

## **REIT Growth and Income Monitor**

### **Weekly Comments 06/05/2012**

**REITs traded down while maintaining 1% positive performance gap year to date for 2011, compared to S&P 500 Index.**

**Hotel REITs should rebound on lower gasoline prices, as travelers may have more money to spend for an extra night's stay or for ancillary hotel services.**

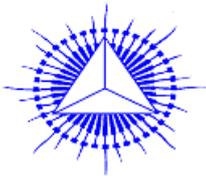
**Host Hotels & Resorts may expect higher demand due to lower airfares.**

**Ashford Hospitality Trust may provide leveraged returns due to acquisitions and renovations.**

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**Weekly REIT Comments**  
**06/05/2012**

REIT stocks faced correction during May, 2012, as investors stepped back from stocks due to fears of financial crisis in Europe. REITs included in the S&P 500 Index are up 3% year to date for 2012, exceeding performance of the S&P 500 Index, now up 2% for 2012. Positive performance gap for 2012 was maintained at 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 will attend NAREIT next week to identify those REIT sectors most likely to continue to outperform, despite concerns over high US unemployment and slowing international economies. 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 roll-downs, 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.

**Lower Gasoline Prices Provide Opportunity for Hotel REITs**

Gasoline prices have dropped to a level more than (10%) below this time last year, providing consumers with welcome relief on daily commuting expenses. Travel related stocks, including Hotel REITs, should benefit from this gasoline price break as well. Driving vacations will prove less expensive, while airlines have already begun to offer discount fares. Lower travel expenses means travelers will have more money to spend at hotels, offering the possibility of an extra night's stay or purchase of ancillary hotel services. While Hotel REITs have already outperformed other REIT stocks during 2012, they overcorrected on concern over European economic trends and political upheaval, and should be poised for a rebound. We recommend investors look to **Host Hotels & Resorts, Strategic Hotels and Resorts, Ashford Hospitality Trust** and **Sunstone Hotel Investors** for positive stock performance on lower gasoline prices.

**Trading Opportunities**

**Host Hotels & Resorts**, with market cap of \$11 billion, perceived as one of the most cyclical of the S&P 500 REITs, reflects investor concern over European exposure, with the stock now down (2%) year to date for 2012, significantly lagging other Hotel REITs. **Host Hotels & Resorts** is the largest US publicly traded Hotel REIT, with 64,000 hotel rooms at upscale hotel and resort properties in US, Canada, Mexico, Australia, New Zealand, and Europe. FFO for 1Q 2012 rebounded 27% from 1Q 2011. Guidance for FFO for 2012 was increased to indicate growth of as much as 15%, assuming that RevPAR (revenue per available room) increases 5%-7%, while higher occupancy drives hotel operating margins up 0.5%-1.0%. Acquisitions have slowed, causing investor concern over potential returns. Dividends were increased to annual rate of \$0.24 per share for 2Q 2012, while management promised to move annual dividends up to \$0.40 per share by the end of 2012. Today's yield of 1.7% remains at too low a level to attract income investors.

**Ashford Hospitality Trust**, with a market cap of \$695 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. Pro forma operating results for 2011 (excluding impairments and divestitures) indicate ongoing operations are achieving consistent profitability, with hotel operating margins at an attractive level of more than 28% as of 1Q 2012. Stock price is supported by current annual dividend yield of 5.3%, with 100% of dividend untaxed as return of capital for 2011.

