

## **REIT Growth and Income Monitor**

### **Weekly Comments 10/16/2012**

**REIT stocks traded down as negative performance gap for REITs narrowed to (4%) year to date for 2012, compared to the S&P 500 Index.**

**Hotel REITs concern investors, with uncertainty reflected in volatile stock prices.**

**Host Hotels & Resorts increased low end of guidance range while emphasizing investments in redevelopments to optimize portfolio returns.**

**Acquisitions and renovations provide leveraged returns for Ashford Hospitality Trust.**

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**Weekly REIT Comments**  
**10/16/2012**

REIT stocks traded down during the second week of October, the week ended October 12, 2012. REITs included in the S&P 500 Index are now up 10% year to date for 2012, trailing performance of the S&P 500 Index, up 14% for 2012. Negative performance gap for 2012 narrowed to (4%). Average gain for all REITs followed by REIT Growth and Income Monitor stands at 17% year to date for 2012, exceeding 14% gain for the S&P 500 Index.

Investors now turn their attention to pending financial reports for 3Q 2012, as conflicting economic indicators cause concern, despite the good results reported by most REITs for 2Q 2012. Residential REITs see record growth underway for 2012 and 2013, driven by tight occupancy and rental rate increases. Retail REITs comment on better than expected tenant sales gains. Health Care REITs may be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Specialty Timber REITs with portfolios of timberlands and sawlog mills benefit from improving environment for homebuilders. Specialty REITs with portfolios of self-storage properties report significant profitability improvement. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery. Trading of Hotel REITs is impacted by fluctuating gasoline prices and the economic outlook in US and in Europe.

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 Fannie Mae issues will not be addressed until the new Congress convenes in 2013. 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 moved higher for 2012, as REIT managements gain confidence in sustainable growth. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth

**Investor Concern for Hotel REITs Reflected in Volatile Performance**

Hotel REITs face investor concern over sustainability of profitability improvement, reflected in volatile stock price performance. Hotel REITs rallied as high as up 30% on average for 2012 through September 14, 2012, reflecting enthusiasm over temporary decline in gasoline prices, but now show gain of only 18% year to date. Investors fear that slower economic growth may reduce occupancy gains, the main driver of profit improvement for 2011 and 2012. Longer term, investment in renovations should bring significant profitability improvement for smaller Hotel REITs, as return on investment for renovations exceeds potential for many acquisitions. We note that the largest Hotel REIT, **Host Hotels & Resorts**, is also investing in redevelopments, but portfolio impact is less than for smaller Hotel REITs such as **Ashford Hospitality Trust**, **Strategic Hotels & Resorts**, and **Sunstone Hotel Investors**.

**Host Hotels & Resorts** reported FFO growth up 31% for 3Q 2012, with RevPAR (revenue per available room) up 7.6%, based on both improved ADR (average daily rate), up 4.7%, and occupancy, up 2.1%. **Host Hotels & Resorts** is still impacted by investor concern over exposure to slowing international economic growth, particularly in Europe. Pending earnings announcement from **LaSalle Hotel Properties** will provide an update on trends in the important metropolitan DC market. The greatest exposure to government spending trends among Hotel REITs is felt by **LaSalle Hotel Properties**, with more than 30% of portfolio NOI derived from properties located in the metropolitan DC area. Investors may also fear for the impact on **Ashford Hospitality Trust**, except for the positive factor that profitability rebound for the more diversified **Ashford Hospitality Trust** portfolio is well in progress, as renovated hotels return to positive earnings contribution. **Ashford Hospitality Trust** is also supported by current annual dividend yield of more than 5%, compared to 3% for **LaSalle Hotel Properties**.

**Trading Opportunities**

**Host Hotels & Resorts**, with market cap of \$12 billion, always perceived as one of the most cyclical of the S&P 500 REITs, reflects investor concern over all factors impacting Hotel REITs, including gasoline prices, government spending and European exposure, with the stock now up 6% year to date for 2012, significantly lagging other Hotel REITs. **Host Hotels & Resorts** is the largest US publicly traded Hotel REIT, with 55,000 hotel rooms at upscale hotel and resort properties in US, Canada, Mexico, Australia, New Zealand, and Europe. FFO for 3Q 2012 increased 10% from the previous year. Guidance for FFO for 2012 was increased only at the low end of the range, still indicating growth of as much as 18%. Acquisitions have slowed, causing investor concern over longer term growth. Dividends were increased again to annual rate of \$0.32 per share for 4Q 2012, while management promised to move annual dividends up to \$0.40 per share by the end of 2012. Today's yield of 2.0% remains at too low a level to attract income investors.

**Ashford Hospitality Trust**, with a market cap of \$686 million, has repositioned its portfolio of 26,000 hotel rooms to serve key urban markets including Baltimore, with new acquisitions targeting New York. Recent acquisitions of 72% owned Highland Hospitality for \$1.3 billion and CNL Hotels for \$2.4 billion provide upside to 40% EBITDA growth forecast for **Ashford Hospitality Trust's** portfolio of established hotels. The \$1.3 billion joint venture acquisition of Highland Hospitality Hotels added significant properties in Atlanta and DC, proving that management's strategy of acquiring mezzanine debt of hotels may provide portfolio expansion opportunities. Profit improvement is striking, with hotel operating margins at an attractive level of more than 33% as of 2Q 2012. Stock price is supported by current annual dividend yield of 5.5%, with 100% of dividend untaxed as return of capital for 2011.

