

REIT Growth and Income Monitor

Weekly Comments 07/09/2013

REIT stocks moderated, up 4% year to date for 2013, still trailing performance of the S&P 500 Index, as negative performance gap expanded to (10%).

Financial Mortgage REITs traded down on investor concern over Fannie Mae reform, while growth in demand for non-agency securitizations indicates a new path for the sector.

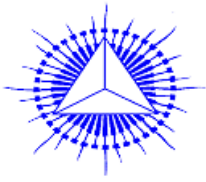
Annaly Capital Management is managing transition to a higher portion of non-agency portfolio securities, expecting higher profitability.

Redwood Trust appears well positioned to capitalize on experience with non-agency securitizations.

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

REIT Weekly Comments, as well as REIT Growth and Income Monitor, REITMonitor.net and associated REIT reports, are products of Atlantis Investment. Research involves analysis of fundamental issues and discussion of critical variables that will determine stock price performance. Particular attention is paid to potential negative trends in business or in a company's accounting practices. BUY, SELL, and HOLD recommendations are provided with a ranking system of 1 to 5. Assignment of a 1 rank indicates expected stock price appreciation of 50% within 18 months, a 2 indicates expected stock price appreciation of more than 25%, a 3 indicates stock price performance in line with the market, a 4 indicates an expected stock price decline of more than 15%, and a 5 indicates expected stock price decline of more than 25%.

Note: This report is for information only. It is not a solicitation or an offer to buy or sell securities of any company mentioned herein. Atlantis Investment does not make markets in the securities mentioned herein and does not have investment banking relationships with any company mentioned herein. The views expressed are those of the authors, and are based on a diligent review of available information. The report is based on information which is believed to be accurate, but we do not guarantee its accuracy or completeness. Atlantis Investment, its officers, employees, and stockholders (and members of their families) and its customers may have long/short positions or holdings in the securities mentioned, and they may at any time hold, increase or decrease these positions. Neither the authors of this report nor any related household members are officers, directors, or advisory board members of any company mentioned herein. Atlantis Investment or any of its employees do not own shares equal to 1% or more of any company mentioned herein. Copyright 2013 Atlantis Investment

**Weekly REIT Comments**
07/09/2013

REIT stocks moderated, trading unchanged during the first week of July, the week ended July 5, 2013. REITs are still up 4% year to date for 2013, trailing performance of the S&P 500 Index, up 14%, as negative performance gap expanded to (10%) year to date for 2013. Average gain for all REITs followed by REIT Growth and Income Monitor is now 9% for 2013, trailing 14% gain for the S&P 500 Index.

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

Financial Mortgage REITs face significant fundamental change, as recently proposed Senate reform legislation is introduced to Congress during 3Q 2013. FHFA (Federal Housing Finance Agency) has proposed a new joint venture securitization platform, enabling standard fees and financing terms, while removing federal loan guarantees from the balance sheets of Fannie Mae and Freddie Mac. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013 and 2014, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS provides a lift for Financial Commercial REITs.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends continue to move higher during 2013. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Financial Mortgage REITs Tumbled on Fears of Fannie Mae Reform, While Demand Increases for Non-Agency Issues

Fannie Mae reform is now under active discussion, due to proposed Senate legislation, with a bill introduced by Senators Bob Corker and Mark Warner more than 5 years after the financial crisis of 2008-2009. Representative Jeb Hensarling, Chairman of the House Financial Services Committee, also promises to introduce Fannie Mae reform legislation during 3Q 2013. Jack Lew, Obama's new Secretary of the Treasury, has not yet indicated any administration guidance on Fannie Mae issues. Many legislators believe the problem of Fannie Mae has become manageable, as portfolio maturities of the oldest securitizations represent a shrinking portion of GSE portfolios. Significant issues remain for lawmakers seeking to ensure taxpayers are safe from future exposure to housing sector decline. Financial Mortgage REIT stocks traded down on the Senate proposal to eliminate Fannie Mae within 5 years, with guarantees for conforming mortgages to be transferred to a new government insurance program, similar to FDIC deposit insurance for banks, with no recourse to taxpayer funds. Meanwhile, resurgence in demand for non-agency securities indicates investors are once again willing to accept more risk, suggesting that Financial Mortgage REITs may please investors by adding exposure to riskier non-agency securities. Investors should begin to assess Financial Mortgage REITs according to their portfolio risk, with higher risk enabling renewed growth. We see opportunity for **Annaly Capital Management**, **Redwood Trust**, and **MFA Financial**, while **Anworth Mortgage Asset**, **Capstead Mortgage**, **Hatteras Financial** and **CYS Investments** may choose to accept slower portfolio growth from agency securities as a result of Fannie Mae reform.

