

REIT Growth and Income Monitor

Weekly Comments 10/30/2012

REIT stocks lag as negative performance gap for REITs expanded to (3%) year to date for 2012, compared to the S&P 500 Index.

Hotel REITs may be impacted by Hurricane Sandy, with cancellations of hotel stays during 4Q 2012.

Host Hotels & Resorts is trading lower on fears of disappointing results for 4Q 2012.

Investors may wish to concentrate hotel investments in smaller market cap Hotel REITs due to benefit from renovation programs, such as Ashford Hospitality Trust.

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

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**Weekly REIT Comments**
10/30/2012

REIT stocks traded sharply lower for the fourth week of October, the week ended October 26, 2012. REITs included in the S&P 500 Index are now up 9% year to date for 2012, trailing performance of the S&P 500 Index, up 12% for 2012. Negative performance gap for 2012 expanded to **(3%)**. Average gain for all REITs followed by REIT Growth and Income Monitor stands at 15% year to date for 2012, exceeding 12% gain for the S&P 500 Index.

Investors are analyzing REIT earnings reports for 3Q 2012, as conflicting economic indicators cause concern. 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 may be impacted by cancellations during 4Q 2012 as a result of Hurricane Sandy.

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

Hotel REITs May See High Rate of Cancellations During 4Q 2012 Due to Hurricane Sandy

Investors in Hotel REITs should be aware of pending negative surprise from the impact of Hurricane Sandy. While actual damage to hotel properties will be limited to those located in the flood zones of New York, New Jersey and the metropolitan DC area, power outages will close far more hotels than actually suffer casualty loss. In addition, disruption of normal travel patterns will lead to a high level of cancellations. Gasoline rationing will influence decisions not to drive to business meetings. These unusual conditions should be expected to cause a high rate of cancellations for 4Q 2012, continuing for several weeks from Sunday, October 28, 2012, and impacting at least half the month of November, 2012. Hotel REITs likely to be see such a negative impact from Hurricane Sandy include **Host Hotels & Resorts, LaSalle Hotel Properties, Hospitality Properties Trust, and Hersha Hospitality Trust.**

Investors should consider weakness in Hotel REIT stocks as providing an opportunity to invest in smaller cap Hotel REITs where FFO growth for 2013 should see the benefit of extensive hotel renovation programs. Smaller cap Hotel REITs in this category include **Ashford Hospitality Trust, Strategic Hotels & Resorts and Sunstone Hotel Investors.**

Trading Opportunities

Host Hotels & Resorts, with market cap of \$11 billion, always reflects investor concern over all factors impacting Hotel REITs, including the negative impact of Hurricane Sandy, as well as gasoline rationing and European exposure. **Host Hotels & Resorts** stock traded flat 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 2.2% remains at too low a level to attract income investors.

Ashford Hospitality Trust, with a market cap of \$734 million, has repositioned its portfolio of 26,000 hotel rooms to serve key urban markets including Baltimore, with new acquisitions targeting New York. The stock traded up 8% year to date for 2012. 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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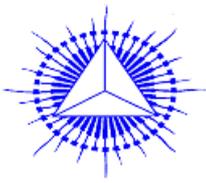
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Price	Price	Price	Weekly	2012
		12/30/2011	09/28/2012	10/05/2012	10/12/2012	10/19/2012	10/26/2012	Change	Price Change
Apartment Investment and Management	AIV	\$23	\$26	\$25	\$25	\$27	\$26	-2%	15%
AvalonBay Communities	AVB	\$131	\$136	\$136	\$132	\$137	\$133	-3%	2%
Boston Properties	BXP	\$100	\$111	\$110	\$109	\$110	\$107	-3%	7%
Equity Residential	EQR	\$57	\$58	\$57	\$56	\$57	\$56	-2%	-2%
HCP Inc.	HCP	\$41	\$44	\$46	\$45	\$45	\$44	-2%	6%
Health Care REIT	HCN	\$55	\$58	\$60	\$59	\$60	\$58	-3%	7%
Host Hotels & Resorts	HST	\$15	\$16	\$16	\$16	\$16	\$15	-5%	0%
Kimco Realty	KIM	\$16	\$20	\$20	\$20	\$21	\$20	-5%	21%
Plum Creek Timber	PCL	\$37	\$44	\$43	\$43	\$44	\$44	-1%	20%
Prologis, Inc	PLD	\$29	\$35	\$35	\$35	\$36	\$34	-5%	19%
Public Storage	PSA	\$134	\$139	\$139	\$137	\$138	\$137	-1%	2%
Simon Property Group	SPG	\$129	\$152	\$153	\$152	\$154	\$150	-2%	17%
Ventas	VTR	\$55	\$62	\$63	\$64	\$65	\$63	-2%	14%
Vornado Realty Trust	VNO	\$77	\$81	\$80	\$78	\$81	\$80	-2%	4%
S&P 500 Index	S&P 500	\$1,258	\$1,441	\$1,461	\$1,429	\$1,433	\$1,412	-1%	12%
Average for S&P 500 Index REITs								-3%	9%

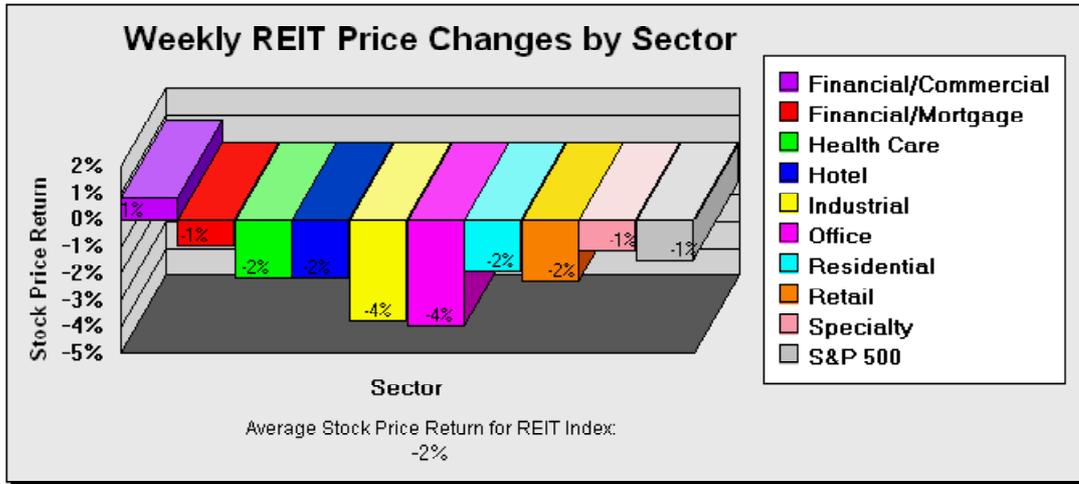
REIT stocks declined for the fourth week of October, trading down (3%) for the week ended October 26, 2012. REITs underperformed the S&P 500 Index, trading unchanged for the week. The S&P 500 Index is up 12% year to date for 2012, exceeding REIT performance, up 9%. Negative performance gap for S&P 500 Index REITs expanded to (3%) year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Kimco Realty**, up 21%, and **Simon Property Group**, up 17%. Residential REITs retreated, with **Apartment Investment and Management** up 15%, **AvalonBay Communities** up 2% and **Equity Residential** trading down (2%) year to date for 2012. Office REITs showed mixed performance, with **Boston Properties** up 7% and **Vornado Realty Trust** up 4% year to date for 2012. Health Care REITs maintain gains after Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 6%, **Health Care REIT** up 7% and **Ventas** up 14% year to date for 2012. Industrial REIT **Prologis, Inc** now shows 19% gain for 2012, reflecting investor confidence in profit improvement after the 2011 merger. Specialty Timber REIT **Plum Creek Timber** shows gain of 20% 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 2% year to date for 2012, while volatile **Host Hotels & Resorts** now shows no gain year to date for 2012.