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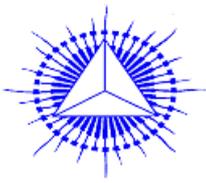
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price 12/30/2011	Price 09/28/2012	Price 10/05/2012	Price 10/12/2012	Weekly Change	2012 Price Change
Apartment Investment and Management	AIV	\$23	\$26	\$25	\$25	-0%	11%
AvalonBay Communities	AVB	\$131	\$136	\$136	\$132	-3%	1%
Boston Properties	BXP	\$100	\$111	\$110	\$109	-1%	9%
Equity Residential	EQR	\$57	\$58	\$57	\$56	-2%	-2%
HCP Inc.	HCP	\$41	\$44	\$46	\$45	-1%	9%
Health Care REIT	HCN	\$55	\$58	\$60	\$59	-1%	8%
Host Hotels & Resorts	HST	\$15	\$16	\$16	\$16	-0%	6%
Kimco Realty	KIM	\$16	\$20	\$20	\$20	0%	25%
Plum Creek Timber	PCL	\$37	\$44	\$43	\$43	1%	17%
Prologis, Inc	PLD	\$29	\$35	\$35	\$35	-0%	22%
Public Storage	PSA	\$134	\$139	\$139	\$137	-2%	2%
Simon Property Group	SPG	\$129	\$152	\$153	\$152	-0%	18%
Ventas	VTR	\$55	\$62	\$63	\$64	1%	15%
Vornado Realty Trust	VNO	\$77	\$81	\$80	\$78	-2%	2%
S&P 500 Index	S&P 500	\$1,258	\$1,441	\$1,461	\$1,429	-2%	14%
Average for S&P 500 Index REITs						-1%	10%

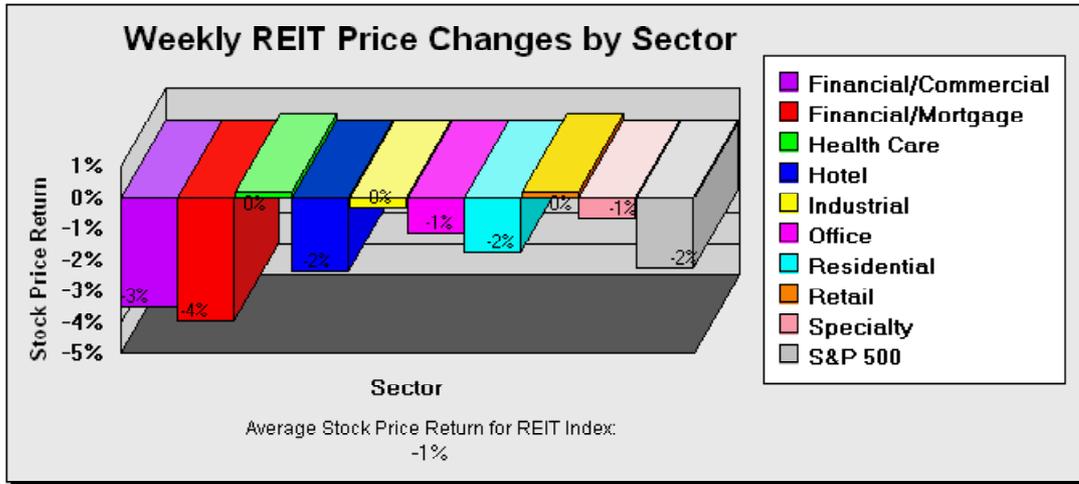
Most REIT stocks showed little change during the second week of October, trading down (1%) for the week ended October 12, 2012. REITs outperformed the S&P 500 Index, trading down (2%) for the week. The S&P 500 Index is up 14% year to date for 2012, exceeding REIT performance, up 10%. Negative performance gap for S&P 500 Index REITs narrowed to (4%) year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Kimco Realty**, up 25%, and **Simon Property Group**, up 18%. Residential REITs continued to trade off, with **Apartment Investment and Management** up 11%, **AvalonBay Communities** up 1% and **Equity Residential** trading down (2%) year to date for 2012. Office REITs showed mixed performance, with **Boston Properties** up 9% and **Vornado Realty Trust** up 2% year to date for 2012. Health Care REITs maintain gains after Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 9%, **Health Care REIT** up 8% and **Ventas** up 15% year to date for 2012. Industrial REIT **Prologis, Inc** now shows 22% gain for 2012, reflecting investor confidence in profit improvement after the 2011 merger. Specialty Timber REIT **Plum Creek Timber** shows gain of 17% year to date, as investors waver in their expectations for US housing sector recovery. Those REITs with exposure to European economies traded lower, including **Public Storage**, now showing gain of only 2% year to date for 2012, while volatile **Host Hotels & Resorts** now shows gain of only 6% year to date for 2012.

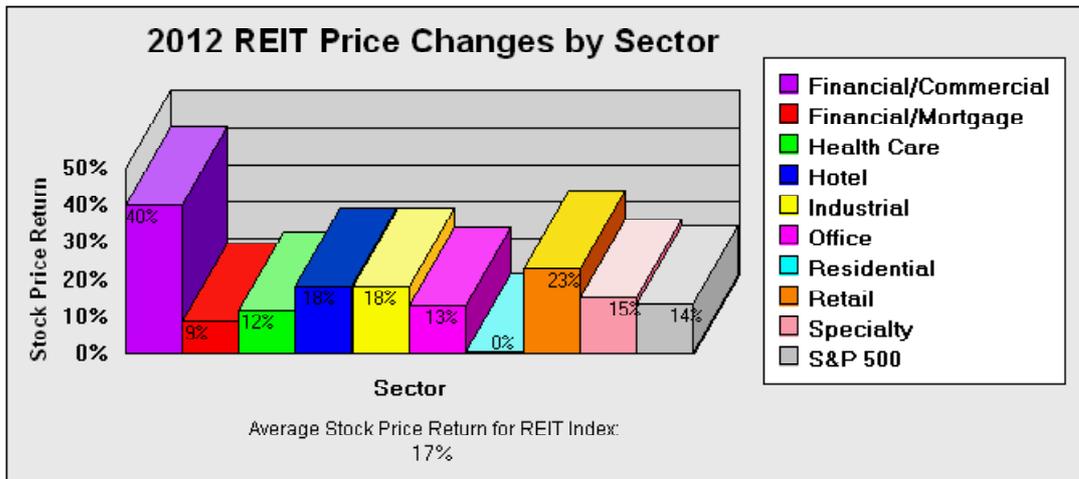
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Weekly REIT Price Changes by Sector