Demand for "private label" securitizations signals this new way of thinking about opportunities for Financial Mortgage REITs. We suspect banks may fail to lend to homeowners without traditional Fannie Mae guarantees, leaving new market entrants to meet growing demand for non-conforming loans. New non-traditional mortgage lenders might include subsidiaries of foreign banks, large realtors, insurance companies, investment banks and even hedge funds. These entities are already investing in non-agency securities, and they may choose to extend their participation in this growth market by becoming originators of non-agency securitizations as well as investors in securitizations issued by others. **Redwood Trust** subsidiary Sequoia has been packaging non-agency guaranteed residential loans with commercial debt and calling the product non-agency CDOs, rather than "private label" RMBS. Originators of the jumbo loans included in the offerings are California savings and loan institutions, as well as new originators such as EverBank, a May 2012 bank IPO that has been acquiring smaller banks to build a base of depositors, and Nationstar Mortgage Holdings, a servicer of both conforming and non-conforming mortgages. In addition to **Redwood Trust**, investors seeking to participate in growth of "private label" securitizations could consider **MFA Financial** and the recent spin-off from **Newcastle Investment**, now trading as **New Residential Investment Corp.**

Trading Opportunities

Annaly Capital Management is the strongest of the publicly traded Financial Mortgage REITs, with a market cap of \$11.5 billion and a \$112 billion portfolio invested primarily in fixed rate agency guaranteed residential MBS. Since completing acquisition of related **Crexus Investment** in March, 2013, **Annaly Capital Management** now directly participates in the market for non-agency guaranteed Residential MBS and for Commercial MBS. Management's goal is to invest 25% of earning assets in non-agency securities during 2013. Stock price decreased (18%) year to date for 2013, following decrease of (12%) during 2012. GAAP EPS showed profit of \$0.90 per share for 1Q 2013, including realized gains on sale of portfolio securities, while core EPS (excluding net portfolio unrealized gains and losses) of \$0.47 per share exceeded current quarterly dividend of \$0.40 per share. NIM (net interest margin) increased 0.04% to 0.94%. Quarterly variability in **Annaly Capital Management** dividend distributions is a result of fluctuation in portfolio investment, repayments, portfolio yield and net interest income. **Annaly Capital Management** provides income investors with current dividend yield of 13.9%, at the high end of the range for Financial Mortgage REITs.

Redwood Trust, with a market cap of \$1.5 billion as an originator of jumbo residential loans, pursues a path of private market securitizations of non-agency Residential MBS through its Sequoia subsidiary. **Redwood Trust** plans to place \$4 billion securitizations during 2013. **Redwood Trust's** own portfolio of jumbo loans and related derivatives totals \$4.7 billion. Stock price is unchanged year to date for 2013, following 66% gain for 2012. GAAP EPS of \$0.69 per share for 1Q 2013 comfortably exceeded current quarterly dividend of \$0.28 per share, while taxable EPS was \$0.20 per share. Liquidity constraints have limited dividends, forcing **Redwood Trust** to suspend the pre-2008 practice of paying 4Q "special" dividends that doubled or tripled annual yield for stockholders. **Redwood Trust** provides income investors with current annual dividend yield of 6.6%, lowest of the range for Financial Mortgage REITs.



Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Weekly	2013
		12/31/2012	06/28/2013	07/05/2013	Price Change	Price Change
American Tower Corp	AMT	\$77	\$73	\$72	-2%	-7%
Apartment Investment and Management	AIV	\$27	\$30	\$30	-0%	10%
AvalonBay Communities	AVB	\$136	\$135	\$135	0%	-0%
Boston Properties	BXP	\$106	\$105	\$105	-0%	-1%
Equity Residential	EQR	\$57	\$58	\$57	-1%	1%
HCP Inc.	HCP	\$45	\$45	\$44	-2%	-2%
Health Care REIT	HCN	\$61	\$67	\$65	-3%	6%
Host Hotels & Resorts	HST	\$16	\$17	\$18	4%	12%
Kimco Realty	KIM	\$19	\$21	\$21	-0%	11%
Macerich	MAC	\$58	\$61	\$61	1%	5%
Plum Creek Timber	PCL	\$44	\$47	\$46	-0%	5%
Prologis, Inc	PLD	\$36	\$38	\$38	-1%	3%
Public Storage	PSA	\$145	\$153	\$153	-0%	5%
Simon Property Group	SPG	\$159	\$158	\$159	1%	1%
Ventas	VTR	\$65	\$69	\$68	-2%	5%
Vornado Realty Trust	VNO	\$80	\$83	\$84	2%	5%
Weyerhaeuser	WY	\$28	\$28	\$28	-1%	3%
S&P 500 Index	S&P 500	\$1,426	\$1,606	\$1,632	2%	14%
Average for S&P 500 Index REITs					-0%	4%

REIT stocks traded unchanged during the first week of July, the week ended July 5, 2013. REITs trailed performance of the S&P 500 Index, trading up 2% for the week. REITs now show 4% gain year to date for 2013, lagging performance of the S&P 500 Index, now up 14%. Negative performance gap expanded to (10%), as REIT stocks moderated.

