increases in range of UP +0.5%~+1.0% annually on federal agency leases

GOV expects to complete \$113 million acquisition of properties leased to federal government during 2Q 2014

GOV despite higher yield on single tenant leases with state agencies GOV unlikely to change mix from current 69% of rental base contributed by federal agency tenants

GOV continues under external management by RMR(Reit Management & Research LLC), a privately held real estate management company that also manages CommonWealth REIT CWH Select Income REIT SIR, Hospitality Properties Trust HPT, TravelCenters of America TA and Senior Housing Properties Trust SNH

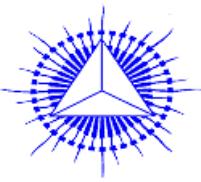
GOV provides current annual dividend yield of 6.8%

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

GOV we rank 3 HOLD

GOV market cap \$1.4 billion

REIT Comment



Company:	Boston Properties
Price:	\$120
Recommendation:	SELL
Ranking:	4
Market Cap:	\$18,350
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

BXP \$120

Boston Properties BXP management comments at NAREIT conference emphasized importance of new developments to BXP plan to achieve long term FFO growth

BXP expects higher returns on latest development starts as much as 8.0% on current new construction, compared to range of 5.5%-7.5% for previous developments

BXP expects "overhang" of law firm lease renewals in downtown DC market to be resolved by end of 2015, as law firm tenants seek to downsize

BXP current rental base concentrated 40% NYC, 30% Boston, 19% DC (including Reston VA sub-market) and 11% San Francisco

BXP seeking to sell non-core assets to support planned development spending

BXP management commented that certain competitors are "less confident" than BXP of long term rental rate trends, leading to "unnecessary" near term pressure on rental rates in certain markets, particularly for older buildings

BXP guidance range for FFO for 2014 indicates growth UP +7%--+9%

BXP provides current annual dividend yield of 2.2%

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 \$18.4 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Equity Residential
Price:	\$62
Recommendation:	BUY
Ranking:	2
Market Cap:	\$23,044
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

04/30/2014

EQR \$62

Equity Residential EQR lower new job creation indicates variable employment trends still supporting Residential REIT stocks

EQR report from ADP (Automatic Data Processing) found private payrolls added 179,000 new jobs for May 2014, DOWN (36,000) from revised 215,000 for April 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 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 2014 indicates growth UP +6%--+10%

EQR stock supported by current annual dividend yield of 3.2%

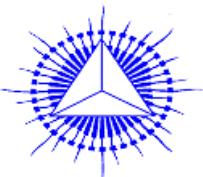
EQR the largest publicly traded Residential REIT with a diverse portfolio of apartment communities

EQR we rank 2 BUY

EQR market cap \$23.0 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	HCP
Price:	\$42
Recommendation:	BUY
Ranking:	1
Market Cap:	\$19,351
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

HCP \$42

HCP Inc HCP traded DOWN (\$0.34) per share to close DOWN (1%) day

HCP stock traded UP +15% year to date for 2014, in line with Health Care REITs, also UP +15% for 2014

HCP stock traded DOWN (29%) during 2013

HCP management comments at NAREIT conference noted approach to acquisitions more cautious than some others among Health Care REITs

HCP may prefer to do joint ventures when interest aligns with partners such as Brookdale as shown in recent \$1.2 billion 49% owned joint venture with Brookdale to invest in 14 CCRC (Continuing Care Retirement Communities) with a total of 7,000 units

HCP would like to acquire more life science properties, believing that office property skill set gives HCP advantage in San Francisco market

HCP life science properties reporting highest rental rate improvement seen to date reflecting strong stock market interest in biotech companies

HCP asking regional managers with profit and loss responsibility to suggest acquisition opportunities

HCP guidance for FFO for 2014 indicates a FLAT year

HCP recently increased quarterly dividend by 4%, bringing current annual dividend yield to 5.2%

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

HCP we rank 1 BUY

HCP market cap \$19.4 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$12
Recommendation:	BUY
Ranking:	1
Market Cap:	\$11,450
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

