

REIT Growth and Income Monitor

Weekly Comments 09/03/2013

REIT stocks retreated down **(2%)**, now down **(2%)** year to date for 2013, as negative performance gap compared to S&P 500 Index narrowed to **(16%)**.

Specialty Timber REITs see higher home prices driving demand for new homes.

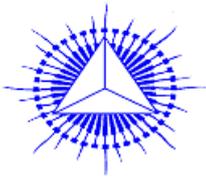
Plum Creek Timber sees higher harvest volume supporting EPS growth, while recovery in export markets supports price of west coast timber.

Weyerhaeuser experiences higher margins on investment, while pending divestiture of homebuilding operations provides opportunity for special dividend to investors.

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**Weekly REIT Comments**
09/03/2013

REIT stocks traded down (2%) for the week ended August 30, 2013. REIT stocks are now down (2%) year to date for 2013, far behind performance of the S&P 500 Index, up 14%, as negative performance gap narrowed to (16%) year to date for 2013. This dramatic underperformance gap is the worst since 3Q 2009, when fears of collapsing US economy dominated the news. Average gain for all REITs followed by REIT Growth and Income Monitor is now 2% for 2013, trailing 14% gain for the S&P 500 Index.

Tenants of Health Care REITs will be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Hotel REITs trade inversely to gasoline prices, while better than expected FFO growth restores confidence. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. 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. Performance of Retail REITs is impacted by slowing tenant sales growth, although rental rate increase sustains long term FFO growth. Investors are leery of Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery.

Financial Mortgage REITs face significant fundamental change, as recently proposed reform legislation was introduced to Congress during 3Q 2013, to be debated during 4Q 2013. Proposals to liquidate Fannie Mae within 5 years face stiff opposition from liberal Congressmen and Senators, as industry experts and lobbyists warn another recession could follow removal of government support from the housing sector. Reform of Fannie Mae may ultimately impact the housing sector starting in 2014 and 2015, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS and non-agency securities provides a lift for Financial Commercial REITs, although fears of higher interest rates cause all Financial Mortgage REITs to underperform due to impact of bond market volatility on portfolio valuations and book value.

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.

Higher Home Prices Support Rally for Specialty Timber REITs

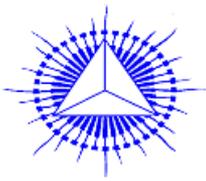
Higher US home prices should drive rally for Specialty Timber REITs with portfolios of timberlands and sawlog mills. Closely watched Case-Shiller index of US home prices continues to show marked improvement, as the report released during the last week in August showed prices of existing homes up 12.1% for June 2013, with not a single US region reporting prices lower than the previous year. CoreLogic also reported price improvement on US existing home sales, with prices up 12.4% from the previous year for July, 2013. Supply of existing homes available for sale is low, according to NAR (National Association of Realtors). Investors should expect improved prices for existing US homes to result in higher demand for new homes, driving more buyers to seek new homes in advance of additional price increments. Commerce Department reported during August 2013 that new single family home starts are up 24% year to date for 2013. Latest news shows the number of building permits higher than number of home starts, signaling higher rate of construction likely to commence in 1-2 months. Prices for sawlogs and lumber should move higher through the rest of 2013, enabling **Plum Creek Timber**, as well as other Specialty Timber REITs **Potlatch**, **Rayonier** and **Weyerhaeuser**, to earn higher EPS.

Trading Opportunities

Plum Creek Timber, with market cap of \$6 billion as a Specialty Timber REIT with a portfolio of timberlands and sawlog mills, should see stock price appreciation on higher demand for US new homes. **Plum Creek Timber** stock traded unchanged year to date for 2013, lagging performance of the S&P 500 Index. **Plum Creek Timber** reported EPS for 2Q 2013 up 27%, due to improved harvest in northwestern states. Demand for lumber from growth of US housing sector, as well as renewed demand for lumber exports, should drive higher profits for **Plum Creek Timber** during 2013, with guidance indicating as much as 16% EPS growth. Management follows a strategy of maintaining shareholder value through asset sales to fund dividend distributions and share repurchases. Dividends were increased 5% during 2Q 2013. **Plum Creek Timber** currently offers income investors annual dividend yield of 4.6%.

Weyerhaeuser should participate with other Specialty Timber REITs in a rally driven by higher US home prices, also supported by growing export markets for US Douglas fir, fluff products, and cellulose specialties. With market cap of \$16 billion, **Weyerhaeuser** operates a portfolio of timberlands, wood products manufacturing plants, fluff pulp and fiber processing mills, homebuilders and real estate operations. Stock price decreased (1%) year to date for 2013, significantly underperforming the S&P 500 Index. Management expects EBITDA contribution of timberlands to increase at 2% annual rate, as limited supply of Pacific northwest Douglas fir meets incremental demand growth. Wood products (including lumber and fiberboard) should see sharply higher revenues, as recovery in US home prices enables more homeowner investment in repair and remodeling, while also supporting higher US home starts. Adjusted EBITDA for 2Q 2013 increased 73% as a result of these trends. Pending divestiture of **Weyerhaeuser's** taxable WRECO homebuilding subsidiary could net more than \$3 billion, enabling payment of a \$3-\$4 per share special dividend to **Weyerhaeuser** shareholders when transaction is completed. Dividends were increased 29% year to date for 2013, now providing income investors with 3.2% yield.

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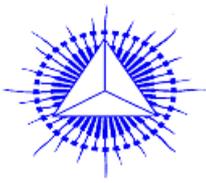
Weekly Price Change for S&P 500 Index REITs