Almost all REIT sectors traded down for the second week of October, showing disappointing results for the week ended October 12, 2012. Most REIT sectors underperformed the S&P 500 Index, trading down (1%) for the week. Strongest sectors were Retail REITs and Health Care REITs, followed by Industrial REITs, all unchanged for the week. Office REITs traded down (1%). Also showing declines were Hotel REITs and Residential REITs, both down (2%). Lagging sectors included Financial Commercial REITs, down (3%), and Financial Mortgage REITs, down (4%). On average, stock prices for REIT Growth and Income Monitor traded down (1%) for the week ended October 12, 2012.

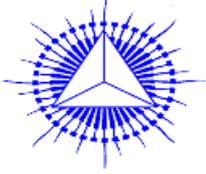


Stock prices for REITs followed by REIT Growth and Income Monitor traded up 17% on average year to date for 2012, exceeding performance of the S&P 500 Index, now up 15% for 2012. REITs outperform due to higher yields than S&P 500 stocks. Investors should responded positively to earnings announcements for 3Q 2012, as REIT funds flow is likely to remain consistent, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sectors year to date are Financial Commercial REITs, up 40%, followed by Retail REITs, up 23%. Hotel REITs and Industrial REITs show 18% gain, while Office REITs now show 13% gain year to date for 2012. Specialty REITs are up 15% year to date for 2012, supported by improved performance of Specialty Timber REITs, responding to improved news on the US housing sector. Financial Mortgage REITs increased 9%. Health Care REITs are now up 12% year to date for 2012, trading higher on positive long term impact of Affordable Care Act. Residential REITs are still laggards, now unchanged year to date for 2012. We expect Residential REITs to be a best performing sector during 4Q 2012 as they were during 4Q 2011, with strong profit gains driving another year of exceptional FFO growth during 2012.

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REIT Comment



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Company:	Simon Property Group
Price:	\$153
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,632
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
SPG \$153

Simon Property Group SPG momentum of US retail sales should continue into 4Q 2012

SPG today's Columbus Day sales attracting shoppers to malls throughout US

SPG sales for October 2011 in some markets impacted by poor weather, making easier comparison for 4Q 2012

SPG results for 3Q 2012 FFO unlikely to disappoint, to be reported on October 25, 2012

SPG guidance for FFO for 2012 indicates growth UP +12%

SPG stock price supported by current annual dividend yield of 2.8%

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 \$55.6 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,289
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
KIM \$20

Kimco Realty KIM momentum of US retail sales should continue into 4Q 2012

KIM sales for October 2011 in some markets were impacted by poor weather, making easier comparison for 4Q 2012

KIM free lay-away programs to stimulate sales for Holiday 2012

KIM Sears and Kmart both offer free layaway for holiday items while Toys "R" Us and Babies "R" Us now offer free layaway for Christmas toys

KIM retailers to include a portion of layaway items in same store sales for 3Q 2012, while sales results for 4Q 2012 likely to benefit from additional purchases by consumers using layaway privileges

KIM guidance for recurring FFO for 2012 indicates growth of as much as UP +5%

KIM stock price supported by current dividend yield of 3.8%

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

KIM we rank 1 BUY

KIM market cap \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,642
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
PLD \$35

Prologis Inc PLD more news of China slowdown moderates demand for Industrial REITs serving growth of Asian exports

PLD last week World Bank reduced forecast of economic growth for East Asia, with China GDP growth forecast reduced by (0.5%) to UP +7.7% for 2012 and UP +8.1% for 2013

PLD China shift to increasing presence as importer of goods produced in US, Europe and other exporters, capitalizing on China holdings of \$3.2 trillion in US dollar reserves

PLD presence in China concentrated in institutional funds managed by PLD with fees determined by total investment

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

PLD guidance for FFO for 2012 indicates growth UP +4% - +8%

PLD the largest publicly traded Industrial REIT

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

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

PLD we rank 2 BUY

PLD market cap \$16.6 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	Equity Residential
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,068
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
EQR \$57

Equity Residential EQR like other Residential REITs underperforming other REIT sectors as investors over-emphasize potential impact of US housing sector recovery

EQR rising home prices and increasing activity among homebuilders viewed as likely to attract more apartment dwellers to become homeowners

EQR apartment rental rates UP +20% over 3 year period from 2009-2012, changing the relative attractiveness of home ownership

EQR high occupancy rates in key markets mean profitability of Residential REITs should be maintained even as turnover due to home purchase increases

EQR Residential REIT stocks, normally sensitive to positive employment trends, should rally on last Friday's news of improved job creation and lower unemployment rate

EQR guidance for 2012 FFO indicates growth UP +14%

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

EQR we rank 2 BUY

EQR market cap \$18.1 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,938
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
HST \$16

Host Hotels & Resorts HST concerns over potential expansion of conflict between Syria and Turkey causing rally for oil prices, potentially impacting travel related stocks

HST travel related stocks, including airlines and hotels, normally trade DOWN while oil and gasoline prices move UP

