

REIT Growth and Income Monitor

Weekly Comments 05/22/2012

REITs saw positive performance gap compressed by a difficult trading week to 1% year to date for 2012.

Office REITs are impacted by concerns over bank layoffs and trading losses.

Brookfield Properties has the highest exposure to financial industry tenants among Office REITs, at more than 50% of NOI.

SL Green Realty's portfolio of office properties is concentrated in NYC, with significant exposure to banks and financial industry tenants.

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**Weekly REIT Comments**
05/22/2012

REIT stocks faced correction in the middle of May, as investors stepped back from stocks due to fears of financial crisis in Europe. REITs included in the S&P 500 Index are now up 4% year to date for 2012, still exceeding performance of the S&P 500 Index, up only 3% for 2012. Positive performance gap for 2012 compressed to 1% year to date for 2012. Average gain for all REITs followed by REIT Growth and Income Monitor is 7% year to date for 2012, outperforming the S&P 500 Index.

Investors listened to earnings reports of 1Q 2012 results, seeking information regarding the economic environment. Residential REITs reported strong results for 1Q 2012. Retail REITs reported better than expected tenant sales gains, supporting occupancy and rental growth. Investors appear to be pulling back from Office REITs, due to continued rent rolldowns, lagging economic recovery, as well as exposure to financial industry layoffs. Industrial REITs trade in line with economic indicators, with news of higher manufacturing activity supported by employment growth. Hotel REITs react to daily fluctuations in investor fears that higher gasoline prices and negative economic trends in Europe will erode profitability. Health Care REITs face uncertainty until the Supreme Court upholds or rejects the Affordable Care Act.

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

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

Office REITs Face Investor Concern Over Bank Layoffs and Trading Losses

Investors are starting to wake up to the impact of bank layoffs and trading losses on certain Office REITs. JP Morgan's \$2 billion trading loss, not attributable to a "rogue trader" but to management error, rekindles the concern over financial stability for banks and may put an end to any thought of watering down the Dodd-Frank regulations already passed by Congress and due to take effect during 2013. Placed in the context of bank layoffs (a total of 200,000 jobs, including announcements during 2011 and 2012 by large US and international banks), these new rules will force banks and other financial industry tenants to rethink many aspects of their current operations. It appears the only way for banks and other "non-bank covered entities" to escape the management controls, as well as restrictions on dividends and balance sheet growth under new Federal Reserve rules, is to downsize. Office REITs with exposure to financial industry tenants may see these high rent financial tenants offering subleases of vacant space, pressuring office rental rates, and seeking to terminate leases of high cost space, forcing rent reductions. This downsizing process is likely to take years to complete, making Office REITs less attractive for REIT investors.

Trading Opportunities

We highlight **Brookfield Properties** as a potentially volatile stock, as investors consider implications of bank layoffs and pressure from new regulation of banks and financial institutions. **Brookfield Properties** stock outperformed most Office REITs, trading up 8% during 2012, following (11%) decline for 2011. With a market cap of \$9 billion, **Brookfield Properties** owns a 78 million square foot portfolio of upscale office properties in US and Canada, with total exposure to financial industry tenants at 55% of NOI (net operating income). Financial industry tenants in New York and Toronto include Merrill Lynch at 7% of total space, Wells Fargo/Wachovia 2%, CIBC 2%, Bank of Montreal 2%, and Societe Generale 1%. Downsizing at key tenant Bank of America Merrill Lynch is a particular concern, as Merrill Lynch may choose to vacate much of **Brookfield Properties** office space downtown at New York's World Financial Center, as well as space in Calgary, Toronto and other Canadian cities. Recent news of a Merrill Lynch lease renewal relates to only a portion of total space leased from **Brookfield Properties**. Concern has also been raised over the merger of United Airlines with Continental Airlines, as Continental Airlines is an important tenant for **Brookfield Properties** in Houston. **Brookfield Properties** reported FFO from continuing operations up 7% for 1Q 2012, with guidance for FFO for 2012 indicating potential decline of (1%) or modest growth of no more than 4%. Dividends have been stable since 2007, with **Brookfield Properties** offering income investors 3.3% yield. (Investors should not confuse **Brookfield Properties**, a publicly traded Office REIT in US and Canada, with related investor Brookfield Asset Management.)

Investors in midcap REIT stocks have long favored **SL Green Realty**, with a market cap of \$7 billion and a portfolio of 97 properties in NY and NJ, including 46 million square feet of office space. **SL Green Realty's** stock gained 12% for 2012, following decline of (1%) for 2011, but is still down (17%) from its recent high of \$90 per share at the end of May, 2011. **SL Green Realty's** exposure to banks is at least 20% of total rents, including Citi, Credit Suisse, Societe Generale and AIG, with Citi alone representing 11% of total **SL Green Realty** rental revenues. Occupancy remains strong at 93% for Manhattan properties, although down slightly from 2011, while suburban properties struggle to maintain occupancy at 86%. Investors should be more concerned over potential above-market leases due to expire over the next few years than relieved over the current quarter's improvement in rents from depressed levels during 2009 and 2010. **SL Green Realty** reported FFO decrease of (37%) for 1Q 2012 (excluding unusual items), while guidance for FFO for 2012 indicates decline of as much as (8%). With current yield of 1.3%, following partial dividend restoration during 2011, **SL Green Realty** offers little to attract income investors.



Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Price	Price	Price	Price	Weekly	2012
		12/30/2011	04/27/2012	05/04/2012	05/11/2012	05/18/2012	Change	Price Change
Apartment Investment and Management	AIV	\$23	\$27	\$27	\$27	\$26	-6%	12%
AvalonBay Communities	AVB	\$131	\$146	\$145	\$147	\$137	-7%	5%
Boston Properties	BXP	\$100	\$108	\$108	\$108	\$101	-7%	1%
Equity Residential	EQR	\$57	\$62	\$63	\$63	\$60	-5%	6%
HCP Inc.	HCP	\$41	\$41	\$41	\$41	\$40	-3%	-3%
Health Care REIT	HCN	\$55	\$57	\$56	\$56	\$54	-4%	-1%
Host Hotels & Resorts	HST	\$15	\$17	\$16	\$16	\$14	-13%	-4%
Kimco Realty	KIM	\$16	\$19	\$19	\$20	\$18	-9%	10%
Plum Creek Timber	PCL	\$37	\$42	\$39	\$39	\$36	-6%	-0%
Prologis, Inc	PLD	\$29	\$35	\$35	\$35	\$31	-11%	8%
Public Storage	PSA	\$134	\$144	\$140	\$139	\$131	-6%	-3%
Simon Property Group	SPG	\$129	\$155	\$154	\$156	\$144	-8%	12%
Ventas	VTR	\$55	\$59	\$59	\$59	\$56	-4%	2%
Vornado Realty Trust	VNO	\$77	\$86	\$86	\$87	\$81	-7%	6%
S&P 500 Index	S&P 500	\$1,258	\$1,403	\$1,369	\$1,353	\$1,295	-4%	3%
Average for S&P 500 Index REITs							-7%	4%