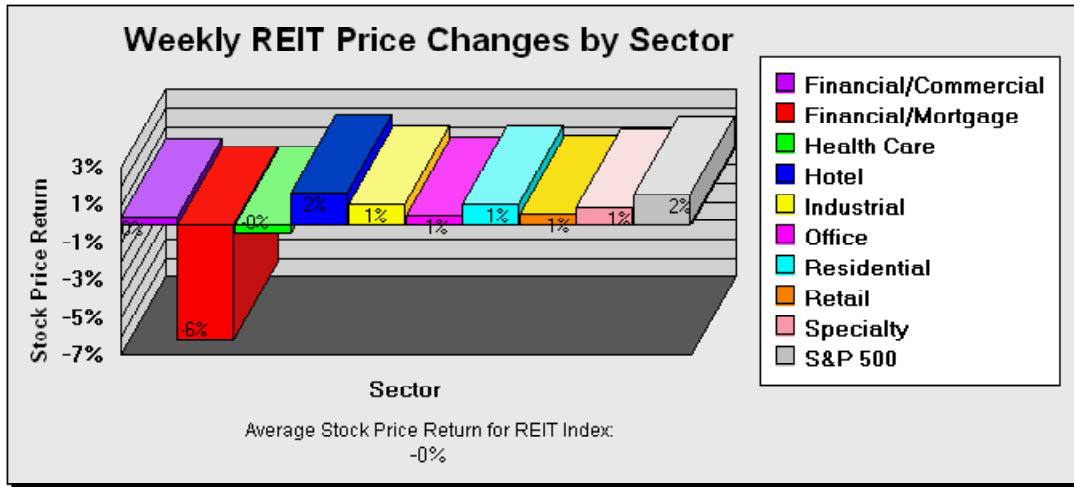
Lower stock prices add to yield and provide enhanced upside for REITs, with none of the 17 REITs included in the S&P 500 Index up the same or more than 12% gain for the S&P 500 Index and 13 REITs up less than the S&P 500 Index, while 4 REITs traded down year to date for 2013. Leading performer among REITs is **Kimco Realty**, up 11%, on joint venture equity investment in SUPERVALU grocery chain properties. Other REITs demonstrating positive performance include **Apartment Investment and Management**, up 10%, **Host Hotels & Resorts**, up 12%, and **Public Storage**, up 5%. Specialty Timber REITs **Plum Creek Timber**, up 5%, and **Weyerhaeuser**, up 3%, now appear to signal concern over further improvement for US housing sector. Health Care REITs gave up previous gains for 2013, with **HCP** now down (2%), **Health Care REIT** up 6% and **Ventas** up 5%. **Prologis Inc**, now up 3% for 2013, also underperformed the S&P 500 Index. Retail REITs **Macerich**, up 5%, and **Simon Property Group**, up 1% year to date for 2013, are still losing momentum. Lagging performers include **AvalonBay Communities**, down less than (1%), and **Equity Residential**, up 1%, as investors consider eventual impact of multifamily housing starts on occupancy for Residential REITs. Office REITs lag, with **Boston Properties**, down (1%), and **Vornado Realty Trust**, up 5%, as rental rates decline in most urban areas. **American Tower Corp**, a newcomer to REIT status, traded down (7%) during 2013.

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

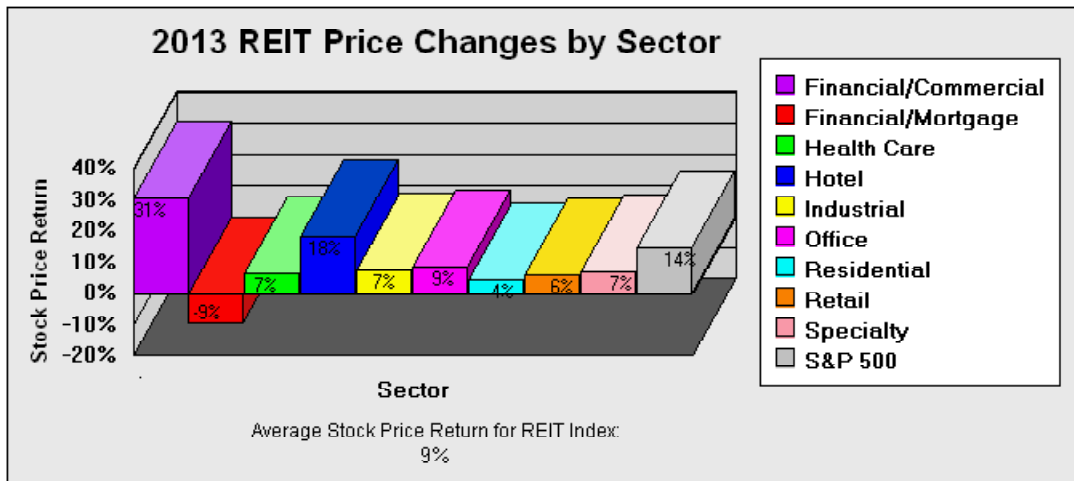
Note: This report is for information only. It is not a solicitation or an offer to buy or sell securities of any company mentioned herein. Atlantis Investment does not make markets in the securities mentioned herein and does not have investment banking relationships with any company mentioned herein. The views expressed are those of the authors, and are based on a diligent review of available information. The report is based on information which is believed to be accurate, but we do not guarantee its accuracy or completeness. Atlantis Investment, its officers, employees, and stockholders (and members of their families) and its customers may have long/short positions or holdings in the securities mentioned, and they may at any time hold, increase or decrease these positions. Neither the authors of this report nor any related household members are officers, directors, or advisory board members of any company mentioned herein. Atlantis Investment or any of its employees do not own shares equal to 1% or more of any company mentioned herein. Copyright 2013 Atlantis Investment



Weekly REIT Price Changes by Sector



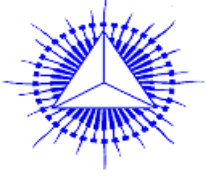
Most REIT sectors showed limited gains during the first week of July, the week ended July 5, 2013. Best performance was demonstrated by Hotel REITs, up 2%. Smaller gains were shown by Industrial REITs, Office REITs, Residential REITs, Retail REITs and Specialty REITs, all up 1%. Financial Commercial REITs and Health Care REITs traded unchanged. Lagging sector was Financial Mortgage REITs, trading down (6%), on investor concern over Fannie Mae reform. On average, stock prices for REIT Growth and Income Monitor traded unchanged during the first week of July, the week ended July 5, 2013.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 9% on average year to date for 2013, trailing performance of the S&P 500 Index, now up 14% year to date for 2013. REITs previously outperformed, as investors sought dividend income. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. REIT funds flow remains consistent, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sector for 2013 is Financial Commercial REITs, up 31%, as investor interest in non-agency securities revives. Hotel REITs show 18% gain, benefitting from depressed gasoline prices and end to worries over furloughs of air traffic comptrollers. Office REITs show 9% year to date gain for 2013, followed by Industrial REITs and Specialty REITs, both up 7%. Health Care REITs are also up 7%, on expectation of positive impact from the Affordable Care Act. Retail REITs traded up 6% on better than expected growth in disposable income and retail sales. Residential REITs are now up 4%, while guidance indicates continued rapid FFO growth through 2013. Lagging Financial Mortgage REITs show loss of (9%), as investors prepare for pending Fannie Mae reform to be considered by Congress