| S&P 500 Index REITs: | | Price | Weekly | 2013 |
|-------------------------------------|---------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| | | 12/31/2012 | 07/26/2013 | 08/02/2013 | 08/09/2013 | 08/16/2013 | 08/23/2013 | 08/30/2013 | Price Change | Price Change |
| American Tower Corp | AMT | \$77 | \$73 | \$71 | \$70 | \$69 | \$70 | \$69 | -1% | -10% |
| Apartment Investment and Management | AIV | \$27 | \$31 | \$29 | \$29 | \$28 | \$28 | \$28 | -3% | 2% |
| AvalonBay Communities | AVB | \$136 | \$139 | \$134 | \$133 | \$123 | \$126 | \$124 | -2% | -9% |
| Boston Properties | BXP | \$106 | \$110 | \$104 | \$105 | \$99 | \$103 | \$103 | -1% | -3% |
| Equity Residential | EQR | \$57 | \$58 | \$55 | \$54 | \$51 | \$53 | \$52 | -1% | -8% |
| HCP Inc. | HCP | \$45 | \$45 | \$43 | \$42 | \$39 | \$41 | \$41 | -1% | -10% |
| Health Care REIT | HCN | \$61 | \$66 | \$63 | \$64 | \$59 | \$61 | \$61 | -0% | 0% |
| Host Hotels & Resorts | HST | \$16 | \$18 | \$19 | \$18 | \$17 | \$17 | \$17 | -2% | 9% |
| Kimco Realty | KIM | \$19 | \$23 | \$23 | \$22 | \$21 | \$21 | \$20 | -3% | 4% |
| Macerich | MAC | \$58 | \$64 | \$62 | \$62 | \$57 | \$57 | \$56 | -1% | -3% |
| Plum Creek Timber | PCL | \$44 | \$49 | \$48 | \$48 | \$45 | \$45 | \$44 | -2% | -0% |
| Prologis, Inc | PLD | \$36 | \$40 | \$38 | \$38 | \$35 | \$36 | \$35 | -2% | -3% |
| Public Storage | PSA | \$145 | \$161 | \$161 | \$163 | \$154 | \$158 | \$153 | -3% | 5% |
| Simon Property Group | SPG | \$158 | \$165 | \$158 | \$158 | \$145 | \$148 | \$146 | -1% | -8% |
| Ventas | VTR | \$65 | \$68 | \$65 | \$65 | \$60 | \$62 | \$62 | -0% | -4% |
| Vornado Realty Trust | VNO | \$80 | \$88 | \$83 | \$85 | \$81 | \$83 | \$81 | -2% | 2% |
| Weyerhaeuser | WY | \$28 | \$29 | \$28 | \$28 | \$27 | \$28 | \$27 | -2% | -1% |
| S&P 500 Index | S&P 500 | \$1,426 | \$1,692 | \$1,710 | \$1,697 | \$1,656 | \$1,664 | \$1,633 | -2% | 14% |
| Average for S&P 500 Index REITs | | | | | | | | | -2% | -2% |

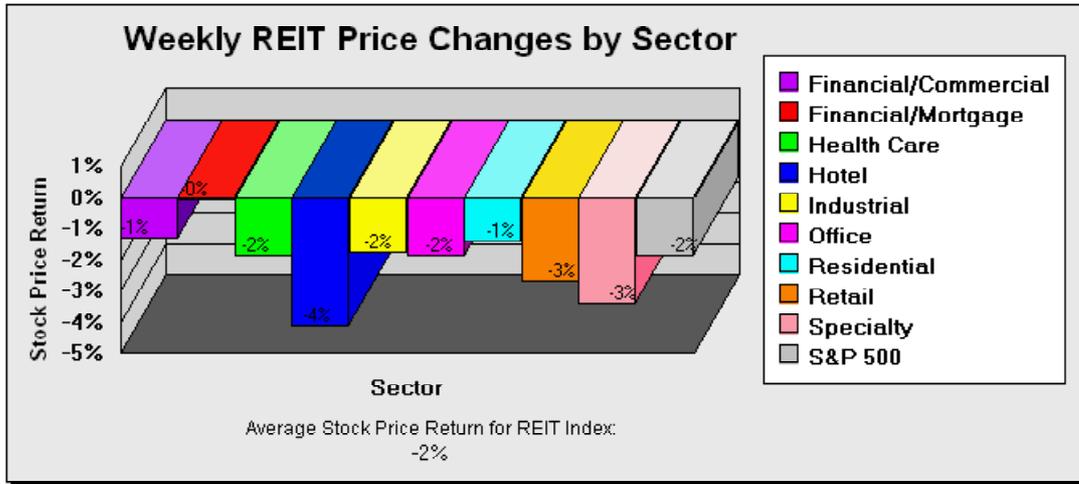
REIT stocks retreated, trading down (2%) for the last week of August, the week ended August 30, 2013. REITs matched performance of the S&P 500 Index, also down (2%) for the week. REITs now show decline of (2%) year to date for 2013, trailing performance of the S&P 500 Index, up 14% for 2013. Negative performance gap narrowed to (16%), as REIT underperformance continues. This dramatic performance gap represents the worst underperformance for REITs since 3Q 2009, when fears of collapsing US economy dominated the news.

None of the 17 REITs included in the S&P 500 Index is up the same or more than 14% gain for the S&P 500 Index, while 6 REITs are up less than the S&P 500 Index. A total of 11 of the S&P 500 REITs REIT traded down year to date for 2013. Leading performers among REITs are **Host Hotels & Resorts**, up 9%, and **Public Storage**, up 5%, followed by **Kimco Realty**, up 4% for 2013, all underperforming the S&P 500 Index. Specialty Timber REITs **Plum Creek Timber**, now unchanged, and **Weyerhaeuser**, down (1%), indicate uncertainty over further improvement for US housing sector, due to negative impact of higher mortgage interest rates. Gains previously achieved by Health Care REITs eroded, with **HCP** now down (10%), while **Health Care REIT** is unchanged and **Ventas** is down (4%) for 2013. Retail REITs **Macerich**, down (3%), and **Simon Property Group**, now down (8%) for 2013, demonstrate disappointment over lower tenant sales trends, although rental rate increases still support long term FFO growth. Lagging Residential REITs include **Apartment Investment and Management**, up 2%, **AvalonBay Communities** down (9%), and **Equity Residential**, down (8%), as investors consider eventual impact of multifamily housing starts on occupancy for Residential REITs. Office REITs lag, with **Boston Properties**, down (3%), and **Vornado Realty Trust**, up 2%, as rental rates decline in many urban areas. Economically sensitive Industrial REIT **Prologis Inc** now shows decline of (2%) for 2013. **American Tower Corp**, a newcomer to REIT status, traded down (10%) year to date for 2013.