NLY \$12

Annaly Capital Management NLY stock traded DOWN (\$0.14) per share to close DOWN (1%) day

NLY stock traded UP +15% year to date for 2014, in line with other Financial Mortgage REITs, also UP +15% for 2014

NLY stock traded DOWN (29%) during 2014

NLY made no presentation at NAREIT conference this week

NLY announcement by Carl Icahn of interest in Fannie Mae FNMA and Freddie Mac FMCC stock supports other hedge fund investors seeking to overthrow conservatorship by US Treasury

NLY investor Carl Icahn announced purchase of 6.8 million shares of Fannie Mae and 5.7 million shares of Freddie Mac FMCC from The Fairholme Fund

NLY preservation of Fannie Mae likely to become a campaign issue during 2014 mid-term Congressional elections

NLY status quo for Fannie Mae and Freddie Mac now appears likely to continue beyond 2016 Presidential election

NLY stock price supported by current annual dividend yield of 10.4%, near 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 \$11.5 billion

REIT Comment



Company:	CoreSite Realty
Price:	\$33
Recommendation:	BUY
Ranking:	2
Market Cap:	\$700
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

COR \$33

CoreSite Realty COR traded UP \$0.78 per share to close UP +2% day

COR stock traded UP +1% year to date for 2014, underperforming Specialty REITs, trading UP +11% for 2014

COR stock traded DOWN (14%) during 2013

COR although management of COR made no presentation at NAREIT conference this week presentations by other Data Center REITs highlighted strong demand growth of recent months

COR built and acquired a portfolio of 14 data centers since spin-off from Carlyle Group and IPO in 2010

COR guidance for FFO for 2014 indicates growth UP +10%--+15% this year

COR provides current annual dividend yield of 4.3%

COR a Specialty Data Center REIT with a portfolio of data centers in 8 US cities

COR we rank 2 BUY

COR market cap \$700 million

REIT Comment



Company:	Equity One
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,032
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2013

EQY \$23

Equity One EQY stock traded UP \$0.27 per share to close UP +1% day

EQY stock traded UP +4% year to date for 2014, underperforming Retail REITs, trading UP +9% during 2014

EQY stock traded UP +7% during 2013

EQY management transition in progress, with departure of previous CEO Jeffrey Olsen to become CEO of pending spin-off of retail properties owned by Vornado Realty Trust VNO to new publicly traded REIT

EQY new CEO hire David Lukes brings previous experience with Sears Holdings SHLD affiliate Seritage Realty Trust, Kimco Realty KIM and Mall Properties Inc

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

EQY a Retail REIT with a portfolio of neighborhood and community shopping centers

EQY we rank 3 HOLD

EQY market cap \$3.0 billion

REIT Comment



Company:	Digital Realty Trust
Price:	\$58
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,050
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

DLR \$58

Digital Realty Trust DLR positive management comments on recent leasing trends should support trading in stocks of Data Center REITs

DLR management comments at NAREIT conference noted now "sold out of inventory" in key markets including northern VA, Phoenix and Silicon Valley CA while international locations in Singapore and Hong Kong will need new capacity soon

DLR recent signed leases at slightly improved rents in all locations

DLR backlog of signed leases shows 90% of signed leases are with new customers

DLR still faces issue of "signed not yet commenced" leases taking months to generate revenue

DLR in management transition, as current Interim CEO also serves as CFO pending outcome of management search

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

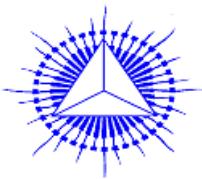
DLR stock price supported by current annual dividend yield of 5.7%

DLR the largest publicly traded Data Center REIT with a portfolio of turnkey data centers and office properties

DLR we rank 1 BUY

DLR market cap \$8.1 billion

REIT Comment



Company:	Strategic Hotels & Resorts
Price:	\$11
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,331
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

BEE \$11

Strategic Hotels & Resorts BEE management discussion at NAREIT investor conference highlighted importance of strategic moves to maximize shareholder value

BEE raised \$280 million from disposition of 2 international hotels

BEE completed 41 million share offering with net proceeds of more than \$400 million applied to de-lever balance sheet, redeem preferred stock and acquire remaining joint venture interests in 2 largest resort hotels