Note: This report is for information only. It is not a solicitation or an offer to buy or sell securities of any company mentioned herein. Atlantis Investment does not make markets in the securities mentioned herein and does not have investment banking relationships with any company mentioned herein. The views expressed are those of the authors, and are based on a diligent review of available information. The report is based on information which is believed to be accurate, but we do not guarantee its accuracy or completeness. Atlantis Investment, its officers, employees, and stockholders (and members of their families) and its customers may have long/short positions or holdings in the securities mentioned, and they may at any time hold, increase or decrease these positions. Neither the authors of this report nor any related household members are officers, directors, or advisory board members of any company mentioned herein. Atlantis Investment or any of its employees do not own shares equal to 1% or more of any company mentioned herein. Copyright 2013 Atlantis Investment

REIT Comment



Company:	Prologis Inc
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,368
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
PLD \$38

Prologis Inc PLD news of unexpected increase in US manufacturing activity may support trading in Industrial REITs with portfolios of bulk distribution facilities

PLD report from ISM (Institute for Supply Management) found index of factory activity UP +1.9% from previous month to 50.9% for June 2013

PLD new orders increased UP +3.1%, while production increased UP +4.8% to 53.4%, indicating inventories had been drawn down to low levels

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

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

PLD provides current yield of 3.0%

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

PLD we rank 2 BUY

PLD market cap \$17.4 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$12,232
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
HST \$17

Host Hotels & Resorts HST completed sale of San Francisco hotel for \$161 million

HST luxury hotel Ritz Carlton San Francisco sold to Thayer Lodging Group for \$161 million

HST retains Ritz Carlton Marina del Rey and 3 other San Francisco area hotels

HST guidance for FFO for 2013 indicating growth UP +14% - +21%

HST stock price supported by new annual dividend yield of 2.6%

HST a Hotel REIT with a portfolio of upscale hotels and resorts in US, Mexico, Europe and Pacific

HST we rank 3 HOLD

HST market cap \$12.2 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$12,232
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
HST \$17

Host Hotels & Resorts HST unusual weather and equipment issues disrupted travel during 2Q 2013

HST following issues with Boeing Dreamliner jets in April and US air traffic controllers furloughs during May, 2013, June 2013 flights were disrupted by weather, including severe storms and excessive heat

HST travel related stocks, including airlines and hotels, sensitive to any issue impacting normal traffic patterns

HST strikes in France may have disrupted international bookings at European hotels during 2Q 2013

HST exposure to Europe through minority joint venture interest in 19 hotels, including 5 located in Paris, France

HST like other Hotel REITs concerned over slow rebound in bookings for group nights

HST guidance for FFO for 2013 indicates growth UP +21%

HST stock price supported by new annual dividend yield of 2.6%

HST a Hotel REIT with a portfolio of upscale hotels and resorts in US, Mexico, Europe and Pacific

HST we rank 3 HOLD

HST market cap \$12.2 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Mack-Cali Realty
Price:	\$24
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,442
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
CLI \$24

Mack-Cali Realty CLI sold Norwalk Ct office property for \$17 million

CLI divested suburban office property only 64% occupied

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

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

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

CLI provides current annual dividend yield of 4.9%

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

CLI we rank 3 HOLD

CLI market cap \$2.4 billion

REIT Comment



Company:	Vornado Realty Trust
Price:	\$83
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,478
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
VNO \$83

Vornado Realty Trust VNO larger than expected loss from Toys "R" Us to impact FFO for 2Q 2013

VNO announced contribution from 33% interest in Toys "R" Us for 2Q 2013 to decrease from net FFO loss of (\$0.10) per share for 2Q 2012 to net FFO loss of (\$0.19) per share for 2Q 2013

VNO 2Q 2013 EBITDA contribution from Toys "R" Us profit \$9 million DOWN (75%) from previous year

VNO retail investments in Toys "R" Us, Alexanders and JC Penney all accounted for on equity basis

VNO retains 6.1% ownership of JC Penney JCP common stock

VNO divesting retail properties to concentrate new investments in portfolio of office properties

VNO provides current annual dividend yield of 3.5%

VNO an Office REIT with a diverse portfolio of office and retail properties

VNO we rank 3 HOLD

VNO market cap \$16.5 billion

VNO an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,795
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
NLY \$13

Annaly Capital Management NLY record withdrawals from US Treasury bond funds may attract more money to Financial Mortgage REITs, along with other high dividend paying stocks

NLY report from TrimTabs found (\$80) billion withdrawals from mutual bond funds for June 2013

NLY Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS offer relative safety, following unusual price decline

NLY proposals for Fannie Mae reform may cause volatility for Financial Mortgage REITs causing some managements to position portfolios for greater portion of non-agency securities

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

NLY stock price supported by current annual dividend yield of 12.9%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$12.8 billion