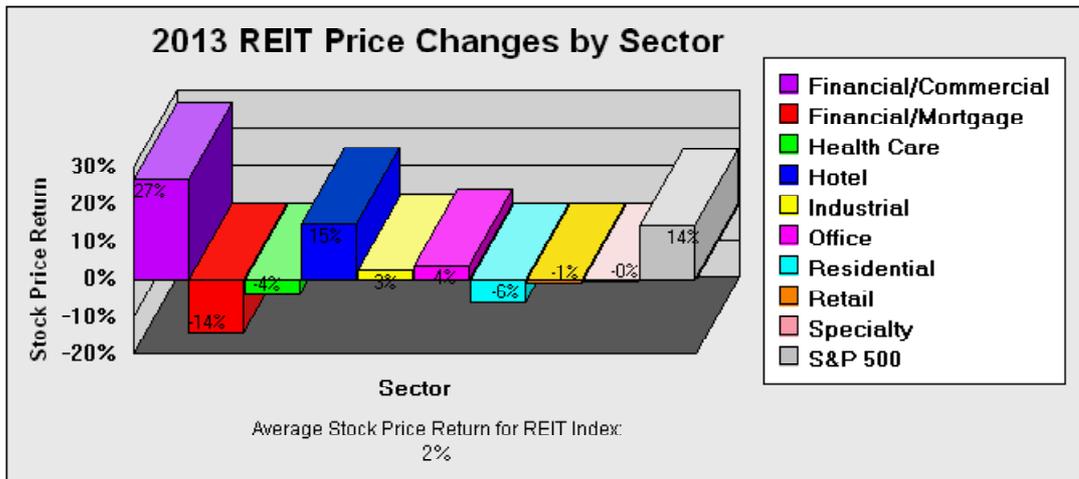
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Weekly REIT Price Changes by Sector



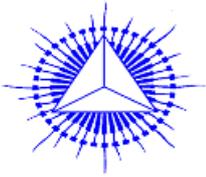
All REIT sectors traded down for the last week of August, the week ended August 30, 2013. Best performance was demonstrated by Financial Mortgage REITs, trading unchanged on bond market recovery. Financial Commercial REITs and Residential REITs traded down (1%), followed by Health Care REITs, Industrial REITs and Office REITs, all down (2%). Retail REITs and Specialty REITs traded down (3%). Worst sector performance was shown by Hotel REITs, trading down (4%) on higher oil and gasoline prices. On average, stock prices for REIT Growth and Income Monitor traded down (2%) for the week ended August 30, 2013.



Prices for REITs followed by REIT Growth and Income Monitor now show gain of 2% on average year to date for 2013, far behind performance of the S&P 500 Index, 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 demonstrates moderate growth, 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 27%, as investor interest in non-agency securities revives. Hotel REITs show 15% gain, as investors see better than expected FFO growth during 2013, offset by concerns over volatile oil prices. Office REITs show 4% gain, followed by Industrial REITs up 3% for 2013. Specialty REITs are now unchanged, while Retail REITs are down (1%) on concerns over slowing economic growth. Health Care REITs show decline of (4%), with expectation for positive impact of the Affordable Care Act partially offset by fear of Medicare sequestration. Residential REITs show decline of (6%) year to date for 2013, although guidance indicates continued rapid FFO growth through 2013 and into 2014. Lagging Financial Mortgage REITs show loss of (14%), as investors prepare for pending Fannie Mae reform to be considered by Congress

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REIT Comment



| | |
|-----------------|---|
| Company: | Simon Property Group |
| Price: | \$148 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$53,353 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
SPG \$148

Simon Property Group SPG trend for slowing same store tenant sales growth should not prevent long term FFO growth for Retail REITs

SPG seeing growth in rental rates UP +14%, as retail tenants seek to gain preferred locations in successful malls

SPG last week reports of same store sales trends for mall tenants indicated disappointment for mall tenants. although key tenant Gap Inc reported better than expected results

SPG long term FFO growth for Retail REITs a result of higher rents, not tenant sales gains

SPG guidance for FFO for 2013 was increased to indicate growth UP +9%

SPG provides current annual dividend yield of 3.2%

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 \$53.4 billion

SPG an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Plum Creek Timber |
| Price: | \$45 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$7,344 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
PCL \$45

Plum Creek Timber PCL last week's news of lower sales of existing homes a result of seasonality, as well as an indication of negative impact of higher interest rates

PCL report from Commerce Department found new home sales DOWN (13.7%) to annual pace of 394,000 for July 2013 from revised number for previous month

PCL new home sales UP +7% from previous year

PCL sawlog prices expected to strengthen in all markets during the rest of 2013

PCL manufacturing business expected to show higher profitability as lumber demand increases, despite higher production by competitors

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

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

PCL we rank 2 BUY

PCL market cap \$7.3 billion

PCL an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Weyerhaeuser |
| Price: | \$28 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$15,317 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
WY \$28

Weyerhaeuser WY outlook for Specialty Timber REITs still strong as indicated by applications for building permits and construction starts

WY report on construction activity for July 2013 indicated number of building permits higher than number of home starts, signaling higher rate of construction likely to commence in 1-2 months

WY speculation over potential \$3.0 billion sale of homebuilding operations excites investors

WY although previously spin-off seemed most probable disposition, news of interest from large homebuilders indicates WY may realize greatest value for shareholders through sale of homebuilding operations

WY taxable subsidiary Weyerhaeuser Real Estate Company WRECO owns homebuilding operations and master planned communities in 7 states

WY sale of WRECO might enable payment of a special dividend to shareholders

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

WY a Specialty Timber REIT with a portfolio of timberlands, wood and cellulose fiber manufacturing plants, and homebuilding operations

WY we rank 2 BUY

WY market cap \$15.3 billion

WY an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Vornado Realty Trust |
| Price: | \$83 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$15,557 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
VNO \$83

Vornado Realty Trust VNO news of JC Penney JCP poison pill may indicate VNO could be called to decision on equity stake

VNO dramatic same store sales decline at JC Penney JCP continues , causing depressed stock price amid rumors of bankruptcy filing

VNO fellow key investor in JC Penney JCP Bill Ackman of Pershing Square resigned from JC Penney JCP board during August 2013

VNO unlikely to increase existing 6% equity stake in VNO, following stock market sales during 1Q 2013

VNO continuing strategic restructuring, with divestitures of retail properties to focus investment on office properties

VNO subject to investor concern over exposure to DC properties , representing 24% of EBITDA for VNO as of 1Q 2013

VNO no guidance provided for FFO for 2013

VNO provides current annual dividend yield of 3.5%

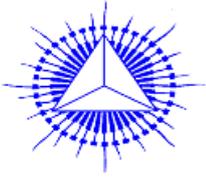
VNO an Office REIT with a diverse portfolio of office and retail properties