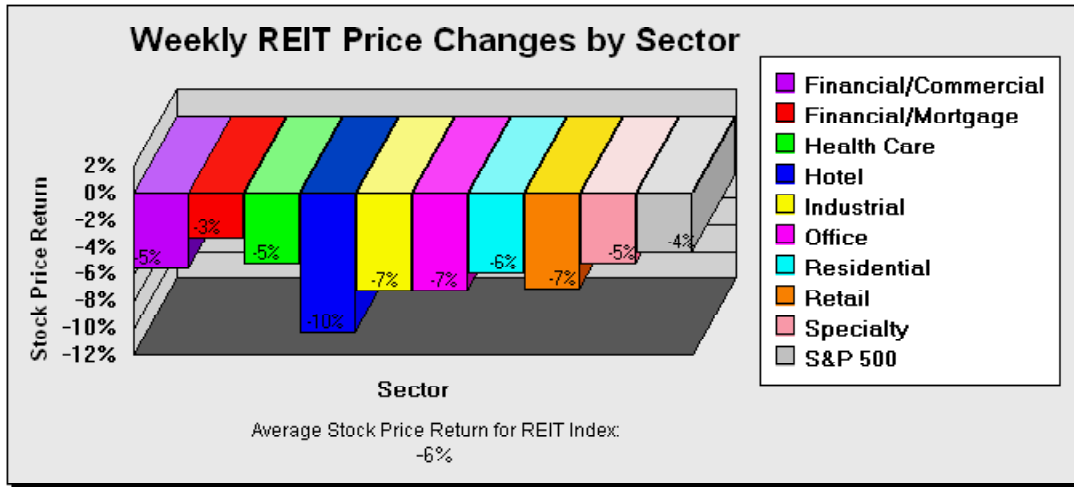
REIT stocks tumbled along with the broad market averages during the third week of May, 2012, with REIT stock prices down (7%) on average for the week ended May 18, 2012. REITs underperformed the S&P 500 Index, down (4%) for the week. The S&P 500 Index is now up only 3% year to date for 2012, still trailing REIT performance, up 4%. Positive performance gap for S&P 500 Index REITs compressed to 1% year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Simon Property Group**, up 12%, and **Kimco Realty**, up 10%. Residential REITs corrected, with **Apartment Investment and Management** now up 12%, **AvalonBay Communities** up 5% and **Equity Residential** up 6% year to date for 2012. Office REITs reflect investor fears over the financial sector, with **Boston Properties** up 1% and **Vornado Realty Trust** up 6% year to date for 2012. Health Care REITs are volatile due to Supreme Court review of the Affordable Care Act, with **HCP Inc** now down (3%), **Health Care REIT** down (1%), and **Ventas** up 2% year to date for 2012. Industrial REIT **Prologis, Inc.** slid (11%), now showing 8% gain for 2012. Specialty REIT **Plum Creek Timber** shows no year to date gain, as investors digested news of lower demand for exports to China. **Public Storage** lags, down (3%) year to date for 2012. **Host Hotels & Resorts** traded down (13%) to show (4%) decline year to date for 2012, as investors consider the impact of European financial turmoil.

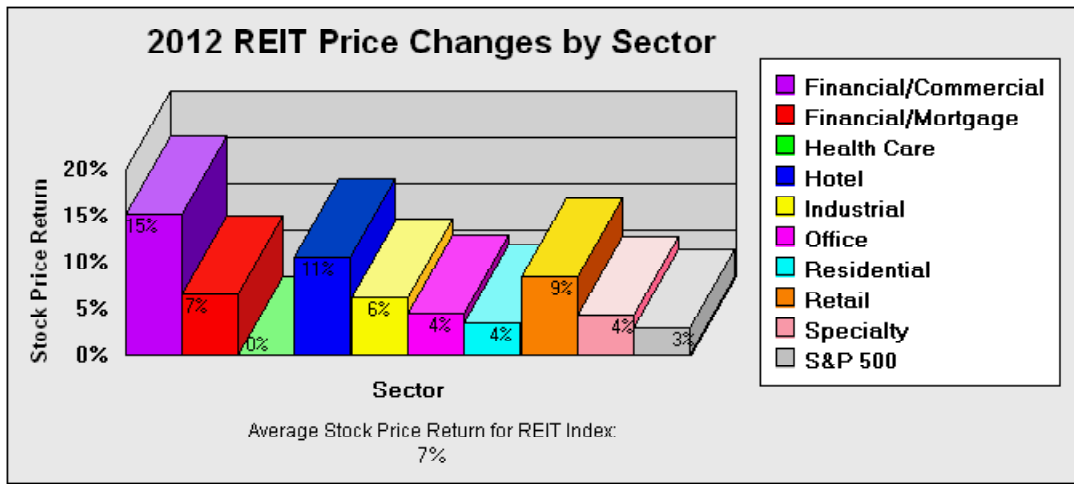
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Weekly REIT Price Changes by Sector



REIT sectors faced exceptional selling pressure for the third week of May, ended May 18, 2012, with most REIT sectors hit harder than the S&P 500 Index, trading down (4%) for the week. Best performing sector was Financial Mortgage REITs, the only REIT sector to outperform the S&P 500 Index with a (3%) weekly decline. Financial Commercial REITs, Health Care REITs, and Specialty REITs all decreased (5%), followed by Residential REITs, down (6%). Industrial REITs, Office REITs and Retail REITs all decreased (7%). Lagging sector was Hotel REITs, down (10%). On average, stock prices for REIT Growth and Income Monitor traded tumbled down (6%) for the week ended May 18, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor rallied 7% on average year to date for 2012, exceeding performance of the S&P 500 Index, now up only 3%. Fears over financial turmoil in Europe triggered selling pressure. Leading sector year to date is Financial Commercial REITs, up 15%, followed by Hotel REITs, up 11%. Also demonstrating strength are Retail REITs, up 9%. Financial Mortgage REITs retain 7% gain, while Industrial REITs traded down to show gain of 6%. Office REITs, Residential REITs and Specialty REITs are now up only 4%, still exceeding performance of the S&P 500 Index. We expect Residential REITs to be a best performing sector for 2012, as they were during 2011, with strong profit gains driving another year of exceptional FFO growth during 2012. Lagging sector is Health Care REITs, trading flat year to date for 2012. Investors in Health Care REITs should expect volatility pending Supreme Court decision on the Affordable Care Act. Investors should look forward to earnings announcements for 2Q 2012, to start in July, 2012, as REIT funds flow is unlikely to disappoint, at a time when other market sectors may see adjusted expectations

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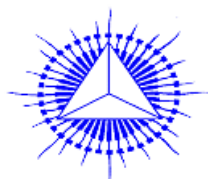


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REIT Comment



Company:	UDR, Inc.
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,289
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
UDR \$27

UDR Inc UDR announced CFO David Messenger resigned effective May31, 2012

UDR CFO Messenger pursuing employment opportunity with another real estate firm

UDR increasing profitability results from high occupancy and rental rate increases

UDR reported FFO for 1Q 2012 UP +13%, while making no change to guidance for FFO for 2012 to increase as much as UP +11%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.3 billion

REIT Comment



Company:	Public Storage
Price:	\$139
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$23,894
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/07/2012
PSA \$139

Public Storage PSA unlikely to see financial upset from euro currency volatility

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

PSA pending Socialist control of France unlikely to impact long standing investments although tax rate changes may be expected

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

PSA 1Q 2012 equity earnings contribution from 49% owned Shurgard Europe \$9 million DOWN (34%), representing less than 5% of total PSA income from continuing operations

PSA same property metrics for Shurgard Europe showed NOI UP+0.6%, with occupancy DOWN (0.8%) and rents UP +1.2%

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

PSA we rank 3 HOLD

PSA market cap \$23.9 billion

PSA an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$156
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,354
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
SPG \$156

Simon Property Group SPG unlikely to see FFO growth impacted by euro currency volatility or by new Socialist French President, to be sworn in tomorrow

SPG tax rate changes may be expected in France, along with higher social costs due to pending reduction in retirement age

SPG invested \$2 billion during 1Q 2012 to acquire 28.7% stake in French real estate company Klepierre SA, #2 publicly traded shopping mall operator in Europe, from BNP Paribas SA

SPG Klepierre portfolio concentrated 50% in France and Belgium, 25% Scandinavia, and 25% southern and eastern Europe

SPG CEO David Simon now Chairman of Klepierre's Supervisory Board, with 2 additional SPG representatives

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

SPG reported stronger than expected results for 1Q 2012, with FFO UP +13%, and increased guidance for FFO for 2012 to indicate as much as UP +10% growth

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 \$55.4 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,445
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
PLD \$35

Prologis Inc PLD exposure to France limited by participation in euro economies through management of institutional investment funds

PLD properties in Europe (mostly France) represent less than 15% of total PLD portfolio, with \$9 billion of total \$25 billion institutional joint venture investment funds invested in Europe

PLD demand for bulk storage space driven by international trade and retail sales

PLD recent management comment that positive pricing trends in Europe help profitability for European property funds

PLD reported core FFO for 1Q 2012 UP +38%

PLD made no change to guidance for core FFO for 2012 indicating growth of as much as UP +8%

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

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

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

PLD we rank 2 BUY

PLD market cap \$16.4 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Washington Real Estate Investment Trust
Price:	\$30
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,993
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/14/2012
WRE \$30

Washington REIT WRE 1Q 2012 FFO \$0.47 (adjusted) v \$0.49 (adjusted) DOWN (4%)
WRE 1Q 2012 FFO (adjusted) excludes net charges of less than (\$0.01) per share relating to acquisition costs

WRE made no change to guidance 2012 FFO \$1.87-\$1.97 v \$1.96 FLAT - DOWN (5%)