HST exposure to European economies through investment in international hotels also causing investor concern

HST guidance for FFO for 2012 indicates growth UP +18%

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 \$11.9 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Brookfield Properties
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,229
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
BPO \$16

Brookfield Properties BPO traded DOWN (\$0.22) per share to close DOWN (1%) day

BPO stock traded UP +4% year to date for 2012, underperforming Office REITs, UP +15%

BPO bank earnings to be reported later this week may impact trading in stock of BPO

BPO investors remain concerned over exposure to financial industry tenants

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

BPO guidance for FFO for 2012 indicates growth UP +4%

BPO stock price supported by current annual dividend yield of 3.4%

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

BPO we rank 4 SELL

BPO market cap \$8.2 billion

REIT Comment



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Company:	EdR
Price:	\$10
Recommendation:	SELL
Ranking:	4
Market Cap:	\$959
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
EDR \$10

EdR EDR traded DOWN (\$0.15) per share to close DOWN (1%) day

EDR stock traded DOWN (3%) year to date for 2012, underperforming Specialty REITs, UP +16%

EDR portfolio of student housing communities expanding through acquisition and new development

EDR recently reduced top end of guidance range for 2012 FFO to indicate growth in a range of UP +7%-+12%

EDR recent 43% dividend increase provides shareholders with current yield of 4.0%

EDR a Specialty REIT with a portfolio of educational housing communities

EDR we rank 4 SELL

EDR market cap \$1.0 billion

REIT Comment



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Company:	Medical Properties Trust
Price:	\$11
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,483
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
MPW \$11

Medical Properties Trust MPW traded UP \$0.20 per share to close UP +2% day

MPW traded UP +12% year to date for 2012, in line with Health Care REITs, UP +12%

MPW expects hospital tenants to benefit from Affordable Care Act, due to greater size of insured population

MPW guidance for FFO for 2012 indicates growth UP 20% due to acquisitions

MPW stock price supported by current yield of 7.4%

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

MPW we rank 2 BUY

MPW market cap \$1.5 billion

REIT Comment



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Company:	First Industrial
Price:	\$13
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,163
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/08/2012  
FR \$13

First Industrial FR traded DOWN (\$0.14) per share to close DOWN (1%) day

FR stock traded UP +29% year to date for 2012, outperforming Industrial REITs, UP +19%

FR investors view demand for Industrial REITs as driven by economic growth particularly retail sales

FR recent guidance for FFO for 2012 indicates growth UP +21%

FR has not yet restored dividends on common stock

FR an Industrial REIT

FR we rank 4 SELL

FR market cap \$1.2 billion

REIT Comment



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Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,613
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
PLD \$35

Prologis Inc PLD forecasts for slower global economic growth should not prevent investor commitment to Industrial REITs

PLD forecast from IMF reduced by (0.2%)-(0.3%) to indicate global economic growth UP +3.3% for 2012 and UP +3.6% for 2013

PLD IMF forecasts faster growth for China and other emerging economies during 2013

PLD most recent US economic news positive, with higher than expected US manufacturing activity and positive reports on retail sales

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

PLD guidance for FFO for 2012 indicates growth UP +8%

PLD the largest publicly traded Industrial REIT

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

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

PLD we rank 2 BUY

PLD market cap \$16.6 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	AvalonBay Communities
Price:	\$135
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,934
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
AVB \$135

AvalonBay Communities AVB investors seeking best FFO growth reports for 3Q 2012 should consider Residential REITs

AVB although Residential REITs have underperformed other REIT sectors, UP only +2% year to date for 2012, FFO growth has been exceptionally strong

AVB last week's news from Labor Department of positive revisions to previously issued jobs reports indicates stronger than anticipated employment market

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

AVB high occupancy and rental rate increases driving exceptionally strong FFO growth for Residential REITs

AVB guidance for 2012 FFO indicates growth UP +18%--21%

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

AVB we rank 2 BUY

AVB market cap \$12.9 billion

AVB an S&P 500 Index REIT

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,265
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
KIM \$20

Kimco Realty KIM downsizing by certain retail tenants unlikely to derail near term growth for Retail REITs

KIM Sears spinoff of Hometown and Outlet stores raises cash, providing flexibility for Sears Kmart to restructure

Kim potential private equity takeover of Best Buy BBY unlikely to change existing management plans to reduce total number of Best Buy stores

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

KIM exposure to struggling retail tenants limited to a small portion of total portfolio with Sears/Kmart representing 2% of total rents, Best Buy 2% and SUPERVALU 1%

KIM guidance for recurring FFO for 2012 indicates growth of as much as UP +5%

KIM stock price supported by current dividend yield of 3.8%

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

KIM we rank 1 BUY

KIM market cap \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,704
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
10/09/2012  
CLI \$27

Mack-Cali Realty CLI announced pending \$135 million acquisition of Roseland Partners LLC, a portfolio of waterfront development properties in NJ

CLI portfolio to be acquired includes multi-family residential, retail and commercial properties (including developments) concentrated in Port Imperial Weehawken, West New York and Jersey City waterfront areas

CLI acquisition agreement includes \$16 million in earn-out payments over 3 years

CLI existing management and partners of Roseland Partners LLC to continue as managers of Roseland Management Services LP, a newly formed wholly owned subsidiary of CLI

CLI existing interests in Jersey City waterfront office properties supplemented by Roseland Properties acquisition

CLI guidance for FFO for 2012 indicates decline of as much as DOWN (10%)

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



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Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,704
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
CLI \$27

Mack-Cali Realty CLI announced authorization for \$150 million share repurchase program