VNO we rank 3 HOLD

VNO market cap \$15.6 billion

VNO an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Public Storage |
| Price: | \$158 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$27,202 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
PSA \$155

Public Storage PSA traded DOWN (\$2.25) per share to close DOWN (1%) day

PSA stock traded UP +7% year to date for 2013, outperforming Specialty REITs, trading UP +3% for 2013

PSA portfolio occupancy of more than 94% enables rental rate increases, adding to profitability

PSA participates in growth of European self-storage market through investment in Shurgard Europe

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 \$27.2 billion

PSA an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | CBL & Associates |
| Price: | \$20 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$3,854 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
CBL \$20

CBL & Associates CBL traded DOWN (\$0.41) per share to close DOWN (2%) day

CBL stock traded DOWN (7%) year to date for 2013, underperforming Retail REITs, trading UP +2% for 2013

CBL news of lower same store sales growth for mall tenants screens higher rents for Retail REITs on lease turnover

CBL growth of FFO driven by portfolio expansion and by increasing rents

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

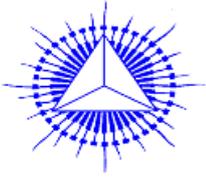
CBL provides current yield of 4.6%

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

CBL we rank 2 BUY

CBL market cap \$3.9 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Hatteras Financial |
| Price: | \$19 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,806 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
HTS \$19

Hatteras Financial HTS traded UP \$0.51 per share to close UP +3% day

HTS stock traded DOWN (24%) year to date for 2013, underperforming Financial Mortgage REITs, trading DOWN (14%) for 2013

HTS stock now trading at discount of (15%) to current book value of \$22.18 per share as of June 2013

HTS investors in Financial Mortgage REITs fear that higher interest rates will reduce demand for mortgage refinance

HTS higher interest rates also prevent some sales of new homes , as higher monthly charges impact affordability

HTS stock price supported by current annual dividend yield of 14.9%, 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 \$1.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Taubman Centers |
| Price: | \$69 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$10,293 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/26/2013
TCO \$69

Taubman Centers TCO traded UP \$1.48 per share to close UP +2% day

TCO stock traded DOWN (13%) year to date for 2013, underperforming Retail REITs, trading UP +2% for 2013

TCO announced \$200 million share repurchase program, enough to retire 5% of total outstanding shares at today's price

TCO guidance for FFO for 2013 indicates growth UP +10%

TCO increased dividend by 8% for 2013, now providing current yield of 2.9%

TCO a Retail REIT with a portfolio of upscale regional malls

TCO we rank 2 BUY

TCO market cap \$10.3 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Vornado Realty Trust |
| Price: | \$83 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$15,559 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
VNO \$83

Vornado Realty Trust VNO shifting ownership of JC Penney JCP signals pending takeover battle or bankruptcy

VNO investor Bill Ackman of Pershing Square announced plan to sell all of his 18% equity stake in JC Penney JCP for (\$450) million loss, after resigning from JC Penney JCP board during August 2013

VNO rumored new investors in JC Penney JCP include Soros with 9% equity stake and Perry Capital with 7% stake

VNO unlikely to increase existing 6% equity stake in VNO, following stock market sales during 1Q 2013

VNO CEO Steven Roth still a director of JC Penney JCP

VNO continuing strategic restructuring, with divestitures of retail properties to focus investment on office properties

VNO subject to investor concern over exposure to DC properties, representing 24% of EBITDA for VNO as of 1Q 2013

VNO no guidance provided for FFO for 2013

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 \$15.6 billion

VNO an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Health Care REIT |
| Price: | \$61 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$16,032 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
HCN \$61

Health Care REIT HCN Speaker of the House John Boehner said to be seeking short term budget fix as bipartisan deal including delay of individual mandate provisions of Affordable Care Act

HCN Obama previously announced 1 year delay of requirement for employer health insurance mandate from 2014 to 2015

HCN tenants of Health Care REITs should see higher patient volume as Affordable Care Act takes effect from 2014-2017

HCN management also expects Affordable Care Act to drive incremental investment in health care facilities, both by Health Care REITs and health care providers, increasing total renovated and new properties available for acquisition

HCN recent management comments noted acquisition focus remains on medical office properties and outpatient facilities

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

HCN stock price supported by current 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 \$16.0 billion

HCN an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$11 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$11,381 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
NLY \$11

Annaly Capital Management NLY negative impact of higher mortgage interest rates on demand for mortgage refinance may moderate due to slowing US economic growth

NLY rally for bond market likely to follow recent bond price declines

NLY Federal Reserve expected to hold Residential MBS securities to maturity , limiting impact of bond market volatility

NLY proposals for Fannie Mae reform to be debated by Congress during 3Q 2013 with votes unlikely before 4Q 2013 or 1Q 2014

NLY proposed liquidation of Fannie Mae and Freddie Mac arousing opposition from liberal Senators and Congressmen, while industry experts unanimously opposed, indicating serious disruption of housing sector would result

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

NLY stock price supported by current annual dividend yield of 14.0%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$11.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Boston Properties |
| Price: | \$104 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$15,933 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
BXP \$104

Boston Properties BXP news of renewed focus on completion of Dodd-Frank regulations indicates pending demand adjustment for Office REITs

BXP new Dodd-Frank regulations for banks likely to force portfolio reductions and divestitures of proprietary trading operations, causing additional downsizing and layoffs

BXP management estimates exposure to financial industry tenants in US and Canada at 20% of total NOI

BXP like other Office REITs seeing lower rents in some markets, with average rents on lease turnover DOWN (1.3%) for 2Q 2013

BXP recently decreased guidance for FFO for 2013 to indicate a FLAT year

BXP provides current annual dividend yield of 2.5%

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

BXP we rank 4 SELL

BXP market cap \$15.9 billion

BXP an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Capstead Mortgage |
| Price: | \$12 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,112 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
CMO \$13

Capstead Mortgage CMO news of higher home prices indicates positive year over year trend continues, with pace of annual change now flattening

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

CMO greatest yearly change in prices included San Francisco UP +25%, Las Vegas UP +25%, Los Angeles UP +20%, Phoenix UP +20%, Atlanta UP +19%, and San Diego UP +19%

CMO lowest yearly change in prices shown for New York UP +3%, Cleveland UP +3%, Washington UP +6% and Boston UP +7%