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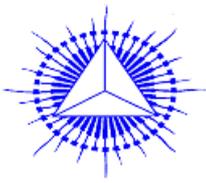
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Weekly	2012						
		12/30/2011	04/27/2012	05/04/2012	05/11/2012	05/18/2012	05/25/2012	06/01/2012	Change	Price Change
<b>Apartment Investment and Management</b>	<b>AIV</b>	\$23	\$27	\$27	\$27	\$26	\$27	\$26	-2%	14%
<b>AvalonBay Communities</b>	<b>AVB</b>	\$131	\$146	\$145	\$147	\$137	\$140	\$137	-2%	5%
<b>Boston Properties</b>	<b>BXP</b>	\$100	\$109	\$109	\$109	\$101	\$104	\$101	-2%	2%
<b>Equity Residential</b>	<b>EQR</b>	\$57	\$62	\$63	\$63	\$60	\$62	\$60	-3%	5%
<b>HCP Inc.</b>	<b>HCP</b>	\$41	\$41	\$41	\$41	\$40	\$41	\$40	-3%	-4%
<b>Health Care REIT</b>	<b>HCN</b>	\$55	\$57	\$56	\$56	\$54	\$55	\$54	-2%	-1%
<b>Host Hotels &amp; Resorts</b>	<b>HST</b>	\$15	\$17	\$16	\$16	\$14	\$15	\$14	-5%	-2%
<b>Kimco Realty</b>	<b>KIM</b>	\$16	\$19	\$19	\$20	\$18	\$18	\$17	-4%	7%
<b>Plum Creek Timber</b>	<b>PCL</b>	\$37	\$42	\$39	\$39	\$36	\$37	\$36	-2%	-2%
<b>Prologis, Inc</b>	<b>PLD</b>	\$29	\$35	\$35	\$35	\$31	\$32	\$31	-3%	7%
<b>Public Storage</b>	<b>PSA</b>	\$134	\$144	\$140	\$139	\$131	\$133	\$132	-1%	-2%
<b>Simon Property Group</b>	<b>SPG</b>	\$129	\$155	\$154	\$156	\$144	\$148	\$144	-3%	11%
<b>Ventas</b>	<b>VTR</b>	\$55	\$59	\$59	\$59	\$56	\$58	\$57	-2%	3%
<b>Vornado Realty Trust</b>	<b>VNO</b>	\$77	\$86	\$86	\$87	\$81	\$83	\$80	-4%	4%
<b>S&amp;P 500 Index</b>	<b>S&amp;P 500</b>	\$1,258	\$1,403	\$1,369	\$1,353	\$1,295	\$1,318	\$1,278	-3%	2%
<b>Average for S&amp;P 500 Index REITs</b>									<b>-3%</b>	<b>3%</b>

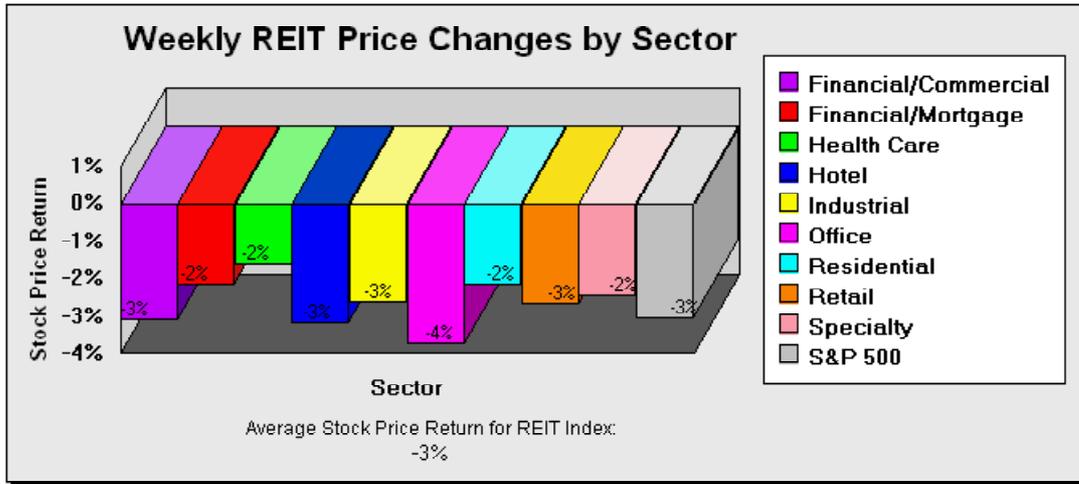
REIT stocks traded down along with the broad market averages during the last week of May, 2012, with REIT stock prices down (3%) on average for the week ended June 1, 2012. REITs traded in line with the S&P 500 Index, also down (3%) for the week. The S&P 500 Index is up 2% year to date for 2012, still trailing REIT performance, up 3%. Positive performance gap for S&P 500 Index REITs was maintained at 1% year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Simon Property Group**, up 11%, and **Kimco Realty**, up 7%. Residential REITs lost some their gains, with **Apartment Investment and Management** now up 14%, and both **AvalonBay Communities** and **Equity Residential** up 5% year to date for 2012. Office REITs reflect investor fears over the financial sector, with **Boston Properties** up 2% and **Vornado Realty Trust** up 4% year to date for 2012. Health Care REITs are volatile due to Supreme Court review of the Affordable Care Act, with **HCP Inc** down (4%), **Health Care REIT** down (1%) and **Ventas** up 3% year to date for 2012. Industrial REIT **Prologis, Inc.** traded down (3%) to show 7% gain for 2012. Specialty REIT **Plum Creek Timber** shows decline of (2%) year to date, as investors digested news of lower demand for exports to China. **Public Storage** also lags, down (2%) year to date for 2012. **Host Hotels & Resorts** tumbled (5%) for the week to show (2%) decline year to date for 2012, as investors consider the impact of European financial turmoil on travel related stocks