CLI share repurchase authorization would amount to 5% of total outstanding shares at current stock price

CLI guidance for FFO for 2012 indicates decline of as much as DOWN (10%)

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



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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,862
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
HST \$16

Host Hotels & Resorts HST earnings for 3Q 2012 to be reported after the close of trading this evening

HST to discuss results for 3Q 2012 with a conference call with investors scheduled for tomorrow at 10:00 AM

HST although results expected to show strong FFO growth RevPAR (revenue per available room) may not grow as rapidly as in previous quarters

HST concern continues over expanded exposure to volatile DC market following recent \$400 million acquisition of Grand Hyatt DC completed during 3Q 2012

HST exposure to European economies through investment in international hotels also causing investor concern

HST guidance for FFO for 2012 indicates growth UP +18%

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 \$11.9 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	FelCor Lodging Trust
Price:	\$4
Recommendation:	SELL
Ranking:	5
Market Cap:	\$538
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
FCH \$4

FelCor Lodging Trust FCH traded DOWN (\$0.18) per share to close DOWN (4%) day

FCH stock traded UP +42% year to date for 2012, outperforming Hotel REITs, UP +21%

FCH earnings reports for Hotel REITs begin tomorrow with 3Q 2012 report from Host Hotels & Resorts

FCH will not release results for 3Q 2012 until November 1, 2012, with a conference call with investors scheduled for 11:00 AM

FCH earnings recovery driven by renovation of older hotels

FCH has not paid common stock dividends since 2007

FCH a Hotel REIT

FCH we rank 5 SELL

FCH market cap \$538 million

REIT Comment



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Company:	Parkway Properties
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$323
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
PKY \$14

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

PKY stock traded UP +40% year to date for 2012, outperforming Office REITs, UP +15%

PKY announced \$23 million acquisition of Westshore Corporate Center in Tampa FL, now 77% leased

PKY expects FFO to benefit from recent \$250 million acquisition of Hearst Tower in Charlotte NC, enabling 50% dividend increase announced for September, 2012

PKY to announce results for 3Q 2012 on Tuesday, October 30, 2012, with a conference call with investors scheduled for 11:00 AM

PKY recently increased dividend, now providing current yield of 3.3%

PKY an Office REIT

PKY we rank 3 HOLD

PKY market cap \$323 million

REIT Comment



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Company:	Entertainment Properties Trust
Price:	\$45
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,121
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
10/09/2012  
EPR \$45

Entertainment Properties Trust EPR traded DOWN (\$0.56) per share to close DOWN (1%) day

EPR stock traded UP +2% year to date for 2012, underperforming Specialty REITs, UP +16%

EPR key tenant AMC, representing 33% of rental revenue for EPR, recently acquired by Dalian Wanda Group of China for \$2.6 billion

EPR little progress made on divestitures of vineyards and wineries

EPR to release results for 3Q 2012 on Tuesday, October 30, 2012, with a conference call with investors scheduled for 5:00 PM

EPR guidance for FFO for 2012 indicates growth UP +7%

EPR stock price supported by current annual dividend yield of 6.7%

EPR a Specialty REIT with a portfolio of net leased cinemas, entertainment, restaurant and retail venues, public charter schools, vineyards, wineries and urban ski resorts

EPR we rank 2 BUY

EPR market cap \$2.1 billion

REIT Comment



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Company:	Inland Real Estate
Price:	\$9
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$754
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/09/2012  
IRC \$9

Inland Real Estate IRC traded DOWN (\$0.11) per share to close DOWN (1%) day

IRC stock traded UP +11% year to date for 2012, underperforming Retail REITs, UP +23%

IRC retail sales trends exceeded expectations for August and September 2012

IRC guidance for FFO for 2012 indicates growth UP +9%

IRC to discuss results for 3Q 2012 on November 1, 2012, with a conference call for investors scheduled at 3:00 PM

IRC stock price supported by current annual dividend yield of 6.7%

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

IRC we rank 3 HOLD

IRC market cap \$754 million

## REIT Comment




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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,793
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
10/10/2012  
HST \$16

Host Hotels & Resorts HST 3Q 2012 FFO \$0.21 (adjusted) v \$0.16 UP +31%  
HST 3Q 2012 FFO excludes charges of (\$0.04) per share relating to debt extinguishment and acquisition costs

HST increased low end of guidance range 2012 FFO \$1.06-\$1.09 (adjusted) v \$0.92 UP +15%+18%

HST previous guidance 2012 FFO \$1.04-\$1.09 per share  
HST guidance 2012 FFO excludes charges of (\$0.05) per share relating to debt extinguishment and acquisition costs

HST guidance 2012 FFO assumes RevPAR (revenue per available room) UP +6.25%+7.00%  
HST guidance 2012 FFO assumes comparable hotel margins UP +1.35%+1.50%

HST 3Q 2012 RevPAR (revenue per available room) \$143 UP +7.6%  
HST 3Q 2012 ADR (average daily rate) \$182 UP +4.7%  
HST 3Q 2012 comparable hotel operating margin 22.2% UP +2.85%

HST 2012 year to date invested \$122 million for new developments  
HST 2012 projected investments \$165-\$175 million

HST 2012 year to date invested \$245 million for renewals and redevelopment projects  
HST 2012 projected redevelopment spending \$330-\$340 million

HST 2012 year to date acquisitions \$89 million  
HST 2012 projected acquisitions \$125-\$135 million

HST 2012 projected divestitures \$300-\$400 million

HST management commented group business strong with bookings for 4Q 2012 UP +7.5%  
HST results for New York hotels impacted by renovations

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 \$11.8 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Mission West Properties
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$896
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
MSW \$8