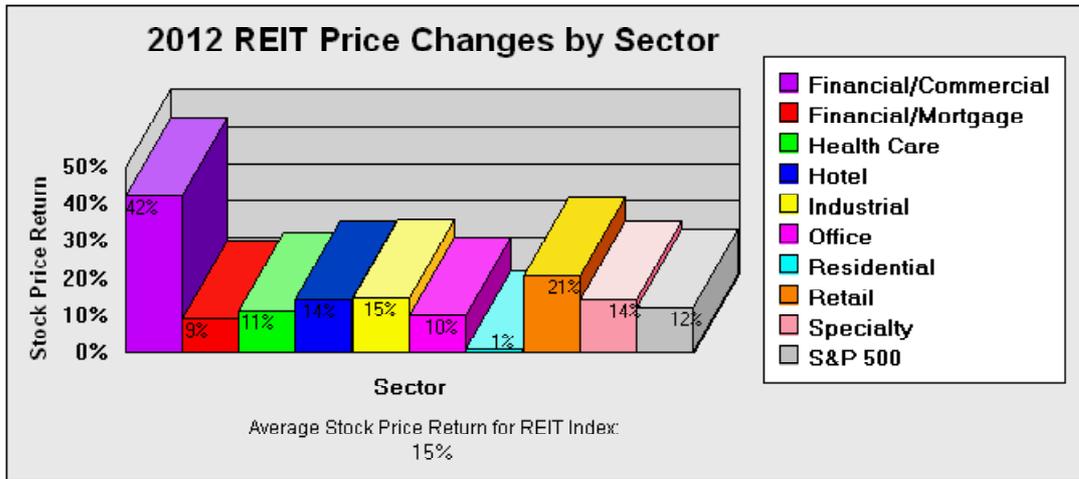
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Weekly REIT Price Changes by Sector

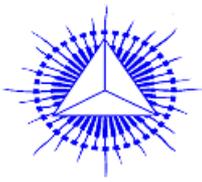


Almost all REIT sectors traded sharply lower during the fourth week of October, the week ended October 26, 2012. Most REIT sectors underperformed the S&P 500 Index, trading down (1%) for the week. The only REIT sector to show a gain for the week was Financial Commercial REITs, up 1%. All other REIT sectors declined, including Financial Mortgage REITs and Specialty REITs down (1%), followed by Health Care REITs, Hotel REITs, Residential REITs and Retail REITs all down (2%). Lagging sectors included Industrial REITs and Office REITs, each down (4%). On average, stock prices for REIT Growth and Income Monitor traded down (2%) for the week ended October 26, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 15% on average year to date for 2012, exceeding performance of the S&P 500 Index, now up 12% for 2012. REITs outperform due to higher yields than S&P 500 stocks. Investors responded positively to earnings announcements for 3Q 2012, as REIT funds flow remains 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 42%, followed by Retail REITs, up 21%. Hotel REITs have lost momentum, now up 15%, compared to 30% gain only a few weeks ago. Industrial REITs show 15% gain, while gain for Office REITs has dwindled to 10% year to date for 2012. Specialty REITs are up 14% year to date for 2012, supported by improved performance of Specialty Timber REITs, responding to improved news on the US housing sector. Health Care REITs are now up 11% year to date for 2012, helped by positive long term impact of Affordable Care Act. Financial Mortgage REITs increased 9%. Residential REITs are still laggards, now up 1% 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



Company:	Potlatch
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,537
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/22/2012
PCH \$38

Potlatch PCH 3Q 2012 EPS \$0.46 v \$0.63 DOWN (27%)
PCH 3Q 2012 EPS showed strong sequential gain, accounting for 68% of year to date EPS

PCH 3Q 2012 EBITDA \$37.0 v \$44.8 DOWN (17%)

PCH 3Q 2012 FFO \$0.67 v \$0.87 DOWN (23%)

PCH made no change to guidance for 2012 harvest
PCH previous guidance 2012 harvest 3.5 million tons DOWN (17%)

PCH 3Q 2012 resource segment operating profit \$24 million DOWN (8%)
PCH 3Q 2012 wood products segment operating profit \$15.2 million UP +426%
PCH 3Q 2012 real estate segment operating profit \$1.3 million, DOWN (87%)

PCH 3Q 2012 northern resource harvest volume DOWN (4%)
PCH 3Q 2012 northern sawlog volume DOWN (5%), with prices UP +3%
PCH 3Q 2012 northern pulpwood volume FLAT, with prices UP +4%

PCH 3Q 2012 southern resource segment harvest volume DOWN (25%)
PCH 3Q 2012 southern sawlog volume DOWN (35%), with prices UP +4%
PCH 3Q 2012 southern pulpwood volume DOWN (14%), with prices UP +12%

PCH 3Q 2012 lumber prices UP +21%, with lumber shipments UP +4%

PCH 4Q 2012 real estate segment to benefit from pending \$11 million divestiture of 2,000 acres in November, 2012

PCH management comments noted improving US housing sector expected to lead to increased demand and higher prices for building materials during 2013
PCH expects lumber prices to moderate DOWN (3%) during 4Q 2012 due to seasonality, with sharp price increase expected to start during December 2012

PCH stock price supported by current dividend yield of 3.3%

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

PCH we rank 2 BUY

PCH market cap \$1.5 billion

REIT Comment



Company:	Prologis Inc
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,961
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
PLD \$36

Prologis Inc PLD news of pending political change in China may focus investors on REITs with exposure to Asian markets

PLD most Asian investment for bulk distribution is in Japan, with increasing presence in China

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

PLD management comments focus on international expansion and progress in effecting synergies after successful merger in June 2011

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

PLD to discuss results for 3Q 2012 tomorrow with a conference call with investors scheduled for noon

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 \$17.0 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$154
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,935
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
SPG \$154

Simon Property Group SPG news of pending political change in China may focus investors on REITs with exposure to Asian markets

SPG operates International Premium Outlets at 12 properties in Japan, Korea, Malaysia and Mexico with 3.7 million square feet of space, representing only 1% of total portfolio retail space

SPG International Premium Outlets located in Japan total 8 properties with 2.6 million square feet, 40% owned through joint ventures

SPG remaining International Premium Outlets are held through 50% owned joint ventures

SPG has no directly owned or joint venture retail properties in China

SPG developing 2 new international premium outlets and expanding 2 properties

SPG results for 3Q 2012 FFO likely to meet expectations, to be reported on October 25, 2012, with a conference call for investors scheduled at 10:00 AM

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

SPG stock price supported by current annual dividend yield of 2.7%

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 \$55.9 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$44
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,128
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
PCL \$44

Plum Creek Timber PCL stock price may benefit from positive comments by competitor Specialty Timber REIT Potlatch PCH

PCL management comments by PCH noted recovery in lumber prices driven by US housing sector recovery

PCL last week's news of fewer existing home sales less important than trends in new home construction

PCL this month's Commerce Department report of new home construction noted increased momentum for new home starts and for construction permit applications

PCL to discuss results for 3Q 2012 on Monday, October 29, 2012 with a conference call for investors scheduled at 5:00 PM

PCL stock price supported by current annual dividend yield of 3.8%

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

PCL we rank 2 BUY

PCL market cap \$7.1 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,573
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
NLY \$16

Annaly Capital Management NLY announced death of cofounder and co-CEO Michael AJ Farrell