WRE 1Q 2012 same property NOI DOWN (1.1%)
WRE 1Q 2012 portfolio occupancy 90.1% DOWN (1.1%)
WRE 1Q 2012 rents UP +1.3%

WRE 1Q 2012 office segment (49% of NOI) same property NOI DOWN (6.4%), with occupancy DOWN (3.4%) to 85.9% and rents UP +0.3%
WRE 1Q 2012 retail segment (20% of NOI) same property NOI UP +4.1% with occupancy UP +0.4% to 92.4% and rents UP +0.9%
WRE 1Q 2012 residential segment (16% of NOI) same property NOI UP +5.2%, with occupancy DOWN (0.1%) to 95.2% and rents UP +4.0%
WRE 1Q 2012 medical office segment (15% of NOI) same property NOI UP +1.2% with occupancy DOWN (2.8%) to 90.7% and rents UP +1.8%

WRE management comments DC market slow, particularly for office space, due to BRAC spending reductions with office vacancies
WRE management seeking longer term financing for line of credit

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

WRE we rank 3 HOLD

WRE market cap \$2.0 billion

REIT Comment



Company:	Weingarten Realty
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,337
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
WRI \$28

Weingarten Realty WRI 1Q 2012 recurring FFO \$0.46 v \$0.42 (adjusted) UP +10%

WRI reduced guidance 2012 FFO \$1.76-\$1.84 v \$1.81 DOWN (3%)-UP +2%
WRI previous guidance 2012 FFO \$1.81-\$1.91 per share
WRI guidance reduction for 2012 FFO due to pending divestiture of industrial properties

WRI 1Q 2012 same property retail NOI UP +4.8%
WRI 1Q 2012 same property occupancy 93.4% UP +1.1%

WRI 1Q 2012 rents on lease turnover UP +5.1% with renewals UP +5.3% and new leases UP +4.1% from expiring leases

WRI pending \$382 million divestiture of wholly owned industrial portfolio to DRA Advisors LLC with proceeds to be applied to reduce debt

WRI previously announced 6% dividend increase for 2012, with current dividend yield of 4.2%

WRI a Retail REIT with a diverse portfolio of grocery anchored shopping centers and industrial properties

WRI we rank 2 BUY

WRI market cap \$3.3 billion

REIT Comment



Company:	CBL & Associates
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,492
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
CBL \$18

CBL & Associates CBL traded DOWN (\$0.63) per share to close DOWN (3%) day

CBL stock traded UP +17% year to date for 2012, in line with Retail REITs, UP +17%

CBL many Retail REITS reported better than expected results for 1Q 2012, with higher rents on lease turnover and same store sales gains signaling retailer tenant health

CBL accelerating commitment to outlet centers with acquisitions from Horizon Group Properties

CBL made no change to guidance for FFO for 2012, indicating potential for FFO decline of DOWN (5%) due to higher shares outstanding

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

CBL we rank 2 BUY

CBL market cap \$3.5 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$11,673
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
HST \$16

Host Hotels & Resorts HST traded DOWN (\$0.46) per share to close DOWN (3%) day

HST stock traded UP +6% year to date for 2012, dramatically underperforming Hotel REITs, UP +23%

HST investor concern over exposure to European hotels

HST dispositions of \$100-\$115 million during the first 6 months of 2012 will depress operating income

HST report for 1Q 2012 indicated decline in RevPAR (revenue per available room) for DC hotels

HST reported 1Q 2012 FFO UP +27%, and increased guidance for FFO for 2012 to indicate growth of as much as UP +15%

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

HST we rank 4 SELL

HST market cap \$11.7 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$28
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,353
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
LHO \$28

LaSalle Hotel Properties LHO traded DOWN (\$0.70) per share to close DOWN (2%) day

LHO stock traded UP +16% year to date for 2012, underperforming Hotel REITs, UP +23%

LHO investor concern over impact of lower federal spending on LHO hotels in metropolitan DC area representing more than 30% of NOI

LHO reported FFO (adjusted) for 1Q 2012 UP +62%

LHO increased optimistic guidance for FFO for 2012 to indicate growth of as much as UP +40%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.4 billion

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$79
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,037
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/14/2012
SLG \$79

SL Green Realty SLG traded DOWN (\$1.45) per share to close DOWN (2%) day

SLG stock traded UP +19% year to date for 2012, outperforming Office REITs, UP +13%

SLG investor concern over exposure to financial industry tenants particularly to banks facing additional layoffs due to Dodd-Frank regulation

SLG recent management comments noted slow leasing environment in midtown NYC

SLG reported FFO decline of more than (30%) 1Q 2012, while making no change to guidance 2012 FFO, indicating decline of DOWN (8%)

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

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

SLG we rank 4 SELL

SLG market cap \$7.0 billion

REIT Comment



Company:	Kimco Realty
Price:	\$19
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,867
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
KIM \$19

Kimco Realty KIM news of slower retail sales gain for April 2011, in line with expectations, still supports positive outlook for Retail REITs

KIM Commerce Department reported April sales UP +0.1% from previous month for April 2011, slowest rate of gain since December 2011

KIM sales DOWN (0.7%) at clothing stores and DOWN (0.1%) at general merchandise stores, with warm weather and early Easter impacting demand

KIM reported FFO UP +3% for 1Q 2012, while guidance for FFO for 2012 indicates potential for growth of as much as UP +5%

KIM stock price supported by current dividend yield of 4.0%

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

KIM we rank 1 BUY

KIM market cap \$7.9 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Brookfield Properties Corp.
Price:	\$18
Recommendation:	SELL
Ranking:	4
Market Cap:	\$9,171
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
BPO \$18

Brookfield Properties BPO investor concern over banks, with rating downgrades expected soon for several major banks, impacts trading in certain Office REITs

BPO bank layoffs to accelerate in face of new Dodd+Frank regulation limiting fees and proprietary trading

BPO mandatory interim disclosures by banks provide investors with more information while increasing concerns when news of negative trading trends is viewed in light of need for higher balance sheet capital

BPO management estimates exposure to financial tenants at more than 50% of NOI

BPO focus on new office property development to provide portfolio expansion

BPO reported FFO growth better than expected for 1Q 2012, UP +8%

BPO made no change to guidance 2012 FFO \$1.07-\$1.12 v \$1.08 DOWN (1%)-UP +4%

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

BPO we rank 4 SELL

BPO market cap \$9.2 billion

REIT Comment



Company:	Saul Centers
Price:	\$41
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,067
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
BFS \$41

Saul Centers BFS 1Q 2012 FFO \$0.58 v \$0.53 UP +9%

BFS no guidance provided for FFO for 2012

BFS 1Q 2012 same property NOI UP +0.6%
BFS 1Q 2012 same property NOI for shopping centers DOWN (0.5%)
BFS 1Q 2012 same property NOI for mixed use properties UP +5.3%

BFS 1Q 2012 portfolio occupancy 90.9% UP +1.3%

BFS recent acquisitions contributing to FFO growth

BFS stock price supported by current annual dividend yield of 3.5%

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

BFS we rank 3 HOLD

BFS market cap \$1.1 billion

REIT Comment



Company:	RAIT Financial Trust
Price:	\$4
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$170
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/15/2012
RAS \$4

RAIT Financial Trust RAS 1Q 2012 AFFO \$0.21 (adjusted) v \$0.19 (adjusted) UP +11%
RAS 1Q 2012 AFFO (adjusted) excludes net charges of (\$2.46) per share for non-cash fair value adjustment and other items, net of gain on debt extinguishment

RAS no guidance provided for AFFO for 2012

RAS 1Q 2012 GAAP book value \$19.28 per share

RAS 1Q 2012 funded \$72 million loans and received repayments of \$30 million
RAS 1Q 2012 \$383 million capital available for investment through CDO

RAS 1Q 2012 total assets under management \$3.5 billion, generating \$1.5 million fee for management of minority-owned real estate

RAS 1Q 2012 portfolio \$2.8 billion, including \$993 million commercial loans, \$887 million owned real estate and \$654 million securities

RAS 1Q 2012 loan portfolio reserve for loan losses \$36 million, representing 63% of \$56 million non performing loans

RAS 1Q 2012 portfolio of owned real estate includes 56 properties, including 1.8 million square feet of office space, 1.4 million square feet of retail space, and 8,014 apartment units
RAS 1Q 2012 transferred no additional properties to portfolio of owned real estate