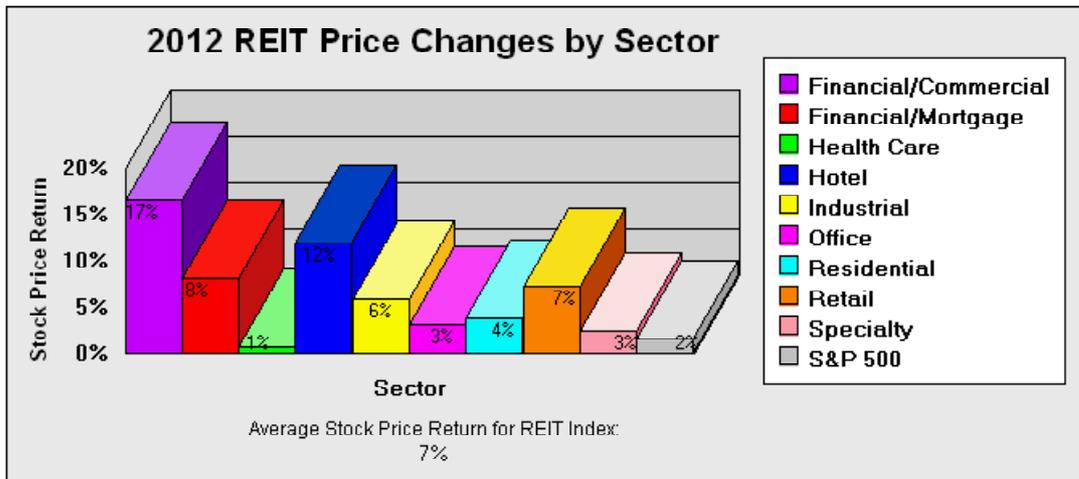
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Weekly REIT Price Changes by Sector



REIT sectors traded down for the last week of May, ended June 1, 2012, with many REIT sectors outperforming the S&P 500 Index, trading down (3%) for the week. Best performing sectors were Financial Mortgage REITs, Health Care REITs, Residential REITs and Specialty REITs, all down (2%). Financial Commercial REITs, Hotel REITs, Industrial REITs, and Retail REITs all decreased (3%). Lagging sector was Office REITs, down (4%). On average, stock prices for REIT Growth and Income Monitor traded down (3%) for the week ended June 1, 2012.

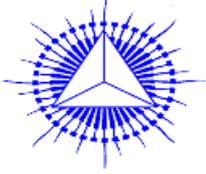


Stock prices for REITs followed by REIT Growth and Income Monitor rallied 7% on average year to date for 2012, exceeding performance of the S&P 500 Index, now up only 2%. REITs rebounded despite fears over financial turmoil in Europe. Leading sector year to date is Financial Commercial REITs, up 17%, followed by Hotel REITs, up 12%. Financial Mortgage REITs moved up to 8% gain. Also demonstrating strength are Retail REITs, up 7%. Industrial REITs traded lower to show gain of 6%, while Office REITs are up 3%. Residential REITs now show gain of 4%, with Specialty REITs up 3%, 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 up 1% 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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REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,892
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:  
05/29/2012  
NLY \$17

Annaly Capital Management NLY low mortgage rates supports continued positive outlook for Financial Mortgage REITs

NLY FHFA (Federal Housing Finance Agency) reported national index of home mortgage rates on 30 year ARM at 3.93% for April, 2012, UP only 0.03% from previous month

NLY availability of low mortgage rates should stimulate mortgage refinance and home purchase

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

NLY reported FLAT EPS for 1Q 2012, and indicated Federal Reserve and FHFA 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 13.2%, 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 \$16.9 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,208
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:  
05/29/2012  
HTS \$29