NLY co-CEO Farrell announced cancer illness more than 1 year ago

NLY recently appointed 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 12.5%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$15.6 billion

REIT Comment



Company:	Potlatch
Price:	\$39
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,570
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
PCH \$39

Potlatch PCH traded UP \$0.82 per share to close UP +2% day

PCH stock traded UP +25% year to date for 2012, outperforming Specialty REITs, UP +16%

PCH earlier today reported strong sequential improvement in EPS based on seasonality of timber harvest and improving demand in US housing sector

PCH management comments noted improving US housing sector expected to lead to increased demand and higher prices for building materials during 2013

PCH stock price supported by current dividend yield of 3.2%

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

PCH we rank 2 BUY

PCH market cap \$1.6 billion

REIT Comment



Company:	iStar Financial
Price:	\$9
Recommendation:	SELL
Ranking:	5
Market Cap:	\$740
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
SFI \$9

iStar Financial SFI traded UP \$0.13 per share to close UP +2% day

SFI stock traded UP +66% year to date for 2012, outperforming Financial Commercial REITs, UP +42%

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

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

SFI has not paid dividends on common stock since 2008

SFI a Financial Commercial REIT

SFI we rank 5 SELL

SFI market cap \$740 million

REIT Comment



Company:	Macerich
Price:	\$58
Recommendation:	BUY
Ranking:	2
Market Cap:	\$8,300
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
MAC \$58

Macerich MAC traded DOWN (\$1.33) per share to close DOWN (2%) day

MAC stock traded UP +14% year to date for 2012, outperforming Retail REITs, UP +24%

MAC announced \$1.25 billion acquisition of 2 retail properties in NY from Vornado Realty Trust VNO

MAC acquisition includes \$751 million for Kings Plaza, Brooklyn and \$500 million for Green Acres Mall in Valley Stream, NY

MAC acquisition valued at 5.5X cap rate, reflecting high tenant sales per square foot

MAC strategy includes portfolio expansion by acquisition and new development

MAC guidance for FFO for 2012 indicates growth UP +13%

MAC to discuss results for 3Q 2012 on Wednesday, October 31, 2012 with a conference call with investors scheduled for 1:30 PM

MAC stock price supported by current annual dividend yield of 3.8%

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

MAC we rank 2 BUY

MAC market cap \$8.3 billion

REIT Comment



Company:	Post Properties
Price:	\$48
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,634
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/22/2012
PPS \$48

Post Properties PPS traded DOWN \$0.79 per share to close DOWN (2%) day

PPS stock traded UP +11% year to date for 2012, outperforming Residential REITs, UP +3%

PPS like all Residential REITs seeing higher profitability on strong occupancy and rental rate increases

PPS to discuss results for 3Q 2012 on a conference call with investors scheduled for Tuesday October 30 at 10:00 AM

PPS guidance for FFO for 2012 indicates growth UP +30%

PPS provides income investors with current dividend yield of 2.1%

PPS a Residential REIT with a diverse portfolio of apartment communities concentrated in southeastern states

PPS we rank 2 BUY

PPS market cap \$2.6 billion

REIT Comment



Company:	Equity LifeStyle Properties
Price:	\$67
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,063
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/23/2012
ELS \$67

Equity LifeStyle Properties ELS3Q 2012 FFO \$1.17 v \$0.76 UP +54%

ELS increased low end of guidance range 2012 FFO \$4.54-\$4.64 v \$3.55 UP +28%+31%
ELS previous guidance 2012 FFO \$4.44-\$4.64 per share

ELS preliminary guidance 2013 FFO \$4.90-\$5.10 v \$4.54-\$4.64 UP +8%+12%

ELS new guidance 4Q 2012 FFO \$1.03-\$1.13 v \$0.99 (adjusted) UP +4%+13%

ELS 3Q 2012 core NOI UP +2.6%
ELS 3Q 2012 average monthly base rent \$567 UP +2.2%

ELS 3Q 2012 portfolio occupancy 98.3% UP +0.7%
ELS 3Q 2012 core occupancy 91.5% UP +0.5%

ELS 3Q 2012 revenue from home sales \$1.9 million UP +14%

ELS completion of major acquisition drives revenue and profit growth with total portfolio capacity UP +28%

ELS stock price supported by current dividend yield of 2.6%

ELS a Specialty REIT with a portfolio of manufactured home communities

ELS we rank 3 HOLD

ELS market cap \$3.1 billion

REIT Comment



Company:	Vornado Realty Trust
Price:	\$81
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,187
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
VNO \$81

Vornado Realty Trust VNO completed sale of 2 retail properties to Macerich MAC for \$1.25 billion

VNO divestiture includes \$751 million for Kings Plaza, Brooklyn and \$500 million for Green Acres Mall in Valley Stream, NY

VNO also announced \$94 million joint venture investment in mezzanine debt on 701 Seventh Avenue in NYC

VNO joint venture partner Starwood Property Trust seeking to retain controlling position or redevelopment of 10 story retail building

VNO previously outlined strategic plan to sell retail assets to concentrate portfolio in office properties

VNO to discuss results for 3Q 2012 on November 2, 2012 with a conference call for investors scheduled at 10:00 AM

VNO reported FFO decline DOWN (2%) for 2Q 2012, with adjusted EBITDA DOWN (15%)

VNO no guidance provided for FFO or adjusted EBITDA for 2012

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

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

VNO we rank 3 HOLD

VNO market cap \$16.2 billion

VNO an S&P 500 Index REIT

REIT Comment



Company:	Equity Residential
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,887
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
EQR \$56

Equity Residential EQR news of higher existing home sales depressing Residential REITs despite dramatically improved profitability

EQR Residential REITs traded UP +3% year to date for 2012, compared to other REIT sectors UP +18% on average

EQR investors see renewed interest among apartment dwellers to purchase new homes although tight constraints on mortgage lending by banks restricts growth

EQR apartment shortage in key urban areas enables Residential REITs to maintain high occupancy despite increased turnover due to home purchase

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

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

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



Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,766
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/23/2012
PLD \$35

Prologis Inc PLD 3Q 2012 core FFO \$0.49 v \$0.44 UP +11%
PLD 3Q 2012 core FFO excludes \$0.06 per share of net charges relating to merger

PLD increased guidance 2012 core FFO \$1.72-\$1.74 v \$1.58 UP +9%--10%
PLD previous guidance 2012 core FFO \$1.64-\$1.70 per share

PLD 3Q 2012 same property NOI UP +2.7%
PLD 3Q 2012 portfolio occupancy 93.1% UP +0.7%

PLD 3Q 2012 rental rates on lease turnover DOWN (1.8%), lower decline than for previous quarters
PLD 3Q 2012 tenant retention 87.5%

PLD 3Q 2012 acquisitions \$234 million
PLD 3Q 2012 dispositions \$174 million

PLD 3Q 2012 development starts \$386 million, concentrated in Japan, UK and Mexico
PLD total development pipeline \$1.5 billion, representing 16.3 million square feet, a 3% capacity increment

PLD management comments noted optimism for 4Q 2012 and 2013 due to stronger than expected consumer sentiment supporting retail sales
PLD tenants report unit growth but anemic margins, forcing them to focus on lowest possible supply costs with maximum inventory turnover

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 \$16.8 billion

REIT Comment



Company:	Equity LifeStyle Properties
Price:	\$67
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,063
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
ELS \$67

Equity Lifestyle Properties ELS expects significant dividend increase

ELS this morning on conference call with investors management noted request to board of directors for dividend increase

ELS management seeking 14% dividend increase to \$2.00 per share, from current dividend distribution rate of \$1.75 per share