REIT Comment



Company:	Digital Realty Trust
Price:	\$60
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,251
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
DLR \$60

Digital Realty Trust DLR traded DOWN (\$1.00) per share to close DOWN (2%) day

DLR stock traded DOWN (12%) year to date for 2013, underperforming Office REITs, trading UP +8% for 2013

DLR turnkey data center offerings attracting corporate customers for cloud computing services and outsourced IT services

DLR corporate tenants also indicating increasing interest in outsourced IT services

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

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

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

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

DLR we rank 1 BUY

DLR market cap \$8.3 billion

REIT Comment



Company:	Rayonier
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,127
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
RYN \$55

Rayonier RYN traded DOWN (\$0.75) per share to close DOWN (1%) day

RYN stock traded UP +5% year to date for 2013, underperforming Specialty REITs, trading UP 6% for 2013

RYN recent management comments indicate another strong year expected for 2013, with CAD (cash available for distribution) UP +5% - +10%, and EPS slightly above 2012

RYN expects improving US housing market during 2013, with prices also supported by higher Asian exports

RYN specialty fibers businesses are recession resistant, not dependent on housing sector like timber and sawlogs

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

RYN a Specialty REIT with a portfolio of timberlands, specialty fiber and wood products operations

RYN we rank 2 BUY

RYN market cap \$7.1 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$822
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/15/2013
AEC \$16

Associated Estates Realty AEC traded UP \$0.36 per share to close UP +2% day

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

AEC like all Residential REITs seeing higher rents driving improved profitability

AEC concern over new supply of apartments appears misguided as high occupancy enables continued rental rate gains

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

AEC previously increased dividend by 6% during 2013, now providing annual dividend yield of 4.6%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$822 million

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,348
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
07/15/2013
NRF \$9

NorthStar Realty Finance NRF traded UP \$0.17 per share to close UP +2% day

NRF stock traded UP +32% year to date for 2013, outperforming Financial Commercial REITs, trading UP +30% for 2013

NRF investors may seek diversification from agency guaranteed Residential MBS through investment in non-agency securities issued by Financial Commercial REITs

NRF completed \$1.1 billion offering for non-trading equity REIT, to be known as NorthStar Real Estate Income Trust

NRF also committed to joint venture investment with Goldman Sachs for \$925 million acquisition of 25 private equity real estate funds from NJ State Pension fund

NRF recent \$865 million acquisition of manufactured home communities in FL and UT adds to portfolio of operating properties

NRF sees opportunities for novel securitizations, with example of recent \$255 million offering for a single Times Square hotel and retail property, with equity now 35% held by NRF

NRF increased quarterly dividend distribution by 6%, now providing current annual dividend yield of 8.2%

NRF increased quarterly dividend distributions for 7 consecutive quarters, including 2Q 2013

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$1.3 billion

REIT Comment



Company:	Health Care REIT
Price:	\$66
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,342
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/02/2013
HCN \$66

Health Care REIT HCN completed final phase of \$4.3 billion Sunrise Senior Living acquisition

HCN acquired portfolio includes 120 owned and 5 joint venture properties in upscale markets including London, southern CA, Chicago, Philadelphia, Boston, DC and Montreal

HCN management confident of generating more than 6.5% unlevered NOI yield on acquisition, with NOI growth of 4%-5% expected annually

HCN Sunrise Senior Living acquisition increased senior housing contribution for HCN to 30% of total portfolio investment

HCN expects to repurchase majority of joint venture interests in Sunrise properties over next few years

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

HCN stock price supported by current yield of 4.6%

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

HCN we rank 2 BUY

HCN market cap \$17.3 billion

HCN an S&P 500 Index REIT

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,348
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
NRF \$9

NorthStar Realty Finance NRF completed \$1.1 billion offering for non-trading equity REIT, to be known as NorthStar Real Estate Income Trust

NRF also committed to joint venture investment with Goldman Sachs in \$925 million acquisition of 25 private equity real estate funds from NJ State Pension fund

NRF recent \$865 million acquisition of manufactured home communities in FL and UT adds to portfolio of operating properties

NRF sees opportunities for novel securitizations, with example of recent \$255 million offering for a single Times Square hotel and retail property, with equity now 35% held by NRF

NRF increased quarterly dividend distribution by 6%, now providing current annual dividend yield of 8.2%

NRF increased quarterly dividend distributions for 7 consecutive quarters, including 2Q 2013

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$1.3 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,185
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/02/2013
CMO \$12

Capstead Mortgage CMO more news of higher home prices provides support for Financial Mortgage REITs, despite pending Fannie Mae reform

CMO report from CoreLogic found US homes prices UP +2.6% for May 2013 from previous month

CMO US home prices UP +12.2% from previous year for May 2013, representing the largest gain for past 7 years

CMO rising mortgage interest rates may cause homeowners to accelerate home purchasing plans

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

CMO current annual dividend yield of 10.2%, below the midpoint of the range for Financial Mortgage REITs

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

CMO we rank 2 BUY

CMO market cap \$1.2 billion

REIT Comment



Company:	Duke Realty
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,405
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/01/2013
DRE \$16

Duke Realty DRE news of factory orders may indicate need for inventory investment or could signal improvement in economic outlook

DRE report from Commerce Department found US factory orders UP +2.1% for May 2013, accelerating from increase UP +1.3% for April 2013

DRE factory inventories FLAT at 1.3 months supply

DRE Industrial REITs with portfolios of bulk distribution facilities benefit from higher factory output as manufacturers seek to match production trends with end user demand