Mission West Properties MSW conference call with investors tomorrow morning provides opportunity for management to update investors on pending buyout

MSW management previously disclosed takeover discussions, with speculation on potential buyers including Divco West, a west coast real estate firm, and TPG, private equity investors

MSW to discuss results for 3Q 2012 this evening with a conference call for investors scheduled tomorrow at 11:00 AM

MSW yield on regular dividend 6.1%

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

MSW we rank 2 BUY

MSW market cap \$896 million

REIT Comment



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Company:	Ventas
Price:	\$63
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,465
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
VTR \$63

Ventas VTR this week's Vice Presidential debate refocuses investors on Affordable Care Act

VTR tenants of Health Care REITs to benefit from positive impact on health care providers of expansion of health care insurance coverage

VTR positive outlook should be tempered with pending 2% Medicare sequestration to begin January 1, 2013 when "fiscal cliff" takes effect

VTR to discuss results for 3Q 2012 on Friday, October 26, 2012, with a conference call for investors scheduled at 10:00 AM

VTR recent guidance for FFO for 2012 indicates growth UP +11%

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

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

VTR we rank 2 BUY

VTR market cap \$18.5 billion

VTR an S&P 500 Index REIT

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$25
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,762
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
OFC \$25

Corporate Office Properties Trust OFC this week's Vice Presidential debate may highlight the pending "fiscal cliff" and reductions in federal spending forced by previous legislation

OFC Vice President Biden's concern for effectiveness of US troops and Vice Presidential candidate Paul Ryan's expertise in budget matters ensures a lively debate over defense spending

OFC federal defense cutbacks likely to impact decisions of tenants at many DC properties regarding new and renewal leases

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 guidance for FFO for 2012 indicates decline DOWN (7%)

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

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

OFC we rank 5 SELL

OFC market cap \$1.8 billion

REIT Comment



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Company:	CommonWealth REIT
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,356
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
CWH \$15

CommonWealth REIT CWH reduced quarterly dividend distribution by (50%) to \$0.25 per share for 4Q 2012

CWH new annual dividend \$1.00 per share

CWH new yield 6.71%

CWH management commented dividend reduction aimed at retaining cash flow for portfolio investment

CWH spinoff of majority owned Industrial REIT Select Income REIT SIR would have required double distribution of dividends on earnings from SIR portfolio if no dividend cut for CWH shareholders

CWH Select Income REIT SIR now 70.5% owned by CWH since public offering of SIR completed during March 2012

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

CWH we rank 3 HOLD

CWH market cap \$1.4 billion

REIT Comment



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Company:	Senior Housing Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,562
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
SNH \$22

Senior Housing Properties Trust SNH increased quarterly dividend distribution by 3% to \$0.39 per share for 4Q 2012

SNH new annual dividend \$1.56 per share

SNH new yield 7.12%

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

SNH we rank 2 BUY

SNH market cap \$3.6 billion

REIT Comment



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Company:	National Health Investors
Price:	\$52
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,454
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2045  
NHI \$52

National Health Investors NHI traded UP \$0.63 per share to close UP +1% day

NHI stock traded UP +19% year to date for 2012, outperforming Health Care REITs, UP +12%

NHI tenants of Health Care REITs to benefit from positive impact on health care providers of expansion of health care insurance coverage

NHI Medicaid reimbursement an important component of total revenue for NHI tenants

NHI stock price supported by current annual dividend yield of 5.1%

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



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Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,008
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
DFT \$24

DuPont Fabros Technology DFT traded DOWN (\$0.29) per share to close DOWN (1%) day

DFT stock traded unchanged year to date for 2012, underperforming Office REITs, UP +15%

DFT success of smartphones and e-readers, as well as all other mobile Internet devices, highlights importance of data centers to support demand for Internet services

DFT to discuss results for 3Q 2012 on October 25, 2012, with a conference call for investors scheduled at 10:00 AM

DFT October 2012 leasing update during 3Q 2012 earnings report should provide investors with information on potential upside for FFO during 2013

DFT guidance for FFO for 2012 indicates decline of no more than DOWN (9%), due to impact of unstabilized properties still in lease-up

DFT stock price supported by current annual dividend yield of 2.5%

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 \$2.0 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,637
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
HTS \$27

Hatteras Financial HTS traded DOWN (\$0.50) per share to close DOWN (2%) day

HTS stock traded UP +2% year to date for 2012, underperforming Financial Mortgage REITs, UP +13%

HTS additional reform of Fannie Mae unlikely until new Congress convenes in 2013

HTS stock price supported by current annual dividend yield of 12.3%, 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 \$2.6 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,900
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/10/2012  
HST \$16

Host Hotels & Resorts HST traded UP \$0.14 per share to close UP +1% day

HST stock traded UP +6% year to date for 2012, underperforming Hotel REITs, UP +21%

HST earlier today reported better than expected FFO for 3Q 2012, while increasing low end of guidance range for 2012 to indicate growth UP +15%-+18%

HST management comments noted strong group business pending for 4Q 2012

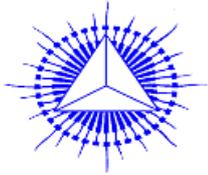
HST a Hotel REIT with a portfolio of upscale hotels and resorts in US, Mexico, Europe and Pacific

HST we rank 3 HOLD

HST market cap \$11.9 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Equity Residential
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,896
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
EQR \$56

Equity Residential EQR new unemployment claims dropped confirming last week's job creation report indicating stronger than expected employment trends

EQR report from Labor Department shows new unemployment claims DOWN(30,000) to 339,000 for week ended October 6, 2012, compared to revised numbers for previous week

EQR more important, 4 week moving average of new unemployment claims DOWN(11,500) to 364,000