BEE acquisition of joint venture interest in Fairmont Scottsdale Princess appears particularly well timed in light of growth in group bookings, particularly in western US

BEE management indicated group nights UP +5.8% year to date for 2014, with group average room rates UP +2.5%

BEE overall RevPAR (revenue per available room) at Hotel del Coronado increased more than UP +11% for 1Q 2014, while ADR (average daily rate) for Fairmont Scottsdale Princess increased UP +8%

BEE would consider divestiture of Hyatt La Jolla and Marriott Lincolnshire properties

BEE has not yet restored common stock dividends

BEE a Hotel REIT with a portfolio of upscale and resort hotels in US, Europe and Mexico

BEE we recently UPGRADED rank to 2 BUY

BEE market cap \$2.3 billion

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,257
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/04/2014

NRF \$17

NorthStar Realty Finance NRF management presentation at NAREIT investor conference highlighted diversity of recent asset acquisitions

NRF investing in skilled nursing and senior living properties through new NRF Health Care fund while other property funds investing in manufactured housing communities and commercial deb

NRF pending spin-off of NorthStar Asset Management NSAM expected to be effective June30, 2014

NRF spin-off NSAM expected to generate annual CAD(cash available for distribution) of \$0.32-\$0.34 per share, while remaining REIT NRF to generate CAD of \$0.79-\$0.85 per share post spin-off (based on current asset mix)

NRF hiring managers and seeking international locations for NSAM, now with one third of fee income to be generated from management of non-NRF assets

NRF management expects to complete many more investments before end of2014

NRF increased quarterly dividend distribution by19%, now providing current annual dividend yield of 6.1%

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$4.3 billion

REIT Comment



Company:	CyrusOne
Price:	\$23
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,466
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/4/2014

CONE \$23

CyrusOne CONE management presentation at NAREIT investor conference highlighted differences from other Data Center REITs

CONE strategy focused on taking over entire data center investment and applications for Fortune 1000 companies on outsourced basis, while most other Data Center REITs focus on co-location and cloud services limited to only a few applications

CONE concentration of one third of rental revenue in oil service customers another differentiating factor

CONE extent of customizable data center and network software viewed as a competitive advantage

CONE 60% of customers rent space at more than one CONE data center location while more than 70% use interconnectivity platform to enhance communications

CONE remaining 67% ownership by parent Cincinnati Bell CBB may explain reason for undervaluation of CONE compared to other Data Center REITs, as Cincinnati Bell CBB has announced intention of liquidating holdings over a period of years

CONE Cincinnati Bell CBB now represents 9% of total annualized CONE revenue

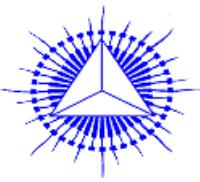
CONE recently increased dividend by 31% for 2014, bringing current annual dividend yield to 3.7%

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 \$1.5 billion

REIT Comment



Company:	AvalonBay Communities
Price:	\$143
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,488
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

AVB \$139

AvalonBay Communities AVB slight increase in new unemployment claims supports view of positive employment trends enabling rental rate growth for Residential REITs

AVB Labor Department reported new claims for unemployment UP+8,000 to 312,000 for week ended May 31, 2014 from revised number for previous week, representing lowest level of new unemployment claims since June 2007

AVB more stable 4 week moving average of new unemployment claims decreased, DOWN (2,250) to 310,250 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 \$3.0 billion in development pipeline, representing 11% portfolio capacity expansion

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

AVB provides current annual dividend yield of 3.3%

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 \$18.5 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	First Industrial
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,119
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

FR \$19

First Industrial FR traded UP \$0.73 per share to close UP +4% day

FR stock traded UP +10% year to date for 2014, underperforming Industrial REITs, trading UP +13% for 2014

FR stock traded UP +24% during 2013

FR Industrial REITs supported by positive news of economic growth as well as by retail sales

FR occupancy gains driving higher profitability, with rents on lease turnover now showing positive trend