Hatteras Financial HTS news of improving home prices in certain areas may support demand in US housing sector

HTS Case Shiller index reported positive price trends in 7 of 20 US markets compared to previous year, while prices in 5 markets fell to new lows

HTS higher home prices reported for Phoenix UP +6%, Minneapolis, Miami and Denver, all UP +3%, with Denver and Dallas UP +2% and Charlotte UP less than +1%

HTS home prices at new lows for Atlanta, Chicago, Las Vegas, New York and Portland

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



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Company:	Plum Creek Timber
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,932
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:  
05/29/2012  
PCL \$37

Plum Creek Timber PCL news of higher home prices in certain areas may indicate improving demand in US housing sector

PCL Case Shiller index reported positive price trends in 7 of 20 US markets compared to previous year, while prices in 5 markets fell to new lows

PCL Specialty REITs with portfolios of timberlands and sawlog mills benefit from higher home prices through improved demand for lumber

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

PCL reported 2011 EPS decline of (4%) and provided guidance for EPS for 2012 indicating FLAT year at best, with potential for decline of as much as (16%), due to current low prices for sawlogs and lumber

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

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

PCL we rank 2 BUY

PCL market cap \$5.9 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	Brookfield Properties Corp.
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,654
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:  
05/29/2012  
BPO \$17

Brookfield Properties BPO news of banking crisis in Spain and more intense focus on bank trading indicates increasing concern over exposure to financial industry tenants

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

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 \$8.7 billion

REIT Comment



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Company:	SL Green Realty Corp.
Price:	\$75
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,612
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:  
05/29/2012  
SLG \$75

SL Green Realty SLG news of banking crisis in Spain and more intense focus on bank trading indicates increasing investor concern over exposure to financial industry tenants

SLG negative demand impact from banks layoffs due to new DoddFrank regulations may be compounded by bank exposures to European currency and bonds as well as credit losses on unwinding of portfolios of debt and CDS held by recent bankruptcies

SLG calls from Obama to accelerate new Dodd-Frank regulation and plans for Congressional hearings indicates extent of investor concern

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



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Company:	Simon Property Group
Price:	\$148
Recommendation:	BUY
Ranking:	2
Market Cap:	\$52,531
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:  
05/29/2012  
SPG \$148

Simon Property Group SPG news of sudden drop in consumer confidence indicates negative news from Europe and from US banks perceived as threatening economic recovery now well in progress

SPG report from Conference Board indicates consumer confidence DOWN (3.8%) to 64.9 for May 2012 from revised level for previous month

SPG most recent report indicates retail sales continue to grow, according to key retail tenants

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 \$52.5 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Sunstone Hotel Investors
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,218
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:  
05/29/2012  
SHO \$10

Sunstone Hotel Investors SHO traded UP \$0.40 per share to close UP +4% day

SHO stock traded UP +27% year to date for 2012, outperforming Hotel REITs, UP +15%

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 \$1.2 billion

REIT Comment



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Company:	Prologis Inc
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,348
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:  
05/29/2012  
PLD \$32

Prologis Inc PLD stock traded UP \$0.82 per share to close UP +3% day

PLD stock traded UP +13% year to date for 2012, outperforming Industrial REITs, UP +9%

PLD news of lower consumer confidence unlikely to impact Industrial REITs

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

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 \$15.3 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	Duke Realty Corporation
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,696
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:  
05/29/2012  
DRE \$14

Duke Realty DRE traded UP \$0.31 per share to close UP +2% day

DRE stock traded UP +16% year to date for 2012, outperforming Industrial REITs, UP +9%

DRE current FFO growth impacted by strategy of divesting office properties

DRE reported core FFO DOWN (14%) for 1Q 2012, with guidance for FFO for 2012 indicating potential decline of DOWN (18%)

DRE portfolio mix following office property divestitures industrial 53%, office 32%, medical office 11% and retail 4%

DRE stock price supported by current annual dividend yield of 4.9%

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

DRE we rank 2 BUY

DRE market cap \$3.7 billion

REIT Comment



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Company:	Mack-Cali Realty
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,763
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:  
05/29/2012  
CLI \$28

Mack-Cali CLI traded UP \$0.51 per share to close UP +2% day

CLI stock closed UP +4% year to date for 2012, underperforming Office REITs, UP +7%