ELS yield on \$2.00 dividend would be 3.0%, up from 2.6% current annual dividend yield

ELS current occupancy at more than 98% indicates demand strength

ELS completion of major acquisition drives revenue and profit growth with total portfolio capacity UP +28%

ELS a Specialty REIT with a portfolio of manufactured home communities

ELS we rank 3 HOLD

ELS market cap \$3.1 billion

REIT Comment



Company:	Liberty Property Trust
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,337
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/23/2012
LRY \$37

Liberty Property Trust LRY 3Q 2012 FFO \$0.64 v \$0.64 FLAT

LRY narrowed guidance range for 2012 FFO \$2.57-\$2.59 v \$2.61 DOWN (1%)-(2%)
LRY previous guidance 2012 FFO \$2.50-\$2.65 per share

LRY new guidance 4Q 2012 \$0.62-\$0.64 v \$0.63 (adjusted) DOWN (2%)-UP +2%

LRY 3Q 2012 same property NOI UP +0.3% on cash basis
LRY 3Q 2012 occupancy 91.8% UP +1.1% from 2Q 2012
LRY 3Q 2012 same property occupancy 93.1%

LRY 3Q 2012 rents on new leases DOWN (2.2%) and renewed leases DOWN (13.0%), with office properties showing greater decline than industrial properties

LRY 3Q 2012 portfolio mix includes office (57% of rents), industrial distribution (30%), and industrial flex (13%)

LRY 3Q 2012 completed acquisition of a single property in Phoenix AZ for \$6 million
LRY 3Q 2012 divested 49 acres of land for \$3 million

LRY 3Q 2012 commenced development of 3 properties for expected investment of \$56 million
LRY total build-to-suit pipeline 9.0 million square feet, with 3.6 million square feet now under construction

LRY seeing rent roll downs in soft office market

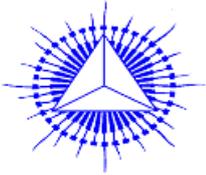
LRY stock price supported by current annual dividend yield of 5.2%

LRY an Office REIT with a diverse portfolio of office, industrial and flex properties

LRY we rank 2 BUY

LRY market cap \$4.3 billion

REIT Comment



Company:	Duke Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,033
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
DRE \$15

Duke Realty DRE traded DOWN (\$0.36) per share to close DOWN (2%) day

DRE stock traded UP +22% year to date for 2012, outperforming Industrial REITs, UP +19%

DRE earnings report today by competitor Prologis Inc PLD indicates profit improvement continues for Industrial REITs

DRE current FFO growth impacted by strategy of divesting office properties

DRE guidance for FFO for 2012 indicates decline DOWN (15%)

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

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

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

DRE we rank 2 BUY

DRE market cap \$4.0 billion

REIT Comment



Company:	Taubman Centers
Price:	\$78
Recommendation:	BUY
Ranking:	2
Market Cap:	\$11,560
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
TCO \$78

Taubman Centers TCO traded DOWN (\$1.66) per share to close DOWN (2%) day

TCO stock traded UP +26% year to date for 2012, outperforming Retail REITs, UP +24%

TCO investing in portfolio expansion in Puerto Rico and China

TCO increased guidance for FFO for 2012 to indicate growth UP +8%

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

TCO stock price supported by current annual dividend yield of 2.4%

TCO a Retail REIT with a portfolio of upscale regional malls

TCO we rank 2 BUY

TCO market cap \$11.6 billion

REIT Comment



Company:	Essex Property Trust
Price:	\$146
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,388
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/23/2012
ESS \$146

Essex Property Trust ESS traded DOWN (\$1.85) per share to close DOWN (1%) day

ESS stock traded UP +4% year to date for 2012, slightly outperforming Residential REITs, UP +3%

ESS continued growth of employment in Seattle and Portland as well as northern and southern CA drives apartment demand

ESS guidance for FFO for 2012 indicates growth UP +21%

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

ESS stock price supported by current annual dividend yield of 3.0%

ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap \$5.4 billion

REIT Comment



Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,580
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
PLD \$35

Prologis Inc PLD traded DOWN (\$0.63) per share to close DOWN (2%) day

PLD stock traded UP +22% year to date for 2012, outperforming Industrial REITs, UP +19%

PLD earlier today reported FFO for 3Q 2012 UP +11%

PLD also increased guidance for 2012 FFO to indicate growth UP +10%

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



Company:	Boston Properties
Price:	\$108
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,374
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/24/2012
BXP \$108

Boston Properties BXP 3Q 2012 FFO \$1.16 v \$1.28 DOWN (9%)

BXP narrowed guidance range for 2012 FFO \$4.86-\$4.88 v \$4.84 FLAT-UP +1%
BXP previous guidance 2012 FFO \$4.85-\$4.91 per share

BXP new guidance 4Q 2012 \$1.22-\$1.24 v \$1.21 UP +1%+2%

BXP new guidance 2013 \$5.00-\$5.15 v \$4.86-\$4.88 UP +3%+6%
BXP new guidance 2013 assumes cash same property NOI UP +6.0%+7.0%, to be offset by lease terminations and lower joint venture income

BXP 3Q 2012 same property NOI DOWN (3.4%) for office and technical properties
BXP 3Q 2012 portfolio occupancy 91.6% UP +0.3% from December 2011

BXP 3Q 2012 same property rent increase on new and renewed leases UP+7.2%

BXP year to date acquisitions \$962 million
BXP year to date dispositions \$91 million

BXP current exposure to financial industry tenants (including insurance) 33% of gross rent, including Citi 3% and Bank of America 2%

BXP management comments noted slow leasing activity in NYC and DC, while San Francisco and Boston demonstrate strength
BXP sees opportunity to increase occupancy in suburban properties
BXP management expects to consider dividend increase for 2013, following 10% increase in 1Q 2012

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

BXP we rank 4 SELL

BXP market cap \$16.4 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Pennsylvania REIT
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$969
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
PEI \$17

Pennsylvania REIT PEI 3Q 2012 FFO \$0.43 (adjusted) v \$0.51 DOWN (16%)
PEI 3Q 2012 FFO excludes net charges of (\$0.09) per share relating to severance expenses

PEI slightly reduced guidance 2012 FFO \$1.82-\$1.87 v \$1.93 DOWN (3%)-(6%)
PEI previous guidance 2012 FFO \$1.83-\$1.90 per share
PEI guidance 2012 FFO excludes net charges of (\$0.12) per share relating to severance expenses

PEI 3Q 2012 same property NOI DOWN (1.0%)
PEI 3Q 2012 occupancy 92.9% UP +1.0%
PEI 3Q 2012 average base rent DOWN (1.4%)

PEI 3Q 2012 trailing 12 month mall tenant sales per square foot \$379 UP +5%

PEI seeking to divest non-strategic assets including power centers and underperforming malls
PEI management comments noted long term goals of improving profitability through redevelopments

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

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

PEI we rank 2 BUY

PEI market cap \$1.0 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,580
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
HTS \$26

Hatteras Financial HTS reduced quarterly dividend distribution by(11%) to \$0.80 per share for 4Q 2012

HTS new annual dividend \$3.20 per share

HTS new yield 12.1%, 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 \$2.6 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,580
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/24/2012
HTS \$26

Hatteras Financial HTS 3Q 2012 EPS \$0.83 v \$1.04 DOWN (21%)

HTS book value \$29.60 UP +8% since June 2012
HTS stock trading at discount of (11%) to book value
HTS 3Q 2012 net ROE 11.64%