RAS 1Q 2012 average occupancy of owned real estate portfolio 85% UP +1.4%
RAS 1Q 2012 average occupancy for residential units 90.4% UP +2.4%
RAS 1Q 2012 average occupancy for office properties 70.7% FLAT
RAS 1Q 2012 average occupancy for retail properties 66.9% UP +1.6%

RAS no update provided on pending Independence REIT IPO seeking to raise up to \$1.0 billion in offering of stock at \$10 per share

RAS a Financial Commercial REIT

RAS we rank 3 HOLD

RAS market cap \$170 million

REIT Comment



Company:	Glimcher Realty Trust
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,096
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
GRT \$10

Glimcher Realty Trust GRT 1Q 2012 FFO \$0.15 v \$0.15 FLAT
GRT 1Q 2012 FFO excludes non-recurring impairments of (\$0.03) per share

GRT reduced guidance 2012 FFO \$0.61-\$0.66 (adjusted) v \$0.64 DOWN (5%)-UP +3%
GRT previous guidance 2012 FFO \$0.65-\$0.70 per share
GRT new guidance 2012 FFO excludes net charges of (\$0.02) per share

GRT 1Q 2012 portfolio same property NOI UP +1.1%, including joint venture properties
GRT 1Q 2012 occupancy for core malls 93.8% DOWN (0.3%)

GRT 1Q 2012 portfolio average annual rent per square foot \$33.63 UP +0.5%
GRT 1Q 2012 average rental gain on lease turnover UP +7%

GRT 1Q 2012 trailing 12 month tenant sales \$414 UP +10.1%

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

GRT a Retail REIT with a portfolio of regional malls

GRT we upgrade to 3 HOLD

GRT market cap \$1.1 billion

REIT Comment



Company:	Winthrop Realty Trust
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$351
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
FUR \$11

Winthrop Realty Trust FUR 1Q 2012 FFO \$0.42 v \$0.44 DOWN (5%)

FUR no guidance provided for FFO for 2012

FUR 1Q 2012 revenues \$18 million DOWN (13%)

FUR 1Q 2012 rental revenue UP +14%, while interest and dividend revenue DOWN (43%)

FUR 1Q 2012 income from continuing operations \$7 million FLAT

FUR invested additional \$4 million for 873,000 shares of publicly traded Retail REIT Cedar Realty Trust CDR

FUR now holds 8.8% of outstanding shares in CDR

FUR stock price supported by current dividend yield of 5.7%

FUR an Office REIT with a diverse portfolio of office and commercial properties, as well as related debt and equity interests

FUR we rank 3 HOLD

FUR market cap \$351 million

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$653
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
FPO \$12

First Potomac Realty Trust FPO announced further delay in releasing results for 1Q 2012, pending completion of internal investigation

FPO in April, 2012 FPO announced delayed release of 1Q 2012 financial results pending results of internal investigation of "material weakness"

FPO press release last week indicated lenders have received mortgages on all FPO unencumbered assets as security, in exchange for renegotiating covenants and waiver of fees for prior non-compliance

FPO higher interest expense and fees to be charged on renegotiated loan covenants

FPO to redeem \$38 million in senior notes with loss on early debt extinguishment to be recorded for 2Q 2012

FPO stock price supported by current dividend yield of 6.4%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$653 million

REIT Comment



Company:	Pennsylvania REIT
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$741
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
PEI \$14

Pennsylvania REIT PEI traded DOWN (\$0.33) per share to close DOWN (2%) day

PEI stock traded UP +30% year to date for 2012, outperforming Retail REITs, UP +17%

PEI today's news of slight increase in US retail sales in line with expectations

PEI investment in downtown Philadelphia assets increases total portfolio yield

PEI reported better than expected results for 1Q 2012, with FFO UP +16%

PEI guidance for FFO for 2012 now indicates decline of as much as DOWN (7%)

PEI stock price supported by current dividend yield of 4.4%

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

PEI we rank 2 BUY

PEI market cap \$741 million

REIT Comment



Company:	National Health Investors
Price:	\$50
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,383
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
NHI \$50

National Health Investors NHI traded UP \$0.87 per share to close UP +2% day

NHI stock traded UP +13% year to date for 2012, outperforming Health Care REITs, UP +5%

NHI pending Supreme Court decision on Affordable Care Act may favor tenants of portfolio of skilled nursing and senior living facilities, to be helped by expansion of Medicaid coverage to young adults

NHI reported FFO growth UP +18% for 1Q 2012, and provided guidance for FFO for 2012 indicating growth UP +9%

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

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

NHI we rank 2 BUY

NHI market cap \$1.4 billion

REIT Comment



Company:	DDR Corp
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,926
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
DDR \$14

DDR Corp DDR traded DOWN (\$0.21) per share to close DOWN (1%) day

DDR stock traded UP +17% year to date for 2012, in line with Retail REITs, UP +17%

DDR today's news of slight increase in US retail sales in line with expectations

DDR pending Blackstone Group joint venture acquisition of \$1.4 billion portfolio of 46 US shopping centers to add interest earning asset to DDR portfolio, with transaction expected to be completed during 2Q 2012

DDR reported FLAT FFO for 1Q 2012, while increasing guidance for FFO for 2012 to indicate potential for UP +7% growth

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 \$3.9 billion

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$78
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,958
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/15/2012
SLG \$78

SL Green Realty SLG traded DOWN (\$0.88) per share to close DOWN (1%) day

SLG stock traded UP +18% year to date for 2012, outperforming Office REITs, UP +13%

SLG investor concern over exposure to financial industry tenants particularly to banks facing additional layoffs due to Dodd-Frank regulation

SLG recent management comments noted slow leasing environment in midtown NYC

SLG reported FFO decline of more than (30%) 1Q 2012, while making no change to guidance 2012 FFO, indicating decline of DOWN (8%)

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

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

SLG we rank 4 SELL

SLG market cap \$7.0 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,669
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
NLY \$16

Annaly Capital Management NLY news of higher mortgage application volume may indicate banks responding to interest in new refinance options

NLY report from MBA (Mortgage Bankers Association) indicated mortgage application volume increased UP +9.2% for the week ended May 11, 2012

NLY refinance applications UP +13.0% while mortgage applications for home purchase DOWN (2.4%)

NLY report from MBA indicates HARP refinance applications now 28% of survey total, down from 30% during April 2012

NLY average interest rate for 30 year fixed rate mortgage now 3.96%

NLY reported FLAT EPS for 1Q 2012, and indicated Federal Reserve and FHA are supporting a stable market for agency guaranteed Residential MBS, at least through the Fall 2012 presidential election

NLY stock price supported by current annual dividend yield of 13.4%, 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 \$16.7 billion

REIT Comment



Company:	Plum Creek Timber
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,181
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/16/2012
PCL \$38

Plum Creek Timber PCL news of higher home starts may signal slow recovery in lumber demand driven by US housing sector

PCL report from Commerce Department indicated new housing starts at 717,000 annual pace for April, 2012, UP +2.6% from previous month

PCL building permits for single family homes UP 2%

PCL on last conference call, management commented that export demand lower, due to slowdown in China, while US housing sector FLAT

PCL reported EPS DOWN (22%) for 1Q 2012, and provided guidance for FFO for 2012 indicating FLAT year at best

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

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

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

PCL we rank 2 BUY

PCL market cap \$6.2 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Potlatch Corp.
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,220
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
PCH \$30

Potlatch PCH news of higher homebuilder confidence supports Commerce Department report of higher home starts

PCH report from Commerce Department indicated new housing starts at 717,000 annual pace for April, 2012, UP +2.6% from previous month

PCH news of higher building permits for single family homes, UP +2%, also supports improving outlook for lumber demand

PCH reported EPS DOWN (32%) for 1Q 2012, while guidance for lower harvest volume for 2012 assumed US housing starts FLAT

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

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

PCH timberlands and sawlog harvest concentrated in southeastern states

PCH stock price supported by current dividend yield of 4.1%

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

PCH we rank 2 BUY

PCH market cap \$1.2 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,199
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
HTS \$29

Hatteras Financial HTS availability of HARP refinance programs, as well as low interest rates, supporting Financial Mortgage REITs

HTS report from MBA (Mortgage Bankers Association) indicated mortgage application volume increased UP +9.2% for the week ended May 11, 2012, with refinance applications UP +13.0% and mortgage applications for home purchase DOWN (2.4%)

HTS on recent conference call management indicated less than 10% of mortgages purchased for portfolio are HARP refinance