CMO proposals for Fannie Mae reform to be debated by House and Senate during 4Q 2013, with much opposition expected from liberal Congressmen and mortgage lending industry lobbying groups

CMO stock price supported by current annual dividend yield of 10.6%, 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 \$1.1 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Host Hotels & Resorts |
| Price: | \$17 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$12,608 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
HST \$17

Host Hotels & Resorts HST traded DOWN (\$0.25) per share to close DOWN (1%) day

HST stock traded UP +9% year to date for 2013, underperforming Hotel REITs, trading UP +20% for 2013

HST threat of US intervention in Syria driving oil prices higher , against the normal seasonal pattern

HST Hotel REITs, like other travel related stocks , including airlines and hotels, normally trade inversely to oil prices

HST higher price of airline fuel and gasoline purchased by motorists impacts travel budgets , forcing travelers to defer purchases on discretionary items such as additional room nights and ancillary purchases

HST guidance range for FFO for 2013 indicates growth UP +20%

HST provides current 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 \$12.6 billion

HST an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | CYS Investments |
| Price: | \$8 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,364 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
CYS \$8

CYS Investments CYS traded UP \$0.30 per share to close UP +4% day

CYS stock traded DOWN (34%) year to date for 2013, outperforming Financial Mortgage REITs, trading DOWN (14%) for 2013

CYS Financial Mortgage REITs rallying on news that higher home prices continue to drive housing sector recovery

CYS 2Q 2013 book value \$10.20 per share DOWN (29%) from \$14.46 per share as of December 2012

CYS stock now trading at (23%) discount to book value as of June 2013

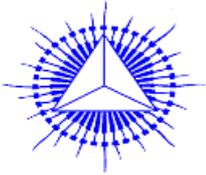
CYS stock price supported by current annual dividend yield of 17.4%, at the high end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Medical Properties Trust |
| Price: | \$12 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,728 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
MPW \$12

Medical Properties Trust MPW traded UP \$0.11 per share to close UP +1% day

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

MPW FFO growth driven by acquisitions, with pending \$283 million acquisitions of 3 hospitals

MPW guidance for FFO for 2013 indicates growth UP +11%-+13%

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

MPW stock price supported by current yield of 6.6%

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

MPW we rank 2 BUY

MPW market cap \$1.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Digital Realty Trust |
| Price: | \$55 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$7,629 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/27/2013
DLR \$55

Digital Realty Trust DLR traded UP \$0.78 per share to close UP +1% day

DLR stock traded DOWN (18%) year to date for 2013, underperforming Office REITs, trading UP +6% for 2013

DLR growth in demand for data centers driven by corporate trend towards cloud computing and "big data", as well as by proliferation of mobile Internet devices

DLR investing to expand capacity by 2.8 million square feet, representing 12% capacity expansion

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

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

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

DLR we rank 1 BUY

DLR market cap \$7.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Ashford Hospitality Trust |
| Price: | \$12 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$998 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
AHT \$12

Ashford Hospitality Trust AHT oil price rally on fears of Syria action impacts trading in Hotel REIT stocks

AHT Hotel REITs, like other travel related stocks, including airlines and hotels, normally trade inversely to oil prices

AHT higher price of airline fuel and gasoline purchased by motorists impacts travel budgets, forcing travelers to defer purchases on discretionary items such as additional room nights and ancillary purchases

AHT pending spin-off of Ashford Prime AHP (80% of portfolio of 8 stable, profitable and fully leveraged hotels) to be a taxable distribution to AHT common shareholders, with transaction to be completed during September 2013

AHT pending spin-off of AHP to common shareholders of AHT will not impede continuity of AHT dividend at \$0.12 per share per quarter, while AHP expected to pay annual dividend of \$0.04 per share

AHT provides current dividend yield of 4.1%

AHT a Hotel REIT

AHT we rank 2 BUY

AHT market cap \$1.0 billion

REIT Comment



| | |
|-----------------|---|
| Company: | LaSalle Hotel Properties |
| Price: | \$27 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$2,584 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
LHO \$27

LaSalle Hotel Properties LHO concerns over federal spending decline should impact Hotel REITs with exposure to DC metropolitan area

LHO investor concern over exposure to metropolitan DC area may be heightened due to pressure of additional spending reductions, as no budget for FY 2014 has been voted yet by Congress

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

LHO Park Central renovation to be completed during 2013 for (\$9)-(\$12) million negative EBITDA impact during 2013 and total capital cost of \$60-\$70 million

LHO provides annual dividend yield of 4.1%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$12 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$11,480 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
NLY \$11

Annaly Capital Management NLY continued decline of mortgage application volume reflects homeowner resistance to mortgage interest rates at high since April 2011

NLY report from MBA (Mortgage Bankers Association) found mortgage applications DOWN (2.5%) for week ended August 23, 2013

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

NLY refinance applications represented 60% of all applications, an unusually low level, reflecting consumer concern over higher mortgage interest rates

NLY report from MBA (Mortgage Bankers Association) found average interest rate on 30 year fixed rate conforming mortgage increased UP +0.12% to 4.80%, now UP more than +1.25% since May 2013

NLY proposals for Fannie Mae reform to be debated by Congress during 3Q 2013 with votes unlikely before 4Q 2013

NLY proposed liquidation of Fannie Mae and Freddie Mac arousing opposition from liberal Senators and Congressmen, while industry experts unanimously opposed, indicating serious disruption of housing sector would result

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

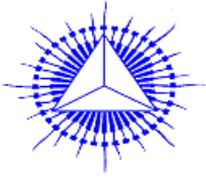
NLY stock price supported by current annual dividend yield of 13.9%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$11.5 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Hatteras Financial |
| Price: | \$19 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,855 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
HTS \$19

Hatteras Financial HTS steeper yield curve shows no sign of expectation for flattening interest rates

HTS bond market prices show yield on 10 year Treasury bonds at 2.70% spread to short term T-bills, although bond prices showing some recovery

HTS investors in Financial Mortgage REITs fear that higher interest rates will reduce demand for mortgage refinance

HTS higher interest rates also prevent some sales of new homes , as higher monthly charges impact affordability

HTS stock now trading at discount of (15%) to current book value of \$22.18 per share as of June 2013

HTS stock price supported by current annual dividend yield of 14.9%, 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 \$1.9 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Weyerhaeuser |
| Price: | \$28 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$15,235 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
WY \$28