HTS 3Q 2012 portfolio \$26.4 billion, including 83% ARMs and 17% 15 year fixed rate mortgages
HTS 3Q 2012 ARM portfolio concentrated 66% in less than 6 years time to reset
HTS 3Q 2012 portfolio leverage 7.3X DOWN (0.2X) since June 2012

HTS 3Q 2012 portfolio weighted average coupon 2.99%
HTS 3Q 2012 ARM portfolio weighted average cost basis \$102.71

HTS 3Q 2012 NIM (net interest margin) 1.22% DOWN (0.27%) from June 2012
HTS 3Q 2012 annualized expense ratio 0.84% DOWN (0.04%) from June 2012
HTS 3Q 2012 CPR 20.5%

HTS management comments noted need for caution in advance of "fiscal cliff", leading to concentration of portfolio in short term issues
HTS most of longer term ARM issues are being purchased by Federal Reserve due to QE policy for monetary stimulus

HTS reduced dividend by (11%) for 4Q 2012, for current dividend yield of 12.1%

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



Company:	Acadia Realty Trust
Price:	\$25
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,126
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
AKR \$25

Acadia Realty Trust AKR 3Q 2012 FFO \$0.27 v \$0.22 UP +23%

AKR made no change to guidance 2012 FFO \$1.00-\$1.05 v \$0.97 UP +3% - +8%

AKR 3Q 2012 same property NOI UP +6.2%

AKR 3Q 2012 physical occupancy 92.9%
AKR 3Q 2012 leased occupancy 94.8%

AKR 2012 year to date rents on new and renewed leases DOWN(0.4%) on cash basis

AKR 2012 year to date acquisitions \$135 million for 11 retail properties concentrated in urban and high density markets
AKR pending acquisitions \$175 million including property funds

AKR stock price supported by current annual dividend yield of 2.9%

AKR a Retail REIT with a portfolio of grocery and value-anchored retail shopping centers

AKR we rank 3 HOLD

AKR market cap \$1.1 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$608
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
AEC \$14

Associated Estates Realty AEC 3Q 2012 \$0.32 v \$0.27 UP +19%

AEC slightly increased guidance 2012 FFO \$1.24-\$1.26 v \$1.03 UP +20%+22%
AEC previous guidance 2012 FFO \$1.23-\$1.25 per share
AEC guidance 2012 FFO assumes same property NOI UP +6.7%+6.9%

AEC 3Q 2012 same property NOI UP +6.0%
AEC 3Q 2012 physical occupancy 97.3% UP +2.5%
AEC 3Q 2012 average monthly rent \$1,053 UP +5.9%

AEC 3Q 2012 turnover DOWN (10%) from previous year, with only 15% of turnover relating to home purchase

AEC target 2012 acquisitions \$183 million
AEC target 2012 dispositions \$67 million
AEC target 2012 developments \$50-\$55 million

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

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$608 million

REIT Comment



Company:	Plum Creek Timber
Price:	\$44
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,105
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
PCL \$44

Plum Creek Timber PCL news of higher than expected new home sales signals more momentum for Specialty Timber REITs

PCL Commerce Department reported sales of new homes UP +5.7% for September 2012 from previous month to seasonally adjusted annual rate of 389,000

PCL median price of new home UP +11.7% from previous year to \$242,200

PCL to discuss results for 3Q 2012 on Monday, October 29, 2012 with a conference call for investors scheduled at 5:00 PM

PCL stock price supported by current annual dividend yield of 3.8%

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

PCL we rank 2 BUY

PCL market cap \$7.1 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Kilroy Realty
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,319
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
KRC \$46

Kilroy Realty KRC traded DOWN (\$0.52) per share to close DOWN (1%) day

KRC stock traded UP +20% year to date for 2012, outperforming Office REITs, UP +15%

KRC pending sale of industrial portfolio expected to increase average portfolio occupancy

KRC guidance for FFO for 2012 indicates FLAT year

KRC to discuss results for 3Q 2012 next week on October 30, 2012 with a conference call for investors scheduled at 1:00 PM

KRC stock price supported by current annual dividend yield of 3.1%

KRC an Office REIT with a portfolio of office and industrial properties concentrated in southern and northern CA

KRC we rank 2 BUY

KRC market cap \$3.3 billion

REIT Comment



Company:	CYS Investments
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,632
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
CYS \$14

CYS Investments CYS traded UP \$0.53 per share to close UP +4% day

CYS stock traded UP +3% year to date for 2012, underperforming Financial Mortgage REITs, UP 10%

CYS last week reported EPS for 3Q 2012 UP +26%

CYS no guidance provided for FFO for 2012

CYS stock price supported by current annual dividend yield of 14.8%, 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 \$1.6 billion

REIT Comment



Company:	CBL & Associates
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,207
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
CBL \$22

CBL & Associates CBL traded UP \$0.18 per share to close UP +1% day

CBL stock traded UP +41% year to date for 2012, outperforming Retail REITs, UP +24%

CBL to discuss results for 3Q 2012 on Wednesday, November 7, 2012 on a conference call with investors scheduled for 11:00 AM

CBL guidance for FFO for 2012 indicates FLAT year, despite higher shares outstanding

CBL stock price supported by current annual dividend yield of 4.0%

CBL a Retail REIT with a portfolio of regional malls in southeastern and midAtlantic states

CBL we rank 2 BUY

CBL market cap \$4.2 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$623
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/24/2012
AEC \$15

Associated Estates Realty AEC traded UP \$0.37 per share to close UP +3% day

AEC stock traded DOWN (8%) year to date for 2012, underperforming Residential REITs, UP +3%

AEC during 2012, Residential REITs have underperformed, trading UP +3% while other REIT sectors traded higher, UP +18% on average

AEC earlier today reported FFO for 3Q 2012 UP +19%

AEC also increased guidance for FFO for 2012 to indicate growth UP +22%

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

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$623 million

REIT Comment



Company:	UDR Inc
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,015
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
UDR \$24

UDR Inc UDR although lower new unemployment claims indicate improving labor market unemployment rate remains close to 8%

UDR report from Labor Department shows new unemployment claims DOWN (23,000) to 369,000 for week ended October 20, 2012, compared to revised numbers for previous week

UDR more important, 4 week moving average of new unemployment claims DOWN (1,500) to 368,000

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

UDR to discuss results for 3Q 2012 next week on October 29, 2012 with a conference call with investors 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



Company:	Equity Residential
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,826
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
EQR \$56

Equity Residential EQR 3Q 2012 normalized FFO \$0.73 (adjusted) v \$0.62 (adjusted) UP +18%
EQR 3Q 2012 FFO excludes net gains of \$0.19 per share relating to \$150 million Archstone takeover termination fee, partially offset by acquisition expense and loss on debt extinguishment

EQR slightly increased low end of guidance range 2012 normalized FFO \$2.74-\$2.78 (adjusted) v \$2.43 (adjusted) UP +13%+14%
EQR previous guidance 2012 normalized FFO \$2.73-\$2.78 per share

EQR new guidance 4Q 2012 \$0.72-\$0.76 v \$0.65 UP +11%+17%

EQR 3Q 2012 same property NOI UP +7.4%
EQR 3Q 2012 portfolio occupancy 95.8% UP +0.5%

EQR 3Q 2012 same property average monthly rent \$1,681 UP +5.2%
EQR 3Q 2012 portfolio average monthly rent \$1,708

EQR 3Q 2012 turnover 17.5% DOWN (0.2%) from previous year, with 13% of total turnover due to home purchase
EQR apartment affordability not a serious issue, with rents at 17.6% of average incomes

EQR 2012 year to date acquisitions \$906 million
EQR 2012 acquisition target \$1.1 billion