HTS Financial Mortgage REITs benefit from higher mortgage application volume, enabling opportunities for portfolio repositioning

HTS reported NIM (net interest margin) almost FLAT for 1Q 2012, with EPS DOWN (3%) from previous year

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

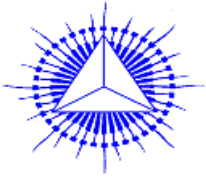
HTS stock price supported by current annual dividend yield of 12.5%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.2 billion

REIT Comment



Company:	CYS Investments
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,133
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
CYS \$14

CYS Investments news of higher mortgage applications and low interest rates support positive outlook for Financial Mortgage REITs

CYS report from MBA (Mortgage Bankers Association) indicated mortgage application volume increased UP +9.2% for the week ended May 11, 2012, with refinance applications UP +13.0% and mortgage applications for home purchase DOWN (2.4%)

CYS report from MBA indicates average interest rate on 15 year mortgage loans at 3.26%, lowest in the history of the survey

CYS portfolio of agency guaranteed Residential MBS concentrated 58% in 15 year fixed rate mortgages

CYS reported NIM (net interest margin) up less than +0.1% for 1Q 2012 from December 2011

CYS reported EPS UP +25% for 1Q 2012, with no guidance provided for EPS for 2012

CYS stock price supported by current annual dividend yield of 14.6%, 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 \$1.1 billion

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$646
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/16/2012
FPO \$12

First Potomac Realty Trust FPO 1Q 2012 Core FFO \$0.28 (adjusted) v \$0.25 (adjusted) UP +12%
FPO 1Q 2012 Core FFO (adjusted) excludes net charges of (\$0.01) per share relating to debt modification and acquisition costs

FPO reduced top end of guidance range 2012 Core FFO \$1.06-\$1.12 v \$1.08 DOWN (2%) - UP +4%
FPO previous guidance 2012 Core FFO \$1.06-1.14 per share

FPO new guidance 2012 Core FFO assumes same property NOI UP +3% - +5%
FPO new guidance 2012 FPO assumes average occupancy 83% - 84%

FPO 1Q 2012 same property NOI UP +2.0% on GAAP basis and UP +2.8% on cash basis
FPO 1Q 2012 same property NOI by market segment MD UP +9.7%, northern VA +8.6%, DC UP +3.6% and southern VA DOWN (10.4%)
FPO 1Q 2012 portfolio concentration MD 31% of rents, northern VA 29%, southern VA 27% and DC 13%

FPO 1Q 2012 portfolio leased occupancy 84.9% UP +0.6%
FPO 1Q 2012 portfolio occupancy 83.0% UP +1.2%

FPO 1Q 2012 rents DOWN (7.1%) on lease turnover
FPO 1Q 2012 tenant retention 51%

FPO total development pipeline 2 properties with 166,000 square feet for total invest of \$13 million
FPO total redevelopment pipeline 5 properties with 344,000 square feet for total investment of \$52 million

FPO year to date 2012 dispositions \$11 million
FPO target 2012 dispositions \$75 million, including divestitures of development properties to joint venture partners

FPO yesterday announced debt structuring changes due to ongoing internal investigation

FPO stock price supported by current dividend yield of 6.5%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$646 million

REIT Comment



Company:	Apartment Investment and Management
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,267
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
AIV \$28

Apartment Investment and Management AIV completed offering of 11.8 million shares
AIV offering size increased from previous 11.0 million shares
AIV net proceeds of \$318 million to be applied to redeem preferred stock and to repay debt
AIV sole bookrunning manager Citi
AIV May 2012 offering increased total shares outstanding by 10%
AIV a Residential REIT with a diverse portfolio of apartment communities
AIV we rank 2 BUY
AIV market cap \$3.3 billion
AIV an S&P 500 Index REIT

REIT Comment



Company:	Franklin Street Properties Corp.
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$844
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
FSP \$10

Franklin Street Properties FSP 1Q 2012 FFO \$0.24 v \$0.20 UP +20%

FSP no guidance provided for FFO for 2012

FSP 1Q 2012 revenues \$39 million UP +23% due to acquisitions
FSP 1Q 2012 operating income before equity in earnings of non-consolidated REITs \$5 million UP +49%

FSP 1Q 2012 portfolio occupancy 89.0% UP +0.3% from December 2011

FSP during 1Q 2012 provided additional \$30 million funding for existing \$76 million 2 year bridge loan on Minneapolis office property

FSP stock price supported by current annual dividend yield of 7.5%

FSP an Office REIT with a diverse portfolio of office and commercial properties, as well as properties held for syndication

FSP we rank 3 HOLD

FSP market cap \$844 million

REIT Comment



Company:	Arbor Realty Trust
Price:	\$6
Recommendation:	SELL
Ranking:	5
Market Cap:	\$157
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
ABR \$6

Arbor Realty Trust ABR 1Q 2012 EPS \$0.17 v \$0.01
ABR 1Q 2012 EPS includes incremental loan loss reserve of (\$8) million

ABR 1Q 2012 FFO \$0.08 v \$0.03

ABR no guidance provided for 2012 FFO or EPS

ABR 1Q 2012 adjusted book value \$11.88 per share
ABR 1Q 2012 GAAP book value \$7.40 per share

ABR 1Q 2012 funded \$39 million in new commercial loans and invested \$46 million in Residential MBS
ABR 1Q 2012 received \$38 million on portfolio run-off

ABR 1Q 2012 portfolio \$1.6 billion
ABR 1Q 2012 average portfolio yield 4.8% UP +0.1% from December 2011
ABR 1Q 2012 average cost of funds 3.4% DOWN (0.1%) from December 2011

ABR 1Q 2012 received deed-in-lieu of payment on \$4 million bridge loan, and recognized impairment of (\$0.8) million on the property

ABR 1Q 2012 non-performing loans \$15 million, net of total loan loss reserve of \$39 million

ABR reinstated quarterly dividends for current yield of 4.6%

ABR a Financial Commercial REIT

ABR we rank 5 SELL

ABR market cap \$157 million

REIT Comment



Company:	Arbor Realty Trust
Price:	\$6
Recommendation:	SELL
Ranking:	5
Market Cap:	\$157
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
ABR \$6

Arbor Realty Trust ABR reinstated quarterly dividend payment of \$0.075 per share with distribution to be paid during 2Q

ABR new annual dividend \$0.30 per share

ABR new yield 4.6%

ABR a Financial Commercial REIT

ABR we rank 5 SELL

ABR market cap \$157 million

REIT Comment



Company:	Cedar Shopping Centers
Price:	\$5
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$350
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
CDR \$5

Cedar Shopping Centers CDR 1Q 2012 FFO \$0.11 v \$0.14 DOWN (21%)

CDR made no change to guidance 2012 FFO \$0.40-\$0.45 v \$0.49 (adjusted) DOWN (8%)-(18%)

CDR 1Q 2012 same property NOI UP +3.9%

CDR 1Q 2012 portfolio leased occupancy 91.8% with occupancy 90.6% UP +0.8%

CDR 1Q 2012 cash rents on lease renewals UP +6.2%

CDR management plans to divest up to 50 properties during 2012 to generate \$150 million for debt reduction

CDR stock price supported by current dividend yield of 4.1%

CDR a Retail REIT

CDR we rank 3 HOLD

CDR market cap \$350 million

REIT Comment



Company:	Redwood Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$967
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
RWT \$12

Redwood Trust RWT traded UP \$0.25 per share to close UP +2% day

RWT stock closed UP +21% year to date for 2012, outperforming Financial Mortgage REITs, UP +10%

RWT news of higher mortgage originations indicates steady outlook for Financial Mortgage REITs

RWT low mortgage rates should eventually lead to higher demand for home loans

RWT completion of 2 successful securitizations during 1Q 2012 a sign of modest demand recovery for non-agency guaranteed subprime Residential MBS

RWT stock price supported by current annual dividend yield of 8.1%, at the low end of the range for Financial Mortgage REITs

RWT a Financial Mortgage REIT with a portfolio of jumbo residential loans and non-agency guaranteed Residential MBS

RWT we rank 3 HOLD

RWT market cap \$967 million

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$627
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
FPO \$12

First Potomac Realty Trust FPO traded DOWN (\$0.36) per share to close DOWN (3%) day

FPO stock traded DOWN (8%) year to date, dramatically underperforming Industrial REITs, UP +15%