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 6.5%

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

CLI we rank 3 HOLD

CLI market cap \$2.8 billion

REIT Comment



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Company:	UDR, Inc.
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,184
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:  
05/30/2012  
UDR \$27

UDR Inc UDR announced new issue of 19 million shares, to be priced at \$25.70 per share

UDR offering priced at discount of (3%) to last night's closing price

UDR expected net proceeds of more than \$450 million to be applied to repay debt and to redeem preferred shares

UDR joint bookrunning managers BofA Merrill Lynch, JP Morgan, Citi and Morgan Stanley

UDR May 2012 offering to increase total shares outstanding by 8%

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.2 billion

REIT Comment



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Company:	Vornado Realty Trust
Price:	\$84
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,099
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:  
05/30/2012  
VNO \$84

Vornado Realty Trust VNO seeing impact of lower federal spending on properties located in metropolitan DC area

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

VNO 1Q 2012 EBITDA for DC office properties DOWN (36%), with rents on new leases UP 0.9% on cash basis

VNO 1Q 2012 same property NOI for DC office properties DOWN (7.1%)

VNO expects overall occupancy for DC properties to tumble to 80% from 85% for 2011

VNO eventual cost to re-tenant DC properties could be as much as (\$1.50) per share over next 4 years

VNO to consider divestitures, share repurchase, or spin-off of non-core portfolio segments to shareholders

VNO management seeking to become less diversified through concentration of assets in office segment of portfolio

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 \$16.1 billion

REIT Comment



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Company:	Mack-Cali Realty
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,763
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:  
05/30/2012  
CLI \$28

Mack-Cali CLI concern over economic crisis in Europe raises questions over portfolio exposure for US and foreign banks

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

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

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 6.5%

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

CLI we rank 3 HOLD

CLI market cap \$2.8 billion

REIT Comment



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Company:	Simon Property Group
Price:	\$150
Recommendation:	BUY
Ranking:	2
Market Cap:	\$53,254
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:  
05/30/2012  
SPG \$150

Simon Property Group SPG positive sales report from key tenant Macys M supports outlook for growth for Retail REITs

SPG Macy's M reported same store sales UP +4.2% for May 2012

SPG Macy's store numbers include Bloomingdale's stores

SPG key anchor tenant Macy represents 1% of rental revenue

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 \$53.3 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Government Properties Income Trust
Price:	\$22
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,030
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:  
05/30/2012  
GOV \$22

Government Properties Income Trust GOV warning from CBO (Congressional Budget Office) over pending US fiscal crisis should impact trading in certain REITs exposed to federal spending

GOV has greatest exposure of any REIT to federal agency tenants at 83% of total rents

GOV reported FFO growth UP 13% for 1Q 2012

GOV no guidance provided for FFO for 2012

GOV portfolio expansion by acquisition drives FFO growth with pending acquisitions of 5 properties for \$62 million during 2012

GOV stock price supported by current annual dividend yield of 7.7%

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 \$1.0 billion

REIT Comment



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Company:	CYS Investments
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,147
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:  
05/30/2012  
CYS \$14

Cypress Sharpridge CYS pending news of mortgage origination volume may support Financial Mortgage REITs

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 14.4%, at the high end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.1 billion

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$23
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,717
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:  
05/30/2012  
OFC \$22

Corporate Office Properties Trust OFC traded DOWN (\$0.75) per share to close DOWN (3%) day

OFC stock traded UP +3% year to date for 2012, outperforming Office REITs, UP +7%

OFC raising cash by selling non-strategic suburban office properties, including sale of \$117 million properties year to date for 2012

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

OFC cautious guidance for FFO 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 4.9%

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



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Company:	Highwoods Properties
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,527
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:  
05/30/2012  
HIW \$32

Highwood Properties HIW traded DOWN (\$0.99) per share to close DOWN (3%) day

HIW stock traded UP +8% year to date for 2012, outperforming Office REITs, UP +7%

HIW investor concern over exposure to financial industry tenants due to economic crisis in Europe as well as bank layoffs and trading losses

HIW financial industry tenants include RBC, Wells Fargo and BB&T

HIW also has exposure to US government agency tenants higher than most office REITs at 9% of total rental revenue

HIW reported FFO growth UP +15% for 2Q 2012, and provided guidance for FFO for 2012 indicating as much as UP +97% growth