EQR 2012 year to date divestitures \$617 million
EQR 2012 divestiture target \$1.1 billion

EQR has 5 wholly owned development projects with a total of 1,267 apartment units, representing 1% capacity expansion

EQR management commented occupancy expected to show normal seasonal decline to 95% by end of 2012
EQR expects average same property revenue growth UP +4%+5% for 2013, slightly slower than UP +5.6% for 2012
EQR recent monthly rental rates accelerating, with August renewal rents UP +5.3%, September UP +5.7% and October UP +6.1%

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 \$17.8 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,951
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
DFT \$24

DuPont Fabros Technology DFT 3Q 2012 FFO \$0.38 v \$0.44 DOWN (14%)

DFT narrowed guidance 2012 FFO \$1.48-\$1.52 v \$1.61 DOWN (6%)-(8%)
DFT previous guidance 2012 FFO \$1.47-\$1.52 per share

DFT new guidance 4Q 2012 FFO \$0.38-\$0.42 v \$0.37 UP +3%+14%

DFT 3Q 2012 portfolio occupancy 85%, with stabilized portfolio occupancy of 96%
DFT 3Q 2012 properties in lease-up now 55% leased
DFT preleasing at ACC6 Phase II in Ashburn VA still 67%, with Phase I now 100% leased

DFT management comments noted progress in leasing wholesale data centers now in leaseup and in signing lease extensions at stabilized properties
DFT only 15% of rents to expire prior to January 2017

DFT leasing during 3Q 2012 totaled 27.3 megawatts
DFT 2012 year to date commenced 13 new leases for 30.9 megawatts

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



Company:	Capstead Mortgage
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,179
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
CMO \$13

Capstead Mortgage CMO reduced quarterly dividend distribution by(10%) to \$0.36 per share for 4Q 2012

CMO new annual dividend \$1.44 per share

CMO new annual yield 11.52%, near the midpoint of the range for Financial Mortgage REITs

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

CMO we rank 2 BUY

CMO market cap \$1.2 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$13
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,179
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
CMO \$13

Capstead Mortgage CMO 3Q 2012 EPS \$0.35 v \$0.40 DOWN (13%)

CMO no guidance provided for EPS for 2012

CMO 3Q 2012 book value \$13.88 per share
CMO stock trading at (10%) discount to book value

CMO 3Q 2012 portfolio \$14.3 billion agency guaranteed Residential MBS
CMO average portfolio yield 1.86% DOWN (0.18%) from June 2012
CMO average portfolio valuation \$105.79

CMO 3Q 2012 NIM (net interest margin) 1.30% DOWN (0.20%) from June 2012
CMO 3Q 2012 annualized operating expense ratio 0.88% DOWN (0.18%) from June 2012

CMO 3Q 2012 CPR 18.7% UP +0.28% from June 2012
CMO portfolio leverage 7.96X, DOWN (0.09X) from June 2012

CMO management comments noted impact of Federal Reserve QE3 program of monetary stimulus causing significant price appreciation for agency guaranteed Residential MBS
CMO yields on new portfolio acquisitions lower, causing pressure on NIM (net interest margin)

CMO stock price supported by current annual dividend yield of 11.5%, near the midpoint of the range for Financial Mortgage REITs

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

CMO we rank 2 BUY

CMO market cap \$1.2 billion

REIT Comment



Company:	Simon Property Group
Price:	\$151
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,071
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
SPG \$151

Simon Property Group SPG 3Q 2012 FFO \$1.99 v \$1.71 UP +16%

SPG increased guidance 2012 FFO \$7.80-\$7.85 v \$6.89 UP +13%+14%
SPG previous guidance 2012 FFO \$7.50-\$7.60 per share

SPG new guidance 4Q 2012 FFO \$2.10-\$2.15 v \$1.91 UP +10%+13%

SPG 3Q 2012 same property NOI UP +4.7%
SPG 3Q 2012 occupancy 94.6% UP +0.8%
SPG 3Q 2012 mall base rent per square foot \$40.33 UP +3.8%

SPG trailing 12 months tenant sales per square foot \$562 UP +9.3%

SPG portfolio investment concentrated in new outlet mall developments
SPG opened one new 50% joint venture factory outlet with Tanger Factory Outlet Centers in Texas City, TX, now 97% leased
SPG owns or has joint venture investments in 6 additional factory outlet centers now under construction, including 2 in US and 4 international markets

SPG management comments noted impact of any potential acquisitions now limited given size of SPG portfolio
SPG assigns heightened priority to redevelopment portfolio to maintain quality of regional mall portfolio
SPG has redevelopment projects underway at 24 properties in US and 1 in Japan

SPG announced 5% dividend increase for 4Q 2012, bringing current annual dividend yield to 2.9%

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

SPG we rank 2 BUY

SPG market cap \$55.1 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Simon Property Group
Price:	\$151
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,071
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
SPG \$151

Simon Property Group SPG increased quarterly dividend distribution by 5% to \$1.10 per share for 4Q 2012

SPG increased regular quarterly dividends for each quarter of 2012

SPG new annual dividend \$4.40 per share

SPG new yield 2.91%

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 \$55.1 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	AvalonBay Communities
Price:	\$134
Recommendation:	BUY
Ranking:	2
Market Cap:	\$12,871
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
AVB \$134

AvalonBay Communities AVB 3Q 2012 FFO \$1.44 v \$1.17 UP +23%

AVB narrowed guidance 2012 FFO \$5.45-\$5.50 v \$4.57 UP +19%+20%
AVB previous guidance 2012 FFO \$5.39-\$5.53 per share

AVB 3Q 2012 same property NOI UP +7.1%
AVB 3Q 2012 occupancy for established communities 96.3% UP +0.5%
AVB 3Q 2012 average monthly rent for established communities \$2,125 UP +5.1%

AVB 3Q 2012 commenced construction on 4 communities for expected total investment of \$259 million
AVB total active development pipeline includes 22 properties for expected total investment of \$1.8 billion

AVB management comments noted little impact from US housing sector recovery on apartment demand
AVB expects 2013 job growth UP +1.5% for target markets
AVB expects rental rate increases to continue through the end of 2013 in range of UP +3%-UP +5%

AVB stock price supported by current annual dividend yield of 2.9%

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



Company:	Brandywine Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,759
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
BDN \$12

Brandywine Realty Trust BDN3Q 2012 FFO \$0.39 v \$0.41 DOWN (5%)

BDN made no change to guidance 2012 FFO \$1.33-\$1.36 v \$1.39 DOWN (2%)-(4%)

BDN new guidance 4Q 2012 FFO \$0.31-\$0.34 v \$0.32 DOWN (3%)-UP +6%

BDN new guidance 2013 FFO \$1.38-\$1.46 v \$1.33-\$1.36 UP +4%+7%

BDN new guidance 2013 FFO assumes same property NOI UP +2.5%+3.0%

BDN new guidance 2013 FFO assumes portfolio leased occupancy at 90% by end of 2012

BDN 3Q 2012 same property NOI UP +0.9% on cash basis

BDN 3Q 2012 same property occupancy 86.5% UP +1.0%

BDN 3Q 2012 portfolio leased occupancy 86.6%

BDN 3Q 2012 rents on renewal leases UP +3.6% and on new leases UP +8.0%

BDN 3Q 2012 tenant retention 60.6%

BDN results benefitting from portfolio mix, with successful recent acquisitions

BDN stock price supported by current dividend yield of 5.0%

BDN an Office REIT with a portfolio of office properties in mid-Atlantic states

BDN we rank 3 HOLD

BDN market cap \$1.8 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,728
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
CLI \$27

Mack-Cali Realty CLI 3Q 2012 FFO \$0.65 v \$0.73 DOWN (11%)