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

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

EQR guidance for FFO for 2012 indicate growths UP +14%

EQR stock supported by current annual dividend yield of 2.6%

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

EQR we rank 2 BUY

EQR market cap \$17.9 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,759
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
NLY \$16

Annaly Capital Management NLY announced management transition for CEO position

NLY CEO Michael J Farrell to step back due to illness, with NLY appointing co-founder Wellington Denahan-Norris as co-CEO of NLY

NLY also appointed Kevin G Keyes as President and James P Fortescue as COO

NLY stock price supported by current annual dividend yield of 12.7%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$15.8 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,637
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
HTS \$27

Hatteras Financial HTS news of lower mortgage application volume indicates variability in weekly mortgage application trends

HTS report from MBA (Mortgage Bankers Association) shows mortgage application volume DOWN (1.2%) for week ended September 5, 2012

HTS mortgage applications for refinance DOWN (2.0%), while mortgage applications for home purchase UP +2.4%

HTS average interest rate on 30 year fixed rate conforming mortgages moderated slightly, UP +0.03% to 3.56%

HTS pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for Financial Mortgage REITs

HTS stock price supported by current annual dividend yield of 13.4%, above the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.6 billion

REIT Comment



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Company:	Mission West Properties
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$888
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
MSW \$8

Mission West Properties MSW this morning's conference call provides opportunity for management to update investors on pending buyout of MSW

MSW to discuss results for 3Q 2012 this evening with a conference call for investors scheduled tomorrow at 11:00 AM

MSW yield on regular dividend 6.2%

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

MSW we rank 2 BUY

MSW market cap \$888 million

REIT Comment



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Company:	Mission West Properties
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$888
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
MSW \$9

Mission West Properties MSW 3Q 2012 FFO \$0.14 v \$0.13 UP +8%

MSW no guidance provided for FFO for 2012

MSW 3Q 2012 occupancy 70.6% UP +3.9%  
MSW 3Q 2012 average annual rent per square foot \$15.12 DOWN (5%)

MSW 3Q 2012 divested 3 vacant R&D properties and 64% ownership of another property for net gains of \$4.8 million, recognized as discontinued operations

MSW yield on regular dividend 6.2%

MSW buyer and seller agreed on terms for sale of remaining property, but have not yet finished attorney review

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

MSW we rank 2 BUY

MSW market cap \$888 million

REIT Comment



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Company:	Strategic Hotels & Resorts
Price:	\$6
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,223
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
BEE \$6

Strategic Hotel & Resorts BEE traded DOWN (\$0.14) per share to close DOWN (2%) day

BEE stock traded UP +12% year to date for 2012, underperforming Hotel REITs, UP +21%

BEE renovation program improving profitability of US hotel portfolio

BEE previous guidance for FFO for 2012 indicated growth UP +50% - more than 100% to range of \$0.21-\$0.29 per share

BEE to discuss results for 3Q 2012 on a conference call with investors scheduled for Thursday, November 8, 2012 at 10:00 AM

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

BEE we rank 3 HOLD

BEE market cap \$1.2 billion

REIT Comment



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Company:	UDR, Inc
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,990
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
UDR \$24

UDR Inc UDR traded DOWN (\$0.30) per share to close DOWN (1%) day

UDR stock traded DOWN (4%) year to date for 2012, underperforming Residential REITs, UP +2%

UDR unexpected drop in new unemployment claims reported by Labor Department this morning confirms positive employment trends

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

UDR to discuss results for 3Q 2012 on October 29, 2012 with a conference call with investor scheduled for 11:00 AM

UDR provided guidance for FFO for 2012 indicating growth UP +9%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.0 billion

REIT Comment



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Company:	SL Green Realty
Price:	\$79
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,554
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
SLG \$79

SL Green Realty SLG traded UP +\$0.96 per share to close UP +1% day

SLG stock traded UP +19% year to date for 2012, outperforming Office REITs, UP +15%

SLG discussion of breaking up big banks may impact trading in Office REITs exposed to financial industry tenants

SLG to discuss results for 3Q 2012 on October 25, 2012 with a conference call with investors scheduled for 2:00 PM

SLG guidance for FFO for 2012 indicates growth UP +11%

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

SLG we rank 4 SELL

SLG market cap \$7.6 billion

REIT Comment



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Company:	Government Properties Income Trust
Price:	\$24
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,149
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/11/2012  
GOV \$24

Government Properties Income Trust GOV traded UP +\$0.60 per share to close UP +3% day

GOV stock traded UP +8% year to date for 2012, underperforming Specialty REITs, UP +16%

GOV concern over impact of pending "fiscal cliff" may be heightened by Vice Presidential debate this evening

GOV reported FLAT FFO for 2Q 2012 and provided no guidance for FFO for 2012

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

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

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,700
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
NLY \$16

Annaly Capital Management NLY quarterly management commentary notes uneasiness over reliance of global economies on monetary stimulus

NLY decelerating US GDP growth (4Q 2012 UP +4.1%, 1Q 2012 UP +2.0%, 2Q 2012 UP +1.3%) despite record low interest rates causes concern over underlying demand trends

NLY commitment of Federal Reserve to purchase agency guaranteed Residential MBS provides market liquidity, but does not increase volume of new issues available for investment portfolios of Financial Mortgage REITs

NLY notes "market participants muddle through, with shortened visibility horizons and lowered return expectations"

NLY additional reform of GSEs appears to be delayed until 2013 at the earliest

NLY pending investment portfolio reductions by Fannie Mae may benefit certain Financial Mortgage REITs used to investing in non-agency guaranteed securities, including NLY through equity investments in publicly traded dividend paying subsidiaries Chimera Investment CIM and Crexus Investment CXS