DRE higher profitability a result of increasing occupancy for bulk distribution facilities although portfolio divestitures completed during 2012 impacting FFO growth

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

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

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

DRE we rank 2 BUY

DRE market cap \$4.4 billion

REIT Comment



Company:	Extra Space Storage
Price:	\$43
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,831
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/02/2013
EXR \$43

Extra Space Storage EXR traded UP \$1.38 per share to close UP +3% day

EXR stock traded UP +19% year to date for 2013, outperforming Specialty REITs, trading UP +6% for 2013

EXR same property NOI growth driven by much higher occupancy with limited rate increases

EXR recent FFO growth helped by significant acquisitions with FFO for 1Q 2013 UP +35%, following FFO reported UP +33% for 2012

EXR recently increased guidance for FFO for 2013 to indicate growth UP +23%

EXR stock price supported by current annual dividend yield of 2.3%

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

EXR we rank 2 BUY

EXR market cap \$4.8 billion

REIT Comment



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

Additional Text:
07/02/2013
KIM \$22

Kimco Realty KIM traded UP \$0.51 per share to close UP +2% day

KIM stock traded UP +12% year to date for 2013, outperforming Retail REITs, trading UP +5% for 2013

KIM renewed sense of consumer confidence supports Retail REITs

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

KIM provides current annual dividend yield of 3.9%

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

KIM we rank 1 BUY

KIM market cap \$8.9 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Alexandria Real Estate Equities
Price:	\$67
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,260
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/02/2013
ARE \$67

Alexandria Real Estate Equities ARE traded UP \$1.42 per share to close UP +2% day

ARE stock traded DOWN (3%) year to date for 2013, underperforming Health Care REITs, trading UP +7% for 2013

ARE recent biotech IPOs and biotech takeovers a positive signal for demand for life science office space

ARE investing more than \$1.0 billion to develop and redevelop pipeline of 1.9 million square feet, providing portfolio capacity increment of 13%

ARE providing current annual dividend yield of 3.3%

ARE a Health Care REIT with a portfolio of office and laboratory properties net leased to biotech and pharmaceutical tenants

ARE we rank 2 BUY

ARE market cap \$4.3 billion

REIT Comment



Company:	Macerich
Price:	\$62
Recommendation:	BUY
Ranking:	2
Market Cap:	\$9,124
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/02/2013
MAC \$62

Macerich MAC traded UP \$1.18 per share to close UP +2% day

MAC stock traded UP +6% year to date for 2013, outperforming Retail REITs, trading UP +5% for 2013

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

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

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

MAC provides current annual dividend yield of 3.8%

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

MAC we rank 2 BUY

MAC market cap \$9.1 billion

MAC an S&P 500 Index REIT

REIT Comment



Company:	UDR, Inc
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,510
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
UDR \$26

UDR Inc UDR news of lower new unemployment claims supports Residential REIT stocks

UDR Labor Department reported new unemployment claims DOWN (5,000) to 343,000 for week ended June 29, 2013 from revised number for previous week

UDR more important, 4 week moving average of new unemployment claims also decreased slightly, DOWN (750) to 345,500

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

UDR reporting higher profitability on improved occupancy and higher monthly rental rates like all Residential REITs

UDR investing in \$1.2 billion development pipeline for 6% portfolio capacity increment

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

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

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.5 billion

REIT Comment



Company:	Ventas
Price:	\$70
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,534
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
VTR \$70

Ventas VTR proposed delay of 1 year for employer health insurance mandate indicates cautious approach to change in health insurance norms

VTR news sources indicated Affordable Care Act, scheduled to take effect in January 2014, may be delayed by 1 year by Obama administration

VTR Affordable Care Act, passed in 2010, permits President to determine starting date of employer information reporting requirement

VTR US Chamber of Commerce requested delay, saying "employers need more time and clarification of the rules of the road" before enforcing employer mandate to provide health insurance

VTR Affordable Care Act provides that employers with more than 50 employees may be fined \$2,000 per employee if they fail to provide health care insurance beginning in 2014

VTR Speaker of the House Boehner called on Obama administration to delay start of individual mandate by 1 year as well

VTR recent management comments indicated Affordable Care Act to provide more traffic for health care providers, incentivizing industry consolidation that would provide opportunities for Health Care REITs to gain market share

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

VTR provides current annual dividend yield of 3.8%

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

VTR we rank 2 BUY

VTR market cap \$20.5 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	DDR Corp
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,293
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
DDR \$17

DDR Corp DDR report of lower vacancy rate for strip malls should support trading for Retail REITs

DDR report from Reis Inc found vacancy rate at neighborhood and community shopping centers DOWN (0.3%) to 10.5% for 2Q 2013 from previous quarter, representing lowest vacancy rate for 3 years

DDR report also found average annualized rents per square foot UP+0.8% to \$16.68 per square foot

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

DDR provides current annual dividend yield of 3.2%

DDR a Retail REIT with a diverse portfolio of retail properties in US, Puerto Rico and Brazil

DDR we rank 2 BUY

DDR market cap \$5.3 billion

REIT Comment



Company:	Equity Residential
Price:	\$58
Recommendation:	BUY
Ranking:	2
Market Cap:	\$21,649
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
EQR \$58

Equity Residential EQR report of higher than expected private sector job creation supports trading in Residential REITs

EQR report from ADP (payroll processor Automatic Data Processing) indicates 188,000 private sector jobs created for June 2013, UP +54,000 from revised number of 134,000 for May 2013