CLI increased guidance 2012 FFO \$2.63-\$2.67 v \$2.80 DOWN (5%)-(6%)
CLI previous guidance 2012 FFO \$2.52-\$2.62 per share

CLI new guidance 4Q 2012 FFO \$0.62-\$0.66 v \$0.68 DOWN (3%)-(9%)

CLI new guidance 2013 FFO \$2.40-\$2.60 v \$2.63-\$2.67 DOWN (3%)-(9%)

CLI 3Q 2012 same property NOI DOWN (6.2%) on cash basis
CLI 3Q 2012 portfolio occupancy 87.5% DOWN (0.1%) from June 2012

CLI 3Q 2012 average rents on lease renewals UP +5.9% on cash basis
CLI 3Q 2012 tenant retention 56%

CLI announced strategic expansion with completion of \$135 million acquisition of Roseland Partners LLC

CLI acquisition brings 6 multi-family apartment properties, as well as 13 development projects with multi-family and retail investments concentrated in NJ Harborside areas
CLI \$136 million acquisition includes \$115 million cash, \$4 million assumed debt, and earn-outs of \$16 million over 3 years

CLI stock price supported by current annual dividend yield of 6.6%

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

CLI we rank 3 HOLD

CLI market cap \$2.7 billion

REIT Comment



Company:	SL Green Realty
Price:	\$78
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,405
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
SLG \$78

SL Green Realty SLG 3Q 2012 FFO \$1.14 (adjusted) v \$1.01 (adjusted) UP +13%
SLG 3Q 2012 FFO (adjusted) excludes net charges of (\$0.02) per share relating to transaction costs

SLG made no change to previous guidance 2012 FFO \$5.33-\$5.43 v \$4.88 UP +9%+11%

SLG implied guidance 4Q 2012 FFO \$1.17-\$1.27 v \$1.04 UP +13%+22%

SLG 3Q 2012 same property NOI UP +0.4%
SLG 3Q 2012 occupancy for Manhattan stabilized portfolio 93.3% DOWN (0.2%)
SLG 3Q 2012 occupancy for suburban stabilized portfolio 81.5% DOWN (0.7%)

SLG 2012 year to date acquisitions \$1.4 billion
SLG 2012 year to date divestitures \$941 million

SLG management comments noted variable market for office space in NYC, with midtown rents stable, while growth seen in midtown South area;
SLG rents in downtown NYC market for office space impacted by new supply and turnover of leases in older office buildings

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

SLG we rank 4 SELL

SLG market cap \$7.4 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$21
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,771
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
DFT \$21

DuPont Fabros Technology DFT traded DOWN (\$2.17) per share to close DOWN (9%) day

DFT stock traded DOWN (11%) year to date for 2012, underperforming Office REITs

DFT today's news of 3Q 2012 FFO decline indicates properties in lease-up still a drag on profitability

DFT narrowed guidance for FFO for 2012, to indicate decline (DOWN (6%)-(8%)), while indicating 4Q 2012 likely to show FFO growth

DFT extension of leases at stabilized properties a positive signal of market demand

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

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

DFT we rank 2 BUY

DFT market cap \$1.8 billion

REIT Comment



Company:	SL Green Realty
Price:	\$76
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,262
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
SLG \$76

SL Green Realty SLG traded DOWN (\$1.49) per share to close DOWN (2%) day

SLG stock traded UP +14% year to date for 2012, slightly underperforming Office REITs, UP +15%

SLG reported better than expected results for 3Q 2012, with FFO UP +13%

SLG made no change to guidance 2012 FFO indicating FFO growth UP +11%

SLG 3Q 2012 report showed lighter than expected leasing activity a concern for investors regarding potential impact of pending "fiscal cliff" on long term lease commitments

SLG current dividend yield of 1.3% unlikely to attract income investors

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

SLG we rank 4 SELL

SLG market cap \$7.3 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,661
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/25/2012
CLI \$27

Mack-Cali Realty CLI traded DOWN (\$0.67) per share to close DOWN (2%) day

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

CLI earlier today reported FFO for 3Q 2012 DOWN (11%), with guidance for FFO for 2012 indicating decline DOWN (6%)

CLI new guidance for FFO for 2013 indicates another DOWN year, with FFO expected DOWN as much as (9%)

CLI diversification into multi-family apartment developments with completion of Roseland Partners LLC acquisition indicates CLI seeking higher returns than available on current office investments

CLI stock price supported by current annual dividend yield of 6.8%

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

CLI we rank 3 HOLD

CLI market cap \$2.7 billion

REIT Comment



Company:	Brandywine Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,729
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/25/2012
BDN \$12

Brandywine Realty Trust BDN traded DOWN (\$0.21) per share to close DOWN (2%) day

BDN stock traded UP +24% year to date for 2012, outperforming Office REITs, UP +15%

BDN reported 3Q 2012 FFO DOWN (5%) from previous year

BDN made no change to guidance for FFO for 2012, indicating decline of (4%)

BDN new guidance for FFO for 2013 indicates FFO growth UP as much as +7%

BDN recent acquisitions positive, adding to rental rate growth on lease turnover

BDN stock price supported by current dividend yield of 5.1%

BDN an Office REIT with a portfolio of office properties in mid-Atlantic states

BDN we rank 3 HOLD

BDN market cap \$1.7 billion

REIT Comment



Company:	Rayonier
Price:	\$48
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,145
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
RYN \$48

Rayonier RYN 3Q 2012 EPS \$0.62 v \$0.71 (adjusted) DOWN (13%)
RYN 3Q 2012 CAD (cash available for distribution) per share \$0.92 v \$0.86 UP +7%

RYN guidance 2012 CAD per share \$2.27-\$2.38 v \$3.06 DOWN (19%)-(23%)

RYN year to date cash flow from operations \$354 million UP +9%

RYN 3Q 2012 operating income \$113 million UP +5%
RYN 3Q 2012 performance fibers segment operating income \$101 million UP +27%
RYN 3Q 2012 forest resources segment operating income \$11 million FLAT
RYN 3Q 2012 real estate segment operating income \$8 million DOWN (71%)
RYN 3Q 2012 wood products segment operating income \$2 million

RYN management comments noted stability of specialty performance fibers business
RYN expects US housing sector recovery to support sawlog and lumber prices during 2013

RYN stock price supported by current annual dividend yield of 3.7%

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

RYN we rank 2 BUY

RYN market cap \$6.1 billion

REIT Comment



Company:	Ventas
Price:	\$63
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,439
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
VTR \$63

Ventas VTR 3Q 2012 normalized FFO \$0.96 v \$0.88 UP +9%
VTR 3Q 2012 normalized FFO excludes net charge of (\$0.01) per share from income tax benefit and gain on debt extinguishment, offset by merger related expenses and other non-cash items

VTR increased guidance 2012 normalized FFO \$3.76-\$3.78 v \$3.37 UP +12%
VTR previous guidance 2012 FFO \$3.70-\$3.74 per share

VTR 3Q 2012 same property NOI for Sunrise Senior Living UP +9.7%
VTR 3Q 2012 same property occupancy for Sunrise Senior Living 90.6% UP +3.0%

VTR 3Q 2012 investments \$420 million, concentrated in medical office properties
VTR year to date acquisitions \$1.7 billion, including \$770 million for Cogdell Spenser and \$362 million for 16 senior living properties acquired from Sunrise Senior Living