FR guidance for FFO for 2014 indicates growth UP +10%

FR provides current annual dividend yield of 2.1%

FR an Industrial REIT with a diverse portfolio including bulk distribution, light industrial and manufacturing facilities

FR we rank 3 HOLD

FR market cap \$2.1 billion

REIT Comment



Company:	Washington REIT
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,787
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

WRE \$27

Washington REIT WRE stock traded UP \$0.76 per share to close UP +3% day

WRE stock traded UP +15% year to date for 2014, outperforming Office REITs, trading UP +14% for 2014

WRE stock traded DOWN (11%) during 2013

WRE renewed investor interest in metropolitan DC area supporting trading in the stock

WRE strategic review of portfolio continues, following divestiture of medical office properties portfolio to focus on office, residential and retail properties in DC metropolitan area

WRE still in management transition from hire of new CEO in late 2013 and new COO added in April 2014

WRE stock price supported by current annual dividend yield of 4.5%

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 \$1.8 billion

REIT Comment



Company:	CommonWealth REIT
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,487
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

CWH \$28

CommonWealth REIT CWH stock traded UP \$0.67 per share to close UP +2% day

CWH stock traded UP +19% year to date for 2014, outperforming Office REITs, trading UP +14% for 2014

CWH stock traded UP +47% during 2013 due to news of takeover attempt and proxy battle

CWH dissident shareholders now in control of CWH following successful proxy battle with insiders

CWH new management, lead by CEO Sam Zell, faces challenge to improve results as lagging rental rates and occupancy decline impacts same property NOI at portfolio of US office properties

CWH annual meeting of shareholders to be delayed until end of July, 2014, to enable consideration of shareholder proposals from new management

CWH external management contract with RMR soon to be canceled or replaced

CWH stock price supported by current annual dividend yield of 3.6%

CWH an Office REIT with a diverse portfolio of office and commercial properties

CWH we rank 3 HOLD

CWH market cap \$3.5 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$19
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,076
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/05/2014

AEC \$19

Associated Estates AEC traded UP \$0.52 per share to close UP +3% day

AEC stock traded UP +16% year to date for 2014, in line with Residential REITs, also UP +16% for 2014

AEC stock traded unchanged during 2013

AEC still no official response from management to letter from Jonathan Litt of Land & Buildings Investment Management LLC, calling on management of AEC to consider sale of the company

AEC Land Buildings claims ownership of only 1% of AEC stock

AEC with no active offer or active takeover interest, management of AEC does not need to respond, unless forced by investors

AEC previous public discussions with investors on quarterly conference calls covered same issues with management expressing no interest in discussion of strategic alternatives

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

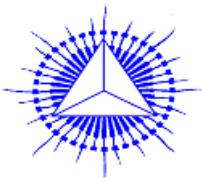
AEC provides annual dividend yield of 4.1%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$1.1 billion

REIT Comment



Company:	Equity Residential
Price:	\$63
Recommendation:	BUY
Ranking:	2
Market Cap:	\$23,407
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

EQR \$63

Equity Residential EQR official jobs report shows strong new employment trends supporting trading for Residential REITs

EQR report from Bureau of Labor Statistics found US economy added 217,000 new jobs for May 2014, DOWN (65,000) from revised 282,000 for April 2014

EQR report from Labor Department appears stronger than report earlier this week from ADP (Automatic Data Processing) showing 179,000 net new private sector jobs created for May 2014

EQR government jobs showed barely noticeable increase UP+1,000 jobs for May, 2014, with federal jobs DOWN (5,000), state DOWN (5,000) 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 affirmed guidance for FFO for 2014 indicating growth UP +10%

EQR stock price supported by current annual dividend yield of 3.2%

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

EQR we rank 2 BUY

EQR market cap \$23.4 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Public Storage
Price:	\$175
Recommendation:	BUY
Ranking:	2
Market Cap:	\$30,171
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

PSA \$175

Public Storage PSA news of EU Central Bank stimulus may help EU economies helping international investments for certain large cap REITs