EQR report expected later this week from Labor Department may conflict with ADP report due to inclusion of shrinking government jobs

EQR like all Residential REITs reporting high occupancy and rental rate increases supported by improving employment trends

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

EQR stock supported by current annual dividend yield of 3.1%

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

EQR we rank 2 BUY

EQR market cap \$21.6 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	CBL & Associates
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,183
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
CBL \$22

CBL & Associates CBL report of lower regional mall vacancy confirms management reports of strong leasing environment for Retail REITs

CBL report from Reis Inc found vacancy rate for regional malls DOWN (0.1)% to 8.9% for 2Q 2013, the third consecutive quarter of vacancy rate decline

CBL average asking rents per annualized square foot increased UP+0.3%

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

CBL increased dividend by 4.5%, now providing current yield of 4.2%

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

CBL we rank 2 BUY

CBL market cap \$4.2 billion

REIT Comment



Company:	Medical Properties Trust
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,974
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
MPW \$14

Medical Properties Trust MPW traded DOWN (\$0.54) per share to close DOWN (4%) day

MPW stock traded UP +17% year to date for 2013, outperforming Health Care REITs, trading UP +7% for 2013

MPW proposed 1 year delay of employer health insurance mandate will not prevent pending expansion of Medicaid insured population, to be of greatest benefit to hospital tenants of MPW

MPW portfolio of health care properties concentrated in hospitals, rather than outpatient or senior living facilities

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

MPW stock price supported by current yield of 5.7%

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

MPW we rank 2 BUY

MPW market cap \$2.0 billion

REIT Comment



Company:	LTC Properties
Price:	\$39
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,268
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
LTC \$39

LTC Properties LTC traded DOWN (\$1.10) per share to close DOWN (3%) day

LTC stock traded UP +10% year to date for 2013, outperforming Health Care REITs, trading UP +7% for 2013

LTC portfolio of skilled nursing and senior living facilities unlikely to be negatively impacted by proposed 1 year delay of employer health insurance mandate

LTC no guidance provided for FFO for 2013

LTC provides current annual dividend yield of 4.8%

LTC a Health Care REIT with a portfolio concentrated in skilled nursing and assisted living properties and related debt

LTC we rank 3 HOLD

LTC market cap \$1.3 billion

REIT Comment



Company:	HCP Inc
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,697
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
HCP \$45

HCP Inc HCP traded DOWN (\$1.07) per share to close DOWN (2%) day

HCP stock traded DOWN (1%) year to date for 2013, underperforming Health Care REITs, trading UP +7% for 2013

HCP proposed 1 year delay of employer health insurance mandate will impact only a small part of the HCP portfolio

HCP while outpatient facilities may see less than previously forecast patient growth hospitals, as well as skilled nursing and senior living properties, should still see benefit of expansion of Medicaid population

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

HCP recently increased dividend by 5%, bringing current yield to 4.7%

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

HCP we rank 2 BUY

HCP market cap \$20.7 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$159
Recommendation:	BUY
Ranking:	2
Market Cap:	\$57,505
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
SPG \$159

Simon Property Group SPG traded DOWN (\$3.65) per share to close DOWN (2%) day

SPG stock traded UP +1% year to date for 2013, underperforming Retail REITs, trading UP +5% for 2013

SPG news of decline in vacancy rates for regional malls signals continued strength for Retail REITs

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

SPG provides current annual dividend yield of 2.9%

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

SPG we rank 2 BUY

SPG market cap \$57.5 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Equity Residential
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$21,499
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
EQR \$57

Equity Residential EQR news of higher than expected job creation supports trading in Residential REITs

EQR report from BLS (Bureau of Labor Statistics) of Labor Department found US economy created 195,000 new jobs for June, 2013, with unemployment rate unchanged

EQR private sector jobs increased UP +202,000, while government jobs DOWN (7,000), with federal government DOWN (5,000), state government DOWN (15,000) and local government UP +13,000

EQR earlier this week ADP survey report found 188,000 new jobs created in private sector during June 2013

EQR difference between ADP report and Labor Department report may indicate private sector estimates by Labor Department impacted by seasonal adjustments

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 impact of Archstone acquisition positive for margins, but creates need for divestitures to repay debt

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

EQR stock supported by current annual dividend yield of 3.1%

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

EQR we rank 2 BUY

EQR market cap \$21.5 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Apartment Investment and Management
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,354
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
AIV \$30

Apartment Investment and Management AIV positive environment for Residential REITs results from continued employment gains

AIV better than expected private sector new job creation indicates occupancy for apartments in urban areas should remain tight

AIV today's report from Bureau of Labor Statistics of Labor Department found private sector added 202,000 new jobs for June, 2013, with average hourly earnings UP +0.4% from previous month

AIV rental rate increases now in second year above+5%

AIV increased guidance for FFO for 2013 to indicate FFO growth UP +14%

AIV provides current dividend yield of 3.2%

AIV a Residential REIT with a diverse portfolio of conventional and affordable apartment communities

AIV we rank 2 BUY

AIV market cap \$4.4 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,067
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
NLY \$12

Annaly Capital Management NLY proposals for Fannie Mae reform may cause volatility for Financial Mortgage REITs

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

NLY alternative proposal for Fannie Mae reform expected from House of Representatives during 3Q 2013, according to Jeb Hensarling, Chairman of House Financial Services Committee, while final bill to emerge from Congress may be heavily influenced by Obama administration proposals not yet disclosed