FPO faced investors in a testy phone call to discuss results for 1Q 2012 this morning, reporting solid portfolio results, while management struggles to resolve continuing investigation of "material weakness" in compliance with financial covenants

FPO reported FFO growth for 1Q 2012 UP +12%, with guidance for FFO for 2012 indicating potential for UP +4% growth

FPO lower rents on lease turnover and low tenant retention are current concerns

FPO management seeking to raise funds through sale of joint venture participations in development projects

FPO stock price supported by current dividend yield of 6.7%

FPO an Industrial REIT with a portfolio of industrial, commercial and office properties concentrated in metropolitan DC area

FPO we rank 3 HOLD

FPO market cap \$627 million

REIT Comment



Company:	Vornado Realty Trust
Price:	\$85
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,232
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
VNO \$85

Vornado Realty Trust VNO traded DOWN (\$1.73) per share to close DOWN (2%) day

VNO stock traded UP +10% year to date for 2012, underperforming Office REITs, UP +13%

VNO investor concern over sudden vacancies in DC market as DOD spending reductions cause lower occupancies

VNO exposure to financial industry tenants also a concern for certain Office REITs

VNO reported FFO growth UP +5% for 1Q 2012, with no guidance provided for FFO for 2012

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

VNO we rank 3 HOLD

VNO market cap \$16.2 billion

REIT Comment



Company:	Boston Properties
Price:	\$105
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,521
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/16/2012
BXP \$105

Boston Properties BXP traded DOWN (\$1.61) per share to close DOWN (2%) day

BXP stock traded UP +5% year to date for 2012, underperforming Office REITs, UP +13%

BXP news of banks layoffs in face of new Dodd-Frank regulations causing concern for certain Office REITs

BXP reported better than expected results for 1Q 2012, with FFO FLAT

BXP slightly increased guidance 2012 FFO to indicate growth of FLAT - UP +2%

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

BXP we rank 4 SELL

BXP market cap \$15.5 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Pennsylvania REIT
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$733
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
PEI \$13

Pennsylvania REIT PEI increased quarterly dividend distribution by 7% to \$0.16 per share

PEI new annual dividend \$0.64 per share

PEI new yield 4.8%

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

PEI we rank 2 BUY

PEI market cap \$733 million

REIT Comment



Company:	DDR Corp
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,852
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
DDR \$14

DDR Corp DDR better than expected sales report from tenant Wal-Mart WMT should add to positive expectations for Retail REITs

DDR Wal-Mart WMT reported same store sales UP +2.6% for 1Q FY 2013 ended April 2012, while competitor Sears/Kmart SHLD reported same store sales DOWN (1.6%) for same period

DDR tenant Wal-Mart contributes 3% of total rental revenues, while DDR exposure to Sears/Kmart is less than 1% of rental revenue

DDR portfolio expansion through acquisition drives FFO growth

DDR pending Blackstone Group joint venture acquisition of \$1.4 billion portfolio of 46 US shopping centers to add interest earning asset to DDR portfolio, with transaction expected to be completed during 2Q 2012

DDR reported FLAT FFO for 1Q 2012, while increasing guidance for FFO for 2012 to indicate potential for UP +7% growth

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 \$3.9 billion

REIT Comment



Company:	UDR, Inc.
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,138
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
UDR \$26

UDR Inc UDR news that new unemployment claims FLAT for most recent week supports positive outlook for Residential REITs

UDR Labor Department reported new unemployment claims at seasonally adjusted 370,000 for week ended May 12, 2012, unchanged from revised number for prior week

UDR lack of momentum in job market not a concern for Residential REITs, given high occupancy in all key urban areas

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

UDR increasing profitability results from high occupancy and rental rate increases

UDR reported FFO for 1Q 2012 UP +13%, while making no change to guidance for FFO for 2012 to increase as much as UP +11%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.1 billion

REIT Comment



Company:	AvalonBay Communities
Price:	\$142
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,554
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
AVB \$142

AvalonBay Communities AVB news of FLAT comparison for new unemployment claims supports positive outlook for Residential REITs

AVB lack of momentum in employment trends should not concern investors in Residential REITs given high occupancy in all key urban areas

AVB announced same property NOI growth exceeded 10% for 1Q 2012, as higher rental rates improve profitability

AVB reported 1Q 2012 FFO UP +19%, while providing guidance for FFO for 2012 indicating UP +21% growth

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

AVB we rank 2 BUY

AVB market cap \$13.6 billion

AVB an S&P 500 Index REIT

REIT Comment



Company:	Redwood Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$967
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
RWT \$12

Redwood Trust RWT low mortgage rates should continue to stimulate mortgage application volume including non-agency guaranteed sector

RWT Freddie Mac reported 30 year fixed rate mortgages now 3.79% DOWN (0.04%) from previous week

RWT Freddie Mac reports rates are lowest recorded since data reported in 1971

RWT low mortgage rates enable more borrowers to qualify for mortgage refinance and new home purchase

RWT completion of 2 successful securitizations during 1Q 2012 a sign of modest demand recovery for non-agency guaranteed subprime Residential MBS

RWT stock price supported by current annual dividend yield of 8.1%, at the low end of the range for Financial Mortgage REITs

RWT a Financial Mortgage REIT with a portfolio of jumbo residential loans and non-agency guaranteed Residential MBS

RWT we rank 3 HOLD

RWT market cap \$967 million

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,699
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/17/2012
MFA \$8

MFA Financial MFA news from Freddie Mac of lowest 30 year fixed mortgage rates on record indicates turn may be near for US housing sector

MFA Freddie Mac reported 30 year fixed rate mortgages now 3.79%, DOWN (0.04%) from previous week

MFA low mortgage rates should encourage more borrowers to apply for mortgage refinance and new home purchase

MFA book value of \$7.49 per share as of March 2012 increased UP +11% from December, 2011, despite (15%) decline in EPS for 1Q 2012

MFA higher profit contribution from non-agency guaranteed portion of portfolio drives portfolio returns

MFA stock supported by current annual dividend yield of 12.7%, near the midpoint of the range for Financial Mortgage REITs

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

MFA we rank 2 BUY

MFA market cap \$2.7 billion

REIT Comment



Company:	Kimco Realty
Price:	\$19
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,695
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
KIM \$19

Kimco Realty KIM better than expected results reported this morning by Wal-Mart WMT supports continued gains for Retail REITs

KIM Wal-Mart WMT reported same store sales UP +2.6% for 1Q FY 2013 ended April 2012, while competitor Sears/Kmart SHLD reported same store sales DOWN (1.6%) for same period

KIM tenant Wal-Mart WMT contributes 3% of total rental revenues, while Sears/Kmart SHLD contributes 2%

KIM some tenants expand, while others, such as Sears, Gap and Best Buy, contract their total retail space

KIM diversity of retail portfolio prevents problems for any single retail tenant from impacting total portfolio performance

KIM reported FFO UP +3% for 1Q 2012, while guidance for FFO for 2012 indicates potential for growth of as much as UP +5%

KIM stock price supported by current dividend yield of 4.0%

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

KIM we rank 1 BUY

KIM market cap \$7.7 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Inland Real Estate
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$739
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
IRC \$8

Inland Real Estate IRC 1Q 2012 FFO \$0.20 v \$0.18 UP +11%

IRC made no change to guidance 2012 FFO \$0.84-\$0.89 v \$0.82 UP +2%--9%

IRC 1Q 2012 same property NOI UP +5.7%
IRC 1Q 2012 same property occupancy 88.6% UP +1.1%
IRC 1Q 2012 portfolio occupancy 89.4% UP +0.9%

IRC 1Q 2012 rents on renewed leases UP +5.3% and rents on new leases UP +8.6%

IRC 1Q 2012 acquisition \$73 million for a shopping center in Cleveland OH
IRC year to date 2012 \$99 million acquisitions for joint venture funds

IRC stock price supported by current annual dividend yield of 6.9%

IRC a Retail REIT with a diverse portfolio of neighborhood and community shopping centers

IRC we rank 3 HOLD

IRC market cap \$739 million

REIT Comment



Company:	Universal Health Realty Income Trust
Price:	\$39
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$497
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
UHT \$39

Universal Health Realty Income Trust UHT 1Q 2012 FFO \$0.69 (adjusted) v \$0.66 UP +5%
UHT 1Q 2012 FFO (adjusted) excludes net charges of (\$0.04) per share relating to transaction costs