NLY stock price supported by current annual dividend yield of 12.4%, 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 \$15.7 billion

REIT Comment



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Company:	Simon Property Group
Price:	\$153
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,756
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
SPG \$153

Simon Property Group SPG positive report on consumer sentiment provides encouragement for investor expectations of US retail sales during Holiday2012

SPG report from University of Michigan indicated consumer sentiment index UP+4.8% to 83.1% for October 2012

SPG sales for October 2011 in some markets impacted by poor weather, making easier comparison for 4Q 2012

SPG results for 3Q 2012 FFO unlikely to disappoint, to be reported on October 25, 2012

SPG guidance for FFO for 2012 indicates growth UP +12%

SPG stock price supported by current annual dividend yield of2.7%

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 \$55.8 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,014
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
10/12/2012  
DFT \$24

DuPont Fabros Technology DFT decision by Best Buy BBY to match online prices offered by Amazon.com indicates extent of consumer awareness and acceptance of online purchases of electronics and media

DFT Best Buy BBY (largest US retailer of consumer electronics) also considering free home delivery

DFT Wal-Mart WMT (#2 US retailer of consumer electronics) now testing same-day delivery service for online sales

DFT growth of online sales driven by proliferation of mobile internet devices including smartphones, tablets and e-readers, as well as notebook and netbook computers

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 to discuss results for 3Q 2012 on October 25, 2012, with a conference call for investors scheduled at 10:00 AM

DFT October 2012 leasing update during 3Q 2012 earnings report should provide investors with information on potential upside for FFO during 2013

DFT guidance for FFO for 2012 indicates decline of no more than DOWN (9%), due to impact of unstabilized properties still in lease-up

DFT stock price supported by current annual dividend yield of 2.5%

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 \$2.0 billion

REIT Comment



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Company:	Newcastle Investment
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,046
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
NCT \$8

Newcastle Investment NCT resurgence in volume of new issues of ABS(asset backed securitizations) and CMBS (commercial mortgage backed Securities) indicates pending revival for Financial Commercial REITs

NCT market participants estimate \$40-\$45 billion CMBS issuance for 2012, while ABS issuance for 2012 now estimated to reach \$190 billion

NCT portfolios of many Financial Commercial REITs concentrated in older issues, as new issues of CMBS have been scarce

NCT most CMBS issued prior to 2008 trading below par, as underlying collateral is in need of refinance

NCT recent management comments noted reallocation of commercial portfolio assets to health care sector with purchase of debt for senior living properties

NCT stock trading at more than 100% premium to book value

NCT previously announced "stalking horse bid" for ResCap mortgage servicing rights for NCT and Fortress, to be determined by bankruptcy court no sooner than December 2012

NCT stock price supported by current annual dividend yield of 10.3%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.0 billion

REIT Comment



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Company:	Sunstone Hotel Investors
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,269
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
SHO \$11

Sunstone Hotel Investors SHO traded DOWN (\$0.37) per share to close DOWN (3%) day

SHO stock traded UP +29% year to date for 2012, outperforming Hotel REITs, UP +21%

SHO cyclical rebound to drive profit improvement during 2012, while 2013 to benefit from recent hotel acquisitions

SHO guidance for FFO for 2012 indicates growth UP +17%

SHO common stock dividends have not yet been restored

SHO a Hotel REIT

SHO we rank 3 HOLD

SHO market cap \$1.3 billion

REIT Comment



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Company:	LaSalle Hotel Properties
Price:	\$25
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,170
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
LHO \$43

LaSalle Hotel Properties LHO traded DOWN (\$0.54) per share to close DOWN (2%) day

LHO stock traded UP +4% year to date for 2012, underperforming Hotel REITs, UP +21%

LHO investors should expect LHO to feel the impact of federal spending decline due to location of portfolio

LHO impact of "fiscal cliff" on business and vacation travel to DC area may be greater than expected

LHO hotel portfolio concentrated in metropolitan DC area, representing more than 30% of NOI

LHO guidance for FFO for 2012 indicates growth UP +38%

LHO results for 3Q 2012 to be discussed on a conference call with investors scheduled next week for Thursday, October 18, 2012 at 10:00 AM

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.2 billion

REIT Comment



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Company:	Plum Creek Timber
Price:	\$43
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,943
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
PCL \$43

Plum Creek Timber PCL traded UP \$0.48 per share to close UP +1% day

PCL stock traded UP +17% year to date for 2012, outperforming Specialty REITs, UP +16%

PCL positive news of improving housing sector supporting Specialty Timber REITs

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 \$6.9 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	DDR Corp
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,453
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
10/12/2012  
DDR \$16

DDR Corp DDR traded UP \$0.09 per share to close UP +1% day

DDR stock traded UP +28% year to date for 2012, outperforming Retail REITs, UP +23%

DDR higher food prices may help tenant sales for grocery anchored Retail REITs

DDR to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 1, 2012 at 10:00 AM

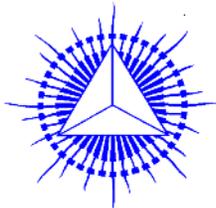
DDR guidance for FFO for 2012 indicates growth UP +7%

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

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

DDR we rank 2 BUY

DDR market cap \$4.5 billion



**REIT Growth and Income Monitor** posted 46 REIT comments for the week ended October 12, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	5
Health Care REITs	3
Hotel REITs	9
Industrial REITs	2
Office REITs	13
Residential REITs	6
Retail REITs	4
Specialty REITs	4

Information on REIT sectors may be found using this link:

[http://www.reitmonitor.net/REIT\\_Resources](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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