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

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

HIW we rank 3 HOLD

HIW market cap \$2.5 billion

REIT Comment



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Company:	Home Properties
Price:	\$61
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,635
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:  
05/30/2012  
HME \$61

Home Properties HME traded DOWN (\$1.67) per share to close DOWN (3%) day

HME stock traded UP +3% year to date for 2012, outperforming Residential REITs, UP +3%

HME acquisitions, supported by strategic divestitures, drive portfolio expansion

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 4.3%

HME a Residential REIT with a diverse portfolio of apartment communities

HME we rank 2 BUY

HME market cap \$3.6 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$11,568
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:  
05/30/2012  
HST \$15

Host Hotels & Resorts HST traded DOWN (\$0.37) per share to close DOWN (2%) day

HST stock traded UP +3% year to date for 2012, underperforming Hotel REITs, UP +15%

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

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 \$11.6 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	AvalonBay Communities
Price:	\$142
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,565
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:  
05/31/2012  
AVB \$142

AvalonBay Communities AVB sudden increase in new unemployment claims may indicate pause in US economic expansion, but does not undermine positive outlook for Residential REITs

AVB Labor Department reported new unemployment claims increased UP+10,000 to 383,000 for week ended May 26, 2012

AVB more importantly, the 4 week moving average of new unemployment claims increased only slightly to 374,500

AVB separate report on employment indicates private sector added 133,000 new jobs for May 2012, according to ADP (automatic Data Processing)

AVB 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

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



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Company:	Prologis Inc
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,348
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:  
05/31/2012  
PLD \$32

Prologis Inc PLD news of revised US GDP growth unlikely to impact Industrial REITs

PLD Commerce Department revised previously issued growth for 1Q 2012 to UP +1.9%, compared to previous estimate of UP +2.2%

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

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 \$15.3 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	Simon Property Group
Price:	\$150
Recommendation:	BUY
Ranking:	2
Market Cap:	\$53,254
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:  
05/31/2012  
SPG \$150

Simon Property Group SPG continued strong same store sales gains by key retail tenants supports positive outlook for Retail REITs

SPG anchor tenants reporting positive same store sales growth for May2012 include Macy's UP +4.2%, Nordstrom UP +5.3% and Saks UP +4%

SPG mall tenants generally also reporting same store sales gains including Zumiez UP +13.7%, Limited (Victoria's Secret and Bath & Body Works) UP +6% and Gap UP +2%

SPG disappointing same store sales reported by Wet Seal DOWN (8.8%) and Buckle UP +0.2%

SPG completion of 2 major acquisitions is immediately accretive to FFO

SPG reported better 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 also announced 5% dividend increase, now providing yield of 2.6%

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

SPG we rank 2 BUY

SPG market cap \$53.3 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Kimco Realty
Price:	\$18
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,527
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:  
05/31/2012  
KIM \$18

Kimco Realty KIM news of lower consumer confidence may cause spending shift from regional malls to neighborhood and community shopping centers

KIM strip malls of the type owned by KIM provide daily necessities that attract consumers even during times of economic contraction

KIM key tenants reporting good same store sales growth including TJX UP +8%, Kohl's UP +4.2%, Costco UP +4% and Target UP +4.4%

KIM reported recurring FFO increased UP +5% for 2011, while guidance for recurring FFO for 2012 indicates growth of as much as UP +5%

KIM stock price supported by current dividend yield of 4.1%

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 \$7.5 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Pennsylvania REIT
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$694
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:  
05/31/2012  
PEI \$13

Pennsylvania REIT PEI traded DOWN (\$0.11) per share to close DOWN (1%) day

PEI stock traded UP +21% year to date for 2012, outperforming Retail REITs, UP +10%

PEI news of better than expected same store sales growth for 2012 should support Retail REITs

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 5.1%

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

PEI we rank 2 BUY

PEI market cap \$694 million

REIT Comment



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Company:	Omega Healthcare Investors
Price:	\$21
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,183
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:  
05/31/2012  
OHI \$21

Omega Healthcare Investors OHI traded UP +\$0.41 per share to close UP +2% day

OHI stock traded UP +9% year to date for 2012, outperforming Health Care REITs, UP +2%

OHI tenants of portfolio of skilled nursing and senior living facilities may be helped by expansion of Medicaid coverage to young adults under provisions of Affordable Care Act if upheld by the Supreme Court