UHT no guidance provided for FFO for 2012

UHT 1Q 2012 revenue \$13 million UP +100% due to acquisitions of minority interests in LLCs
UHT operating income \$4 million (excluding transaction costs) UP +11%

UHT 2012 year to date acquisitions \$30 million
UHT 2012 year to date divestitures \$8 million

UHT a Health Care REIT with a portfolio of investments in acute care, psychiatric and specialty care hospitals, many operated by key tenant Universal Health Services UHS

UHT we rank 3 HOLD

UHT market cap \$497 million

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$5
Recommendation:	SELL
Ranking:	4
Market Cap:	\$527
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/17/2012
NRF \$5

NorthStar Realty Finance NRF 1Q 2012 EPS loss (\$0.33) v (\$1.33)
NRF 1Q 2012 AFFO \$0.47 (adjusted) v \$0.26 (adjusted) UP +81%
NRF 1Q 2012 AFFO (adjusted) excludes (\$0.70) per share in unrealized non-cash losses on fair value adjustments and other items

NRF no guidance provided for EPS or AFFO for 2012

NRF 1Q 2012 GAAP book value \$7.00 per share, DOWN (12%) from December, 2011

NRF 1Q 2012 portfolio \$5.0 billion, including \$3.7 billion in VIE and \$1.4 billion in non-VIE structures
NRF 1Q 2012 assets under management \$7.0 billion including \$6.7 billion NorthStar owned debt securities

NRF 1Q 2012 balance sheet includes 2 non-performing loans with face value of \$39 million, written down to \$29 million
NRF 1Q 2012 total loan loss reserve \$166 million relating to loans with total face value of \$253 million

NRF 1Q 2012 occupancy for net leased owned real estate 94%

NRF announced 11% dividend increase for 2Q 2012

NRF a Financial Commercial REIT

NRF we rank 4 SELL

NRF market cap \$527 million

REIT Comment



Company:	CapLease Inc.
Price:	\$4
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$273
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
LSE \$4

CapLease LSE 1Q 2012 FFO \$0.15 (adjusted) v \$0.17 (adjusted) DOWN (12%)
LSE 1Q 2012 FFO excludes non-recurring gains of (\$0.04) per share relating to debt extinguishment and other items

LSE made no change to guidance 2012 FFO \$0.59-\$0.62 v \$0.67 FLAT - DOWN (5%)

LSE pending \$46 million acquisition of 2 adjacent office properties in southern US
LSE completing \$53 million build-to-suit investment in Tulsa OK

LSE 95% of portfolio invested in single tenant properties

LSE stock price supported by current annual dividend yield of 6.3%

LSE a Financial Commercial REIT

LSE we rank 3 HOLD

LSE market cap \$273 million

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$5
Recommendation:	SELL
Ranking:	4
Market Cap:	\$527
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
NRF \$5

NorthStar Realty Finance NRF increased quarterly dividend distribution by 11% to \$0.15 per share for 2Q 2012

NRF new annual dividend \$0.60 per share

NRF new yield 11.4%

NRF NRF a Financial Commercial REIT

NRF we rank 4 SELL

NRF market cap \$527 million

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$5
Recommendation:	SELL
Ranking:	4
Market Cap:	\$527
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
NRF \$5

NorthStar Realty Finance NRF announced new issue of 20 million shares to be priced at \$5.70 per share

NRF offering price at discount of (19%) to GAAP book value of \$7.00 per share as of March, 2012

NRF sole book running manager Deutsche Bank

NRF May offering to increase total shares outstanding by 19%

NRF stock price supported by current yield of 11.4%

NRF a Financial Commercial REIT

NRF we rank 4 SELL

NRF market cap \$527 million

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$14
Recommendation:	SELL
Ranking:	4
Market Cap:	\$10,794
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
HST \$14

Host Hotels & Resorts HST traded DOWN (\$0.81) per share to close DOWN (5%) day

HST stock traded DOWN (2%) year to date for 2012, underperforming Hotel REITs, UP +23%

HST investor concern over exposure to international economies may limit performance of HST stock

HST improving results for US hotels in key urban locations may offset pressure in Europe

HST report for 1Q 2012 indicated decline in RevPAR (revenue per available room) for DC hotels

HST reported 1Q 2012 FFO UP +27%, and increased guidance for FFO for 2012 to indicate growth of as much as UP +15%

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

HST we rank 3 HOLD

HST market cap \$10.8 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Digital Realty Trust
Price:	\$69
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,633
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
DLR \$69

Digital Realty Trust DLR traded DOWN (\$2.82) per share to close DOWN (4%) day

DLR stock traded UP +4% year to date for 2012, underperforming Office REITs, UP +13%

DLR management focused on expanding portfolio of data centers in US Europe and Asia

DLR reported FFO for 1Q 2012 increased UP +4%

DLR made no change to guidance for FFO for 2012 indicating as much as UP +10% growth, with FFO expected to be higher by the end of 2012

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

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:	Health Care REIT
Price:	\$54
Recommendation:	BUY
Ranking:	2
Market Cap:	\$10,114
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
HCN \$54

Health Care REIT HCN traded DOWN (\$0.86) per share to close DOWN (2%) day

HCN stock traded DOWN (1%) year to date for 2012, underperforming Health Care REITs, UP +5%

HCN tenants of Health Care REITs to benefit if Medicaid expansion is allowed due to pending Supreme Court decision on Affordable Care Act

HCN reported much better than expected results for 1Q 2012, with FFO UP +24%

HCN slightly decreased guidance for FFO for 2012 due to higher than previously announced divestitures, now indicating FFO growth UP 6%

HCN stock price supported by current dividend yield of 5.5%

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

HCN we rank 2 BUY

HCN market cap \$10.1 billion

HCN an S&P 500 REIT

REIT Comment



Company:	Home Properties
Price:	\$60
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,553
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/17/2012
HME \$60

Home Properties HME traded DOWN (\$1.57) per share to close DOWN (3%) day

HME stock traded UP +4% year to date for 2012, underperforming Residential REITs, UP +10%

HME Residential REITs should benefit from improving employment trends, including FLAT new unemployment claims announced today

HME reported FFO growth UP +13% for 1Q 2012, while increasing guidance for 2012 FFO to indicate growth UP +13%

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

HME a Residential REIT with a diverse portfolio of apartment communities

HME we rank 2 BUY

HME market cap \$3.6 billion

REIT Comment



Company:	Boston Properties
Price:	\$102
Recommendation:	SELL
Ranking:	4
Market Cap:	\$15,050
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
BXP \$105

BXP concern over European financial situation impacts key tenants for Office REITs with portfolios of upscale office properties in key urban financial centers

BXP fear of negative demand impact from banks layoffs due to new DoddFrank regulations is now fueled by news of trading losses and potential nationalization of French mortgage lender 3CIF (Caisse Centrale du Credit Immobilier de France)

BXP list of financial industry tenants includes Citi, State Street, Wellington, and many financial law firms

BXP reported better than expected results for 1Q 2012, with FFO FLAT

BXP slightly increased guidance 2012 FFO to indicate growth of FLAT - UP +2%

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

BXP we rank 4 SELL

BXP market cap \$15.1 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$75
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,619
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
SLG \$75

SL Green Realty SLG concern over European financial situation impacts key tenants

SLG fear of negative demand impact from banks layoffs due to new DoddFrank regulations is now fueled by news of trading losses and potential rating downgrade and nationalization of French mortgage lender 3CIF (Caisse Centrale du Credit Immobilier de France)

SLG list of financial industry tenants includes Citi at 11% of rental revenue, Credit Suisse 5%, AIG 3%, Societe Generale 1% and Travelers 1%

SLG recent management comments noted slow leasing environment in midtown NYC

SLG reported FFO decline of more than (30%) 1Q 2012, while making no change to guidance 2012 FFO, indicating decline of DOWN (8%)

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

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

SLG we rank 4 SELL

SLG market cap \$6.6 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,497
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
NLY \$16

Annaly Capital Management NLY realtor report of higher home prices may indicate strengthening US housing demand

NLY the latest RE/MAX National Housing Report indicates median home prices UP +5.9% for April 2012 from the previous year

NLY RE/MAX also reports total number of home sales UP +4.1% for April 2012

NLY RE/MAX report based on data from 53 metropolitan areas

NLY average days on market down only slightly from the previous year to 96 days

NLY reported FLAT EPS for 1Q 2012, and indicated Federal Reserve and FHA are supporting a stable market for agency guaranteed Residential MBS, at least through the Fall 2012 presidential election