PSA effort by ECB (EU Central Bank) to stimulate EU economies with rate reductions stops short of monetary easing, but cuts interest rates sufficiently to have immediate impact

PSA ECB reduced key refinancing rate from 0.25% to 0.15%, while reducing deposit rate to negative (0.1%)

PSA decision for rate reduction driven by low EU inflation rate of only 0.5% for May 2014, far below target of 2.0%

PSA one of only a few publicly traded US REITs with significant investments in France and Europe

PSA acquisition of Shurgard Europe during 2006 now accounted for on equity method as a 49% owned joint venture

PSA results for 1Q 2014 for Shurgard Europe showed equity contribution of \$15 million, reduced by foreign exchange loss of (\$2) million

PSA operating results positive for 1Q 2014, with Shurgard Europe same property NOI UP +1.3% and occupancy 83.2% UP +4.1%

PSA rental rates negative, as 1Q 2014 Shurgard Europe realized annual rent per occupied square foot \$26.77 DOWN (2.9%)

PSA no guidance provided for FFO for 2014

PSA provides current dividend yield of 3.2% on common shares

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

PSA we rank 3 HOLD

PSA market cap \$30.2 billion

PSA an S&P 500 Index REIT

REIT Comment



Company:	Equinix
Price:	\$200
Recommendation:	BUY
Ranking:	2
Market Cap:	\$10,026
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

EQIX \$200

Equinix EQIX management comments at NAREIT investor conference support bullish outlook for Data Center REITs

EQIX management emphasized retail character of EQIX business, selling full cloud and IT solutions, an important difference from wholesale Data Center REITs such as DuPont Fabros Technology DFT, selling power connection and telecom capabilities

EQIX seeing strong demand from financial service tenants, particularly electronic trading, supported by EQIX facilities in Secaucus NJ and EU

EQIX revenue base 59% Americas (including Canada and Brazil), 29% EU and 12% Asia Pacific

EQIX projects data center industry revenue growth UP+8%--+12%, with profitability driven by occupancy gains, as new leases provide 50% incremental NOI margin

EQIX intensity of tenant usage indicates importance of partnership with Data Center operator as 86% of top 10 tenants operate from more than 10 EQIX locations, using EQIX communications network

EQIX seeking to add 150-200 new tenants each quarter

EQIX guidance for 2014 revenues indicates more than \$2.39 billion, with \$1.08 billion EBITDA, indicating 45% EBITDA margin

EQIX investing 3% of EBITDA (more than \$700 million) in REIT conversion costs for 2014, due to need to writedown goodwill and prepare to distribute dividends

EQIX expects to pay \$145-\$180 million cash taxes during 2014, to be followed by shareholder distribution of \$0.7-\$1.1 billion, to be paid 80% in stock and 20% in cash

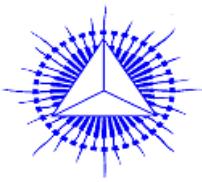
EQIX no dividends paid during 2013 nor to date during 2014

EQIX pending REIT conversion to Specialty Data Center REIT with a portfolio of 75 data centers in global locations

EQIX we rank 2 BUY

EQIX market cap \$10.0 billion

REIT Comment



Company:	Starwood Waypoint Residential Trust
Price:	\$28
Recommendation:	1
Ranking:	BUY
Market Cap:	\$1,101
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

SWAY \$28

Starwood Waypoint Residential Trust SWAY presentation at NAREIT highlighted enduring strength of internally managed business of single family home rentals

SWAY not only acquires single family homes at discounted prices but invests to develop local infrastructure, including internal leasing agents, maintenance and legal staff seeking lower real estate taxes through property appraisal reductions

SWAY building referral network from current tenants, offering points for consistency as good tenants

SWAY also distinguished among competitors by magnitude of available financing to purchase homes, with \$500 million line of credit with Citi soon to be expanded to \$1.0 billion, as well as \$350 million facility to acquire NPLs (non-performing loans) with Deutsche Bank

SWAY also considering securitization of single family homes as financing option

SWAY a spin-off distribution from Starwood Property Trust STWD at the end of January 2014, with each shareholder of STWD receiving 1 share of SWAY for every 5 shares of STWD