Weyerhaeuser WY traded UP \$0.55 per share to close UP +2% day

WY stock traded unchanged year to date for 2013, underperforming Specialty REITs, trading UP +3% for 2013

WY today's news of higher sales of existing homes indicates a positive environment for Specialty Timber REITs

WY Specialty Timber REITs see higher prices for timber, sawlogs and lumber as a result of new home starts, as well as existing home sales

WY pending sales of homebuilder operating subsidiary WRECO might enable payment of a special dividend to shareholders

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

WY a Specialty Timber REIT with a portfolio of timberlands, wood and cellulose fiber manufacturing plants, and homebuilding operations

WY we rank 2 BUY

WY market cap \$15.2 billion

WY an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Hatteras Financial |
| Price: | \$18 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,813 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
HTS \$18

Hatteras Financial HTS stock traded DOWN (\$0.42) per share to close DOWN (2%) day

HTS stock traded DOWN (26%) year to date for 2013, underperforming Financial Mortgage REITs, trading DOWN (14%) for 2013

HTS stock now trading at discount of (17%) to current book value of \$22.18 per share as of June 2013

HTS investors in Financial Mortgage REITs fear that higher interest rates will reduce demand for mortgage refinance

HTS higher interest rates also prevent some sales of new homes , as higher monthly charges impact affordability

HTS management expects to reduce portfolio leverage and increase liquidity through end of 2013

HTS stock price supported by current annual dividend yield of 15.3%, 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 \$1.8 billion

REIT Comment



| | |
|-----------------|---|
| Company: | LTC Properties |
| Price: | \$35 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,154 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
LTC \$35

LTC Properties LTC traded DOWN (\$0.67) per share to close DOWN (2%) day

LTC stock traded UP +1% year to date for 2013, outperforming Health Care REITs, trading DOWN (2%) for 2013

LTC portfolio growth achieved through small acquisitions of operating skilled nursing properties , as well as investment in related debt

LTC provides current annual dividend yield of 5.3%

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 \$1.2 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Mack-Cali Realty |
| Price: | \$22 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$2,169 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/28/2013
CLI \$22

Mack-Cali Realty CLI traded UP \$0.18 per share to close UP +1% day

CLI stock traded DOWN (17%) year to date for 2013, underperforming Office REITs, trading UP +6% for 2013

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

CLI Office REITs face rent roll downs in many urban and suburban markets, impacting FFO growth

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

CLI reduced guidance for FFO for 2013 to indicate decline DOWN (13%)

CLI provides current annual dividend yield of 5.5%

CLI dividend reduced (33%) during 2013, now providing current annual dividend yield of 5.1%

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

CLI we rank 3 HOLD

CLI market cap \$2.2 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Prologis Inc |
| Price: | \$36 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$17,012 |
| Link: | http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
PLD \$36

Prologis Inc PLD news of higher than expected positive adjustment to US GDP indicates economic growth still favors Industrial REITs

PLD report from Commerce Department this morning found US GDP growth UP +2.5% for 2Q 2013, much higher than previously released estimate of UP +1.7%, indicating clear acceleration from growth UP +1.1% for 1Q 2013

PLD positive GDP growth adjustment a result of higher than expected personal consumption , exports, inventories and fixed investment

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

PLD reported FFO down (4%) for 2Q 2013 due to divestitures of properties to investment funds

PLD guidance for FFO for 2013 indicates decrease DOWN as much as (6%)

PLD outlook for long term growth enhanced by \$22.8 billion combined assets under management in 15 international investment funds

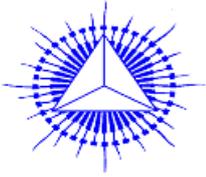
PLD provides current yield of 3.1%

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

PLD we rank 2 BUY

PLD market cap \$17.0 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Simon Property Group |
| Price: | \$145 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$52,546 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
SPG \$145

Simon Property Group SPG consumer sentiment report appears to indicate stable outlook , as consumers likely to continue to spend on back -to-school items

SPG report from University of Michigan found US consumer confidence increased UP +0.5% to 81.5% for August 2013 on outlook for improved employment growth

SPG back-to-school sales represent important incremental tenant sales for 3Q 2013, to be reported in September and October 2013

SPG guidance for FFO for 2013 was increased to indicate growth UP +9%

SPG provides current annual dividend yield of 3.2%

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 \$52.5 billion

SPG an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Equity Residential |
| Price: | \$52 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$19,501 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
EQR \$52

Equity Residential EQR this morning's news of slight decline in new unemployment claims maintains stable outlook for Residential REITs

EQR Labor Department reported new claims for unemployment DOWN (6,000) to 331,000 for week ended August 24, 2013 from revised number for previous week

EQR more stable 4 week moving average of new unemployment claims increased slightly, DOWN (750) to 331,250 from revised number for previous week

EQR lower federal spending for the rest of 2013 appears likely to negatively impact US economy, with surge in new unemployment claims probable

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

EQR reported FFO growth UP +4% for 2Q 2013, while slightly reducing top end of guidance range for FFO for 2013 to indicate growth UP +3%

EQR stock supported by current annual dividend yield of 3.4%

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

EQR we rank 2 BUY

EQR market cap \$19.5 billion

EQR an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | Annaly Capital Management |
| Price: | \$11 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$11,301 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
07/29/2013
NLY \$12

Annaly Capital Management NLY another slight decline in pending sales of existing homes indicates no significant change in housing sector dynamics

NLY report from NAR (National Association of Realtors) found number of contracts for sales of existing homes DOWN (1.3%) for July 2013 from revised number for previous month

NLY number contracts for sales of existing homes UP +6.7% from previous year

NLY previous NAR report issued this month found actual sales of existing homes UP 6.5% for July, 2013, with supply of existing homes available for sale UP +1.9% to 5.2 months supply

NLY economist for NAR increased forecast to indicate sales of existing homes will increase UP +10% for 2013, with average price UP +11%

NLY stock price supported by current annual dividend yield of 14.1%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$11.3 billion

REIT Comment

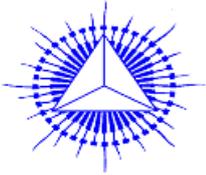


| | |
|-----------------|---|
| Company: | American Campus Communities |
| Price: | \$34 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$3,625 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
ACC \$34