OHI announced 2011 FFO increase UP +14% for 2011, exceeding high end of previous guidance range, with guidance for FFO for 2012 indicating UP +12% growth

OHI dividend for 2012 now UP +5% from previous year

OHI stock price supported by current annual dividend yield of 8.0%

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

OHI we rank 2 BUY

OHI market cap \$2.2 billion

REIT Comment



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Company:	Parkway Properties
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$577
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:  
05/31/2012  
PKY \$11

Parkway Properties PKY traded UP \$0.26 per share to close UP +3% day

PKY stock traded UP +7% year to date for 2012, in line with Office REITs, UP +7%

PKY reported FFO DOWN (25%) for 1Q 2012

PKY pending completion of previously announced divestiture of \$344 million non-strategic assets

PKY pending \$250 million acquisition of Hearst Tower in Charlotte, NC, expected to add \$17.5 million to annual cash NOI

PKY to accept private equity investment of \$200 million from TPG during 2Q 2012

PKY expects to increase common dividend by 33% by end of 2012, following completion of acquisition and TPG investment

PKY an Office REIT

PKY we rank 3 HOLD

PKY market cap \$577 million

REIT Comment



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Company:	One Liberty Properties
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$260
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:  
05/31/2012  
OLP \$18

One Liberty Properties OLP traded DOWN (\$0.32) per share to close DOWN (2%) day

OLP stock traded UP +7% year to date for 2012, underperforming Retail REITs, UP +10%

OLP reported FFO DOWN (3%) year to date for 2012

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

OLP a Retail REIT with a portfolio of net leased properties

OLP we rank 3 HOLD

OLP market cap \$260 million

REIT Comment



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Company:	Equity Residential
Price:	\$61
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,067
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:  
06/01/2012  
EQR \$61

Equity Residential EQR news of sharp slowdown in new job formation kindles new fears of a economic slowdown

EQR report from Labor Department indicates 69,000 jobs added in US during May 2012, while reports for previous 2 months revised DOWN by (49,000)

EQR private sector jobs UP 82,000 while public sector jobs DOWN (13,000)

EQR yesterday's report on employment by ADP (automatic Data Processing) indicates private sector added 133,000 new jobs for May 2012

EQR 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

EQR end of efforts to acquire stake in Archstone does not impact expected FFO or FFO growth for EQR, with pending \$150 million breakup fees to provide capital for portfolio expansion

EQR reported 1Q 2012 FFO increased UP +9%, while guidance for FFO for 2012 indicates potential for UP +14% growth

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

EQR we rank 2 BUY

EQR market cap \$19.1 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	Prologis Inc
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,187
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:  
06/01/2012  
PLD \$32

Prologis Inc PLD news of slowdown in manufacturing activity offset by higher orders

PLD report from ISM (Institute of Supply Management) indicated index of manufacturing activity DOWN (1.3%) for May 2012

PLD new factory orders UP to highest level since April 2011

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

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 \$15.2 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	CubeSmart
Price:	\$11
Recommendation:	BUY
Ranking:	1
Market Cap:	\$1,304
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:  
06/01/2012  
CUBE \$11

CubeSmart CUBE CEO announced pending retirement on expiration of employment contract

CUBE CEO Dean Jernigan to retire on December 31, 2013

CUBE current President and CIO (Chief Investment Officer) Christopher Marr to take on additional role of COO

CUBE reported better than expected results for 1Q 2012, with FFO UP +14%

CUBE guidance for FFO for 2012 indicates potential for UP +12% growth

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

CUBE we rank 1 BUY

CUBE market cap \$1.3 billion

REIT Comment



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Company:	SL Green Realty Corp.
Price:	\$75
Recommendation:	SELL
Ranking:	4
Market Cap:	\$6,657
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:  
06/01/2012  
SLG \$75

SL Green Realty SLG announced pending \$135 million acquisition of 304 Park Avenue South in Manhattan

SLG pending acquisition located on southwest corner of Park Avenue and 23rd Street, now 95% leased to boutique office tenants

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 \$6.7 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,187
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:  
06/01/2012  
HTS \$29

Hatteras Financial HTS report from FHFA (Federal Housing Finance Agency) indicates higher volume of home refinance being processed by GSEs

HTS volume of HARP refinance loans doubled to 180,000 during 1Q 2012

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 12.6%, 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