SWAY stock price supported by \$150 million share repurchase program

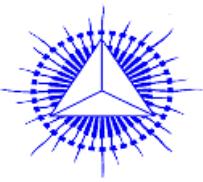
SWAY dividend policy not yet announced, to be determined by REIT rules

SWAY a Financial Commercial REIT

SWAY we rank 2 BUY

SWAY market cap \$1.1 billion

REIT Comment



Company:	One Liberty Properties
Price:	\$22
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$342
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

OLP \$22

One Liberty Properties OLP traded DOWN (\$0.37) per share to close DOWN (2%) day

OLP stock traded UP +8% during 2014, underperforming Retail REITs, trading UP +9% for 2014
OLP stock traded DOWN (1%) during 2013

OLP faces investor concern over exposure to Office Depot ODP, representing 7% of annualized rents for OLP

OLP key tenant Office Depot ODP planning to close as many as 400 stores, representing 20% of existing US store base following merger during 2013 with rival OfficeMax

OLP no guidance provided for FFO for 2014

OLP stock price supported by current annual dividend yield of 6.8%

OLP a Retail REIT with a diversified portfolio of net leased retail, office and industrial properties

OLP we rank 3 HOLD

OLP market cap \$342 million

REIT Comment



Company:	Liberty Property Trust
Price:	\$40
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$5,936
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

LPT \$40

Liberty Property Trust LPT stock traded DOWN (\$0.53) per share to close DOWN (1%) day

LPT stock traded UP +17% year to date for 2014, outperforming Office REITs, trading UP +14% for 2014

LPT stock traded DOWN (5%) during 2013

LPT near term results driven by portfolio restructuring, while long term results to be driven by portfolio expansion through new development and build-to-suit investments

LPT development pipeline \$1.7 billion, including \$400 million owned and \$1.3 billion joint venture investments

LPT guidance for FFO for 2014 indicates a FLAT year

LPT provides current annual dividend yield of 4.8%

LPT reclassified as an Industrial REIT with a diverse portfolio of industrial, office and flex properties

LPT we rank 3 HOLD

LPT market cap \$5.9 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,217
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

DFT \$27

DuPont Fabros Technology DFT traded UP \$0.38 per share to close UP +1% day

DFT stock traded UP +10% year to date for 2014, underperforming Specialty REITs, trading UP +11% for 2014

DFT stock traded UP +2% during 2013

DFT like other Data Center REITs showing strong investor interest in rapid growth potential for mobile Internet connectivity, cloud services and big data applications

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

DFT concern over potential Yahoo! YHOO sublease likely to fade as Ashburn VA sub-market shows capacity leasing up without impacting rental rates

DFT guidance for FFO for 2014 to indicate growth UP +28%

DFT now providing current annual dividend yield of 5.1%

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 \$2.2 billion

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,142
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenFor m&REIT

Additional Text:

06/06/2014

MFA \$8

MFA Financial MFA stock traded UP \$0.09 per share to close UP +1% day

MFA stock traded UP +19% year to date for 2014, outperforming Financial Mortgage REITs, trading UP +15% for 2014

MFA stock traded DOWN (13%) during 2013

MFA earnings drawn 72% from non-agency portfolio and 28% from agency securities, with total portfolio generating higher yield than most Financial Mortgage REITs

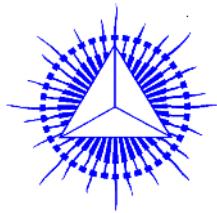
MFA stock now trading at premium of 2% to latest book value of \$8.20 per share as of March, 2014

MFA provides current annual dividend yield of 9.5%, below the midpoint of the range for Financial Mortgage REITs

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

MFA we rank 2 BUY

MFA market cap \$3.1 billion



REIT Growth and Income Monitor posted 44 REIT comments for the week ended June 6, 2014. Comments were issued on REITs in the following sectors:

Financial REITs	5
Health Care REITs	5
Hotel REITs	2
Industrial REITs	4
Office REITs	6
Residential REITs	7
Retail REITs	4
Specialty REITs	11

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

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