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

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

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

NLY stock price supported by current annual dividend yield of 13.9%, at the high end of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$12.1 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,433
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/03/2013
HTS \$25

Hatteras Financial HTS drop in mortgage applications indicates homeowner hesitancy to refinance following sudden increase in mortgage interest rates

HTS MBA (Mortgage Bankers Association) reported mortgage loan applications DOWN (11.7%) for week ended June 28, 2013

HTS mortgage applications for refinance decreased DOWN (16%), while mortgage applications for home purchase also decreased DOWN (4%)

HTS refinance applications represented 64% of all applications, an unusually low level, reflecting consumer response to higher mortgage interest rates

HTS average interest rate for 30 year fixed rate mortgage UP +0.12% to 4.58%, now UP almost +1.0% since beginning of May 2013

HTS stock price supported by current annual dividend yield of 11.4%, slightly above the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.4 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,591
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
OHI \$32

Omega Healthcare Investors OHI news of 1 year delay in employer health insurance mandate unlikely to impact Health Care REITs with portfolios of skilled nursing and senior housing properties

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

OHI skilled nursing and senior living properties, should still see benefit of expansion of Medicaid population, despite no immediate change in employer health insurance norms

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

OHI provides current annual dividend yield of 5.8%

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

OHI we rank 2 BUY

OHI market cap \$3.6 billion

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,265
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
HR \$26

Healthcare Realty Trust HR 1 year delay of employer health insurance mandate may have slight impact on Health Care REITs with portfolios concentrated in medical office buildings

HR while expansion of Medicaid population will help to stimulate demand majority of revenue for medical office tenants comes from employer health plans, as Medicare revenue is often at lower rates

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

HR reported FFO growth UP +5% for 2012

HR no guidance provided for FFO for 2013

HR stock price supported by current dividend yield of 4.7%

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

HR we rank 2 BUY

HR market cap \$2.3 billion

REIT Comment



Company:	Anworth Mortgage Asset
Price:	\$5
Recommendation:	BUY
Ranking:	2
Market Cap:	\$686
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
ANH \$5

Anworth Mortgage Asset ANH traded DOWN (\$0.62) per share to close DOWN (12%) day

ANH stock traded DOWN (19%) year to date for 2013, underperforming Financial Mortgage REITs, trading DOWN (4%) for 2013

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

ANH stock now trading at discount of (34%) to book value of \$7.04 per share as of March, 2013

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

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

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

ANH we rank 2 BUY

ANH market cap \$686 million

REIT Comment



Company:	Brookfield Properties
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,336
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
BPO \$16

Brookfield Office Properties BPO stock traded DOWN (\$0.33) per share to close DOWN (2%) day

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

BPO completed acquisition of 2 more London office towers from 2012 \$813 million Hammerson acquisition

BPO NYC properties account for 33% of net operating income, Toronto 12%, metropolitan DC area 10%, Sydney 10%, Houston 8%, Calgary 7%, Melbourne 7%, Los Angeles 5%, Denver 3%, and Boston 2%

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

BPO stock price supported by current annual dividend yield of 3.3%

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

BPO we rank 4 SELL

BPO market cap \$8.3 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$12,962
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
HST \$18

Host Hotels & Resorts HST traded UP \$0.56 per share to close UP +3% day

HST stock traded UP +12% year to date for 2013, underperforming Hotel REITs, trading UP +17% for 2013

HST like other Hotel REITs concerned over slow rebound in bookings for group nights

HST guidance for FFO for 2013 indicates growth UP +21%

HST stock price supported by new annual dividend yield of 2.6%

HST a Hotel REIT with a portfolio of upscale hotels and resorts in US, Mexico, Europe and Pacific

HST we rank 3 HOLD

HST market cap \$13.0 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Parkway Properties
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$997
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
07/05/2013
PKY \$18

Parkway Properties PKY traded UP \$0.33 per share to close UP +2% day

PKY stock traded UP +25% year to date for 2013, outperforming Office REITs, trading UP +8% for 2013

PKY guidance for FFO for 2013 indicates decline DOWN (20%) due to recent share issuance on March 2013 offering

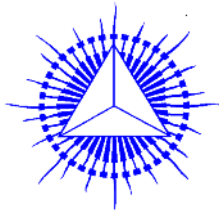
PKY making opportunistic acquisitions of office properties in urban locations, with almost \$400 million invested year to date for 2013

PKY provides current dividend yield of 3.5%

PKY an Office REIT

PKY we rank 3 HOLD

PKY market cap \$1.0 billion



REIT Growth and Income Monitor posted 37 REIT comments for the week ended July 5, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	5
Health Care REITs	10
Hotel REITs	3
Industrial REITs	2
Office REITs	5
Residential REITs	5
Retail REITs	5
Specialty REITs	2

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)

Note: This report is for information only. It is not a solicitation or an offer to buy or sell securities of any company mentioned herein. Atlantis Investment does not make markets in the securities mentioned herein and does not have investment banking relationships with any company mentioned herein. The views expressed are those of the authors, and are based on a diligent review of available information. The report is based on information which is believed to be accurate, but we do not guarantee its accuracy or completeness. Atlantis Investment, its officers, employees and stockholders (and members of their families) and its customers may have long/short positions or holdings in the securities mentioned, and they may at any time hold, increase or decrease these positions. Neither the authors of this report nor any related household members are officers, directors, or advisory board members of any company mentioned herein. Atlantis Investment or any of its employees do not own shares equal to 1% or more of any company mentioned herein. Copyright 2013 Atlantis Investment