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Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,713
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:  
06/01/2012  
MFA \$8

MFA Financial MFA lower volume of home mortgage applications indicates hesitation as homeowners see potential for even lower interest rates

MFA report from MBA (Mortgage Bankers Association) indicates mortgage applications DOWN (1.3%) for week ended May 25, 2012

MFA mortgage refinance applications DOWN (1.5%), while mortgage applications for home purchase DOWN (1.8%)

MFA average rate on 30 year fixed rate mortgage DOWN (0.02%) to 3.91%, lowest level in survey history

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

MFA stock supported by current annual dividend yield of 12.6%, 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



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Company:	Potlatch Corp.
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,158
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:  
06/01/2012  
PCH \$29

Potlatch PCH higher construction spending for both April and May2012 may indicate growth in lagging US home sector

PCH Commerce Department reported construction spending increased UP+0.3% for April 2012 from previous month, UP +6.3% from the previous year

PCH higher demand for lumber related to new home construction would drive improved profitability for PCH

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

PCH timberlands and sawlog harvest concentrated in southeastern states

PCH stock price supported by current dividend yield of4.3%

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



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Company:	Newcastle Investment
Price:	\$6
Recommendation:	SELL
Ranking:	4
Market Cap:	\$658
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:  
06/01/2012  
NCT \$6

Newcastle Investment NCT traded DOWN (\$0.38) per share to close DOWN (6%) day

NCT stock traded UP +35% year to date for 2012, outperforming Financial Commercial REITs, UP +20%

NCT pending acquisition of \$150-\$300 million interest in excess mortgage servicing rights previously held by bankrupt ResCap and mortgage servicer Nationstar must wait for Rescap bankruptcy court approval in December 2012

NCT stock price supported by current annual dividend yield of 12.4%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 4 SELL

NCT market cap \$658 million

REIT Comment



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Company:	LaSalle Hotel Properties
Price:	\$26
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,195
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:  
06/01/2012  
LHO \$26

LaSalle Hotel Properties LHO traded DOWN (\$1.31) per share to close DOWN (5%) day

LHO stock traded UP +9% year to date for 2012, underperforming Hotel REITs, UP +15%

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 \$2.2 billion

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$21
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,613
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:  
06/01/2012  
OFC \$21

Corporate Office Properties Trust OFC traded DOWN (\$0.70) per share to close DOWN (3%) day

OFC stock traded FLAT year to date for 2012, underperforming Office REITs, UP +7%

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

OFC cautious guidance for FFO 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 5.2%

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

OFC we rank 5 SELL

OFC market cap \$1.6 billion

REIT Comment



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Company:	Associated Estates Realty Corp.
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$652
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:  
06/01/2012  
AEC \$15

Associated Estates AEC traded DOWN (\$0.39) per share to close DOWN (2%) day

AEC stock traded DOWN (3%) year to date for 2012, underperforming Residential REITs, UP +6%

AEC today's news of lower than expected employment gains highlights uncertainty over employment trends

AEC reported exceptional FFO growth, UP +27% for 1Q 2012

AEC guidance for FFO for 2012 maintained to indicate growth of as much as UP+23%

AEC increased quarterly dividend distribution by UP+6% for 2Q 2012, now providing yield of 4.7%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$652 million

REIT Comment



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Company:	BioMed Realty Trust
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,742
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:  
06/01/2012  
BMR \$18

BioMed Realty Trust BMR traded DOWN (\$0.40) per share to close DOWN (2%) day

BMR stock traded DOWN (2%) year to date for 2012, underperforming Health Care REITs, DOWN (2%)

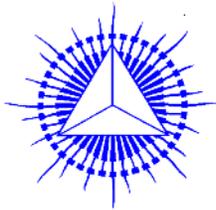
BMR reported FFO FLAT for 1Q 2012 and provided guidance for FFO for 2012 indicating potential for FFO growth of UP +8%

BMR stock price supported by current annual dividend yield of 4.9%

BMR a Health Care REIT with a portfolio of life science properties leased to pharmaceutical and biotech tenants

BMR we rank 3 HOLD

BMR market cap \$2.7 billion



**REIT Growth and Income Monitor** posted 40 REIT comments for the week ended June 1, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	6
Health Care REITs	2
Hotel REITs	3
Industrial REITs	4
Office REITs	10
Residential REITs	5
Retail REITs	6
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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