American Campus Communities ACC traded DOWN (\$0.40) per share to close DOWN (1%) day
ACC stock traded DOWN (26%) year to date for 2013, outperforming Specialty REITs, trading UP +3% for 2013
ACC stock has not yet recovered from guidance reduction on reporting FFO for 2Q 2013
ACC investors intolerant of lower FFO guidance, due to ACC long term record of exceptional FFO growth
ACC latest guidance for FFO for 2013 indicates growth UP +12%
ACC acquisitions trailing previous expectations, while marketing programs cause expenses to ramp higher
ACC provides current annual dividend yield of 4.2%
ACC a Specialty Educational REIT with a portfolio of student housing communities
ACC we rank 3 HOLD
ACC market cap \$3.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | DuPont Fabros Technology |
| Price: | \$23 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,859 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
DFT \$23

DuPont Fabros Technology DFT traded UP \$0.70 per share to close UP +3% day

DFT stock traded DOWN (6%) year to date for 2013, underperforming Office REITs, trading UP +6% for 2013

DFT announced several new leases and increased low end of guidance range for FFO for 2013 to indicate growth UP +27%-+30%

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

DFT reported FFO growth UP +27% for 2Q 2013

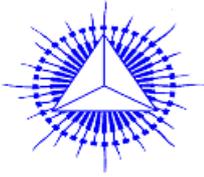
DFT increased dividend distribution by 25% for 2Q 2013, now providing current annual dividend yield of 4.4%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$1.9 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Redwood Trust |
| Price: | \$18 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,575 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
RWT \$18

Redwood Trust RWT traded UP \$0.46 per share to close UP +3% day

RWT stock traded UP +7% year to date for 2013, outperforming Financial Mortgage REITs, trading DOWN (14%) for 2013

RWT planned addition of agency guaranteed securities should expand investor base for securitizations issued by Sequoia subsidiary

RWT goal of issuing \$8 billion securitizations during 2013 appears achievable, following \$4 billion issued by RWT year to date for 2013

RWT Financial Mortgage REITs with portfolios of non-agency securities may see increased demand from investors as Congress ponders Fannie Mae reform

RWT provides current annual dividend yield of 6.2%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.6 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Rayonier |
| Price: | \$56 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$7,363 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/29/2013
RYN \$56

Rayonier RYN traded UP \$0.66 per share to close UP +1% day

RYN stock traded UP +9% year to date for 2013, outperforming Specialty REITs, trading UP +3% for 2013

RYN news this week of higher home prices and stronger actual sales of existing homes are positive signals for Specialty Timber REITs

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

RYN dividend increase brings current annual dividend yield to 3.5%

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

RYN we rank 2 BUY

RYN market cap \$7.4 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Kimco Realty |
| Price: | \$20 |
| Recommendation: | BUY |
| Ranking: | 1 |
| Market Cap: | \$8,303 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
KIM \$20

Kimco Realty KIM news of slower growth in consumer spending another sign of moderating economic growth

KIM today's report from BEA (Bureau of Economic Analysis) of the Commerce Department found consumer spending UP +0.1% for July 2013, compared to revised growth UP +0.6% for previous month

KIM consumers still optimistic (according to latest consumer sentiment poll), although stressed by payroll taxes and concerns over higher interest rates

KIM divested 4 property portfolio of Mexican shopping centers for \$92 million

KIM management focused on improving portfolio mix through acquisitions of properties to benefit from investment, as well as divestitures of lower income properties

KIM latest guidance for FFO for 2013 indicates growth UP +6%

KIM provides current annual dividend yield of 4.2%

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 \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



| | |
|-----------------|---|
| Company: | DuPont Fabros Technology |
| Price: | \$23 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,859 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
DFT \$23

DuPont Fabros Technology DFT stock rallying on news of increased guidance for FFO for 2013

DFT increased low end of guidance range 2013 FFO \$1.88-\$1.92 v \$1.48 UP +27%+30%
DFT previous guidance 2013 FFO \$1.82-\$1.92 per share
DFT low end of previous guidance range 2013 FFO assumed no additional leases signed during 2013

DFT previous guidance 3Q 2013 FFO \$0.47-\$0.49 v \$0.38 UP +24%+29%

DFT reported FFO growth UP +27% for 2Q 2013

DFT additional leases signed with existing tenants in Santa Clara CA, Piscataway NJ and Reston VA

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

DFT increased dividend distribution by 25% for 2Q 2013, now providing current annual dividend yield of 4.4%

DFT an Office REIT with a portfolio of wholesale data centers leased to key Internet portals and service providers

DFT we rank 2 BUY

DFT market cap \$1.9 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Regency Centers |
| Price: | \$48 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$4,335 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
REG \$48

Regency Centers REG low price inflation supporting moderate consumer spending growth

REG today's report from BEA (Bureau of Economic Analysis) of the Commerce Department found price index for personal consumption expenditures UP +0.1% for July 2013, compared to revised increase UP +0.4% for previous month

REG price index UP only +1.4% for July 2013 from previous year

REG price index excluding food and energy UP +0.1% for July 2013, compared to previous month UP +0.2%

REG recently increased guidance for core FFO for 2013 to indicate growth UP +9%

REG investing \$241 million to develop 6 properties (now 91% pre-leased), representing 2% portfolio capacity expansion

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

REG a Retail REIT with a portfolio of grocery anchored shopping centers

REG we rank 2 BUY

REG market cap \$4.3 billion

REIT Comment



| | |
|-----------------|---|
| Company: | UDR, Inc |
| Price: | \$23 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$5,711 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
UDR \$23

UDR Inc UDR today's news of slower growth in DPI (disposable personal income) indicates impact of declining wages and salaries

UDR report today from BEA (Bureau of Economic Analysis) of the Commerce Department found DPI (disposable personal income) UP +0.2% for July 2013, FLAT with UP +0.2% for previous month

UDR growth in DPI (disposable personal income) impacted by lower wages and salaries

UDR affordability of apartments owned by Residential REITs impacted by DPI (disposable personal income), while total demand is best determined by employment growth

UDR investing \$1.3 billion in development and redevelopment pipeline to expand portfolio capacity by 5%

UDR increased guidance for FFO for 2013 to indicate growth UP +4%

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

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$5.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Government Properties Income Trust |
| Price: | \$24 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,297 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
GOV \$24

Government Properties Income Trust GOV economic impact of employee furloughs revealed by latest government report on growth in DPI (disposable personal income)