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

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

NLY we rank 2 BUY

NLY market cap \$16.5 billion

REIT Comment



Company:	Capstead Mortgage Corporation
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,145
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
CMO \$13

Capstead Mortgage CMO news of slightly higher home prices may indicate may indicate strengthening US housing demand

CMO latest RE/MAX National Housing Report indicates median home prices UP+5.9% for April 2012 from the previous year, while total number of home sales UP +4.1% for April 2012

CMO realtor report from RE/MAX focuses on home sales and home prices not impacted by foreclosures

CMO reported EPS for 1Q 2012 UP +7%, while NIM increased only slightly from December, 2011

CMO during 1Q 2012 raised \$63 million common and preferred equity, to be invested to increase portfolio return

CMO stock price supported by current annual dividend yield of 12.8%, above 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:	Brookfield Properties Corp.
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,594
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/18/2012
BPO \$17

Brookfield Properties BPO concern over financial industry tenants likely to increase due to concentration of news around European financial situation

BPO Moody's warning yesterday of potential nationalization of Caisse Centrale du Credit Immobilier de France (3CIF) creates concern for holders of French mortgage bonds

BPO key financial industry tenants include foreign banks CIBC, Bank of Montreal and Societe Generale

BPO exposure to financial industry tenants estimated by management at more than 50% of NOI

BPO largest exposure to financial tenant is Bank of America/Merrill Lynch representing 7% of total rental revenue (including 3% subtenants)

BPO layoffs due to downsizing impact demand for office space, while potential losses over European debt increase risk for financial tenants

BPO reported FFO growth better than expected for 1Q 2012, UP +8%

BPO made no change to guidance 2012 FFO \$1.07-\$1.12 v \$1.08 DOWN (1%)-UP +4%

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

BPO we rank 4 SELL

BPO market cap \$8.6 billion

REIT Comment



Company:	Equity One
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,475
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
05/18/2012
EQY \$20

Equity One EQY 1Q 2012 recurring FFO \$0.28 (adjusted) v \$0.28 (adjusted) FLAT
EQY 1Q 2012 FFO (adjusted) excludes net charge of (\$0.01) per share relating to acquisitions

EQY made no change to guidance 2012 recurring FFO \$1.04-\$1.12 (adjusted) v \$1.12 (adjusted)
FLAT
EQY guidance 2012 FFO (adjusted) excludes net charges of (\$0.04) per share for transaction costs

EQY 1Q 2012 same property NOI UP +4.5%
EQY 1Q 2012 same property occupancy by market includes west coast UP+11.1%, FL UP +4.4%,
northeast +1.9% and southeast UP +0.9%

EQY 1Q 2012 core portfolio occupancy 91.2% UP +0.5% from December 2011

EQY 1Q 2012 rents on lease turnover UP +3.5%, with new leases DOWN (2.5%) and renewed
leases UP +6.8%

EQY 1Q 2012 acquisitions 5 properties for investment of \$190 million
EQY 1Q 2012 divestitures 4 properties for \$62 million

EQY has \$183 million development and redevelopment projects in progress

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

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

EQY we rank 3 HOLD

EQY market cap \$2.5 billion

REIT Comment



Company:	One Liberty Properties
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$275
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
OLP \$19

One Liberty Properties OLP 1Q 2012 FFO \$0.38 v \$0.39 DOWN (3%)

OLP no guidance provided for FFO for 2012

OLP 1Q 2012 portfolio occupancy 97.6%

OLP 1Q 2012 revenues \$12 million UP +5%
OLP 1Q 2012 operating income \$6 million FLAT

OLP year to date 2012 acquisitions 4 properties for investment of \$10 million

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

OLP a Retail REIT with a portfolio of net leased properties

OLP we rank 3 HOLD

OLP market cap \$275 million

REIT Comment



Company:	Gramercy Capital
Price:	\$3
Recommendation:	SELL
Ranking:	5
Market Cap:	\$129
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
GKK \$3

Gramercy Capital GKK 1Q 2012 EPS loss from continuing operations (\$0.26) v (\$0.05)
GKK 1Q 2012 EPS includes impairments of (\$21) million and provision for loan loss of (\$3) million

GKK 1Q 2012 FFO loss (\$0.27) v FFO profit \$0.48 per share

GKK no guidance provided for EPS or FFO for 2012

GKK 1Q 2012 GAAP book value negative (\$323) million

GKK signed management agreement with KBS for ongoing management of \$2 billion transferred properties, to generate base \$12 million revenue per year plus incentive fee

GKK total remaining investment portfolio \$1.9 billion, including \$1.0 billion debt (83% first mortgages) and \$873 million CMBS

GKK owned real estate of \$49 million includes 55 properties with average 36% occupancy, including 41 bank branches with 29% occupancy and 14 office buildings with 41% occupancy

GKK 1Q 2012 unrestricted cash \$186 million

GKK also owns \$49 million par value CDOs available to be reissued, shown at fair value of \$49 million

GKK a Financial Commercial REIT

GKK we rank 5 SELL

GKK market cap \$129 million

REIT Comment



Company:	Sunstone Hotel Investors
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,124
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
SHO \$10

Sunstone Hotel Investors SHO traded DOWN (\$0.45) per share to close DOWN (5%) day

SHO stock traded UP +17% year to date for 2012, underperforming Hotel REITs, UP +23%

SHO investor concern over exposure to hotels in international locations including Europe and Mexico

SHO despite positive response to news of pending acquisition of Chicago hotel from Blackstone Group, in exchange for equity investment in SHO stock investors should consider long term implications of trading 5% of SHO equity for a single hotel asset

SHO reported better than expected guidance for FFO for 1Q 2012, and provided guidance for FFO for 2012 indicating potential for growth of UP +20%

SHO no mention of timing for common stock dividend restoration

SHO a Hotel REIT

SHO we rank 3 HOLD

SHO market cap \$1.1 billion

REIT Comment



Company:	Corporate Office Properties Trust
Price:	\$22
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,653
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
OFC \$22

Corporate Office Properties Trust OFC traded DOWN (\$0.63) per share to close DOWN (3%) day

OFC stock traded UP +3% year to date for 2012, underperforming Office REITs, UP +13%

OFC management commented leasing decisions in DC market still impacted by uncertainty over government spending

OFC cautious guidance for 2Q 2012 and for FFO for 2012 indicates potential for FFO decline of as much as DOWN (16%)

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

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

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

OFC we rank 5 SELL

OFC market cap \$1.7 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,671
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
CLI \$27

Mack-Cali Realty CLI traded DOWN (\$0.62) per share to close DOWN (2%) day7

CLI stock traded FLAT year to date for 2012, underperforming Office REITs, UP +13%

CLI concern over exposure to financial industry tenants impacting trading in certain Office REITs

CLI financial industry tenants include Citi, Morgan Stanley, BofA/Merrill Lynch, and CSFB

CLI reported FFO growth UP +6% for 1Q 2012, while reducing guidance for FFO for 2012 to indicate decline of DOWN (11%)

CLI stock price supported by current yield of 6.7%

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

CLI we rank 3 HOLD

CLI market cap \$2.7 billion

REIT Comment



Company:	Realty Income
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,042
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
05/18/2012
O \$38

Realty Income O traded DOWN (\$0.35) per share to close DOWN (1%) day

O stock traded UP +9% year to date for 2012, slightly underperforming Specialty REITs, UP +10%

O reported FFO growth UP +2% for 1Q 2012, while slightly increasing guidance for FFO for 2012 to indicate growth of as much as UP +4%

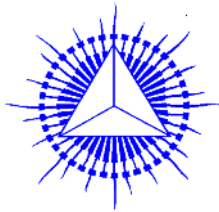
O exceptional long term record of monthly dividends with gradual increases

O stock price supported by current annual dividend yield of 4.6%

O a Specialty REIT with a portfolio of net leased properties to franchised and commercial tenants

O we rank 2 BUY

O market cap \$5.0 billion



REIT Growth and Income Monitor posted 65 REIT comments for the week ended May 18, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	16
Health Care REITs	3
Hotel REITs	4
Industrial REITs	4
Office REITs	14
Residential REITs	5
Retail REITs	15
Specialty REITs	4

Information on REIT sectors may be found using this link:

http://www.reitmonitor.net/REIT_Resources

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

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

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