GOV report from BEA (Bureau of Economic Analysis) found DPI (disposable personal income) impacted by lower salaries and wages

GOV government wages reduced by (\$7.7) billion in July 2013 due to furloughs by federal government agencies

GOV portfolio of office properties 83% leased to government agencies and 17% leased to state and local agencies

GOV following recent secondary stock offering of all remaining shares held by CommonWealth REIT CWH during March 2013, GOV is now fully independent and no longer treated as a subsidiary of a closely held Office REIT

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

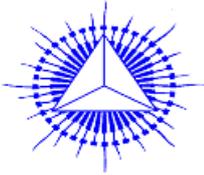
GOV provides current annual dividend yield of 7.3%

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 \$1.3 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Saul Centers |
| Price: | \$45 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,208 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
BFS \$45

Saul Centers BFS investors should focus on negative impact of federal spending reductions on local economy in metropolitan DC area

BFS report from BEA (Bureau of Economic Analysis) noted government wages reduced by (\$7.7) billion in July 2013 due to furloughs by federal government agencies

BFS lower incomes in metropolitan DC area bound to have negative impact on retail trade

BFS no guidance provided for FFO for 2013

BFS bearing expenses of redevelopment for Van Ness Square, currently vacant

BFS provides current yield of 3.2%

BFS a Retail REIT with a diverse portfolio of retail and commercial assets located in metropolitan DC area

BFS we rank 3 HOLD

BFS market cap \$1.2 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Washington REIT |
| Price: | \$25 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$1,650 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
WRE \$25

Washington REIT WRE stock trading should reflect concern over negative impact of federal employee furloughs on local metropolitan DC economy

WRE report from BEA (Bureau of Economic Analysis) noted government wages reduced by (\$7.7) billion in July 2013 due to furloughs by federal government agencies

WRE portfolio diversity (with portfolio including office, apartments, retail and medical office properties) may provide some protection from fluctuations in local demand

WRE recent management comments noted disappointing same property NOI decline for multi-family properties due to occupancy decline

WRE leasing activity improving but not robust, with MD soft and VA stronger

WRE pending CEO transition and divestiture of medical office properties

WRE guidance for FFO for 2013 indicates decline DOWN (7%)

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

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

WRE we rank 3 HOLD

WRE market cap \$1.7 billion

REIT Comment



| | |
|-----------------|---|
| Company: | National Health Investors |
| Price: | \$55 |
| Recommendation: | BUY |
| Ranking: | 2 |
| Market Cap: | \$1,532 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
NHI \$55

National Health Investors NHI traded DOWN (\$1.50) per share to close DOWN (3%) day

NHI stock traded DOWN (3%) year to date for 2013, slightly underperforming Health Care REITs, trading DOWN (2%) for 2013

NHI uncertainty of implementation date for Affordable Care Act holding back stocks of Health Care REITs

NHI tenants of Health Care REITs will benefit from greater insured population as Medicaid expands coverage and private insurance population increases as a result of mandatory coverage

NHI guidance for FFO for 2013 indicates growth UP +11%

NHI increased dividend distribution by 6% during 2013, now providing yield of 5.4%

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

NHI we rank 2 BUY

NHI market cap \$1.5 billion

REIT Comment



| | |
|-----------------|---|
| Company: | EdR |
| Price: | \$9 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$985 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
EDR \$9

EdR EDR traded DOWN (\$0.19) per share to close DOWN (2%) day

EDR stock traded DOWN (19%) year to date for 2013, underperforming Specialty REITs, trading UP +3% for 2013

EDR newest student housing developments now 92% pre-leased

EDR new developments to add 7% to portfolio capacity for 2013-2014 academic year

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

EDR stock price supported by current annual dividend yield of 4.7%

EDR a Specialty REIT with a portfolio of educational housing communities

EDR we rank 4 SELL

EDR market cap \$1.0 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Cousins Properties |
| Price: | \$10 |
| Recommendation: | SELL |
| Ranking: | 4 |
| Market Cap: | \$1,035 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
CUZ \$10

Cousins Properties CUZ traded DOWN (\$0.17) per share to close DOWN (2%) day

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

CUZ dilution from share offering impacts FFO growth

CUZ funding of pending acquisition required \$660 million equity offering, completed during August, 2013, adding 58% to total shares outstanding

CUZ pending \$1.1 billion acquisition of 4.4 million square foot office portfolio in Houston and Fort Worth TX significantly adds to office portfolio, providing 62% capacity expansion

CUZ providing current annual dividend yield of 1.8%

CUZ an Office REIT with a portfolio of office and retail properties in southern states

CUZ we rank 4 SELL

CUZ market cap \$1.0 billion

REIT Comment



| | |
|-----------------|---|
| Company: | Highwoods Properties |
| Price: | \$34 |
| Recommendation: | HOLD |
| Ranking: | 3 |
| Market Cap: | \$2,867 |
| Link: | http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT |

Additional Text:
08/30/2013
HIW \$34

Highwoods Properties HIW traded DOWN (\$0.70) per share to close DOWN (2%) day

HIW stock traded UP +1% year to date for 2013, underperforming Office REITs, trading UP +6% for 2013

HIW certain Office REITs may suffer from federal spending decline , as lack of budget agreement for FY 2014 forces continuation of sequestration of federal spending

HIW government tenants paying rent through GSA represent 9% of total rental revenue

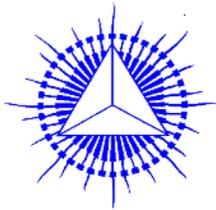
HIW guidance for FFO for 2013 indicates growth UP +4%

HIW stock price supported by current annual dividend yield of 5.0%

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

HIW we rank 3 HOLD

HIW market cap \$2.9 billion



REIT Growth and Income Monitor posted 44 REIT comments for the week ended August 30, 2013. Comments were issued on REITs in the following sectors:

| | |
|-------------------|----|
| Financial REITs | 9 |
| Health Care REITs | 4 |
| Hotel REITs | 3 |
| Industrial REITs | 1 |
| Office REITs | 10 |
| Residential REITs | 2 |
| Retail REITs | 7 |
| Specialty REITs | 8 |

Information on REIT sectors may be found using this link:

http://www.reitmonitor.net/REIT_Resources

Information on **REIT Growth and Income Monitor** ranking methodology may be found using this link:

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

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