VTR 3Q 2012 divestitures \$87 million
VTR target 2012 divestitures \$150 million

VTR management commented that CMS approved Medicare rate increases UP +1.8% for skilled nursing and UP +1.7% for LTAC (long term acute care facilities), effective October, 2012
VTR health care industry uncertain of potential impact of Medicare sequestration, that may take effect with pending "fiscal cliff" in January 2013
VTR expects board of directors to consider dividend increase for 1Q 2013

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 \$18.4 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$34
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,346
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
PLD \$34

Prologis Inc PLD news of steady growth in US GDP may indicate positive outlook for Industrial REITs

PLD Commerce Department reported US GDP increased UP +2.0% for 3Q 2012, compared to UP +1.3% for 2Q 2012

PLD previously this week reported FFO for 3Q 2012 UP +11%, and increased guidance for 2012 FFO to indicate growth UP +10%

PLD the largest publicly traded Industrial REIT

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

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

PLD we rank 2 BUY

PLD market cap \$16.3 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,486
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
NLY \$16

Annaly Capital Management NLY news of lower mortgage application volume indicates bank constraints on lending preventing full housing sector recovery

NLY report from MBA (Mortgage Bankers Association) shows mortgage application volume DOWN (12.0%) for week ended October 19, 2012

NLY mortgage applications for refinance DOWN (13.0%), while mortgage applications for home purchase DOWN (8.0%)

NLY average interest rate on 30 year fixed rate conforming mortgages increased UP +0.06% to 3.63%

NLY pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for 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 12.6%, 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 \$15.5 billion

REIT Comment



Company:	Washington REIT
Price:	\$26
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,738
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
WRE \$26

Washington REIT WRE 3Q 2012 core FFO \$0.48 v \$0.48 FLAT (adjusted)

WRE lowered high end of guidance range for 2012 FFO \$1.87-\$1.90 v \$1.96 DOWN (3%)-(5%)
WRE previous guidance 2012 FFO \$1.87-\$1.97 per share

WRE new guidance 4Q 2012 FFO \$0.45-\$0.48 v \$0.48 FLAT-DOWN (6%)

WRE 3Q 2012 total portfolio same property NOI DOWN (1.4%)
WRE 3Q 2012 total portfolio same property occupancy 89.5% DOWN (1.0%)
WRE 3Q 2012 total portfolio same property rents UP +1.3%

WRE 3Q 2012 office portfolio represents 48% of total NOI
WRE 3Q 2012 office portfolio same property NOI DOWN (5.7%)
WRE 3Q 2012 office portfolio same property occupancy 85.3% DOWN (2.4%)
WRE 3Q 2012 office portfolio same property rents UP +0.7%
WRE 3Q 2012 office portfolio rents on lease turnover UP +11.7%

WRE 3Q 2012 retail portfolio represents 21% of total NOI
WRE 3Q 2012 retail portfolio same property NOI DOWN (3.1%)
WRE 3Q 2012 retail portfolio same property occupancy 88.0% DOWN (3.2%)
WRE 3Q 2012 retail portfolio same property rents UP +1.4%
WRE 3Q 2012 retail portfolio rents on lease turnover UP +16.3%

WRE 3Q 2012 multifamily portfolio represents 16% of NOI
WRE 3Q 2012 multifamily portfolio same property NOI UP +3.6%
WRE 3Q 2012 multifamily portfolio same property occupancy 94.8% DOWN (2.4%)
WRE 3Q 2012 multifamily portfolio same property rents UP +3.8%

WRE 3Q 2012 medical portfolio represents 15% of NOI
WRE 3Q 2012 medical portfolio same property NOI UP +5.9%
WRE 3Q 2012 medical portfolio same property occupancy 92.7% DOWN (1.1%)
WRE 3Q 2012 medical portfolio same property rents UP +0.9%
WRE 3Q 2012 medical portfolio rents on lease turnover UP +5.7%

WRE management comments noted "overall leasing malaise" as tenants delay lease decisions due to fear of pending "fiscal cliff" impacting local DC economy

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

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

WRE we rank 3 HOLD

WRE market cap \$1.7 billion

REIT Comment



Company:	First Potomac Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$661
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
FPO \$12

First Potomac Realty Trust FPO 3Q 2012 core FFO \$0.29 (adjusted) v \$0.27 UP +7%
FPO 3Q 2012 core FFO (adjusted) excludes net gains of \$0.09 per share relating to net change in tax regulations, offset by cost of internal financial investigation and other items

FPO increased low end of guidance range 2012 FFO \$1.15-\$1.18 v \$1.08 UP +6%+9%
FPO previous guidance 2012 FFO \$1.11-\$1.18 per share
FPO new guidance 2012 FFO assumes same property NOI UP +2.5%+3.5%

FPO 3Q 2012 same property NOI UP +1.6% on cash basis
FPO 3Q 2012 same property NOI by segment showed office properties positive with industrial properties showing negative trends
FPO 3Q 2012 same property NOI strongest in MD and weak in northern VA

FPO 3Q 2012 portfolio occupancy 84.9%, DOWN (0.5%) from June 2012

FPO internal investigation into material weakness concluded with management transition
FPO new CFO, Andrew Blocher, previously with another publicly traded REIT, Federal Realty Investment Trust FRT

FPO management noted pending "fiscal cliff" impacting leasing decisions in metropolitan DC area
FPO pending vacancies may impact 2013 FFO by as much as (\$0.07) per share

FPO stock price supported by current annual dividend yield of 6.4%

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

FPO we rank 3 HOLD

FPO market cap \$661 million

REIT Comment



Company:	Newcastle Investment
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,087
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
NCT \$8

Newcastle Investment NCT increased dividend by 10% to \$0.22 per share for 4Q 2012

NCT new annual dividend \$0.88 per share

NCT new yield 11.0%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.1 billion

REIT Comment



Company:	Realty Income
Price:	\$40
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,337
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
O \$40

Realty Income O 3Q 2012 normalized FFO \$0.52 (adjusted) v \$0.50 (adjusted) UP +4%
O 3Q 2012 normalized FFO excludes net charges of (\$0.04) per share relating to merger related costs

O made no change to guidance 2012 normalized FFO \$2.00-\$2.04 v \$1.98 UP +1%--3%

O new guidance 2013 FFO \$2.30-\$2.36 v \$2.00-\$2.04 UP +13%--18%

O pending \$2.95 billion acquisition of American Realty Capital Trust ARCT to significantly accelerate FFO growth

O pending acquisition of American Realty Capital Trust ARCT expected to close during 4Q 2012

O 3Q 2012 portfolio occupancy 97.0%

O 3Q 2012 same property rents DOWN (1.0%)

O 3Q 2012 same property rents excluding Friendly's and Buffet's UP +1.0%

O year to date 2012 acquisitions \$718 million

O 2012 target acquisitions \$1.2 billion, excluding pending acquisition of American Realty Capital Trust

O year to date 2012 dispositions \$34 million

O expects to add \$0.13 per share to annual dividend for 2013 following completion of ARCT acquisition during 4Q 2012

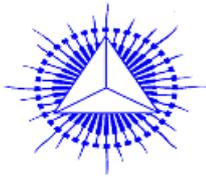
O exceptional long term record of monthly dividends with gradual increases

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

O we rank 2 BUY

O market cap \$5.3 billion

REIT Comment



Company:	Newcastle Investment
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,087
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
NCT \$8

Newcastle Investment NCT 3Q 2012 EPS \$1.63 v \$0.35 UP +365%

NCT 3Q 2012 core EPS \$0.26 v \$0.39 DOWN (33%)
NCT 3Q 2012 core EPS excludes net gains of \$1.37 per share relating to non-cash portfolio adjustments and income from discontinued operations, partially offset by impairments, depreciation and other items

NCT no guidance provided for GAAP EPS or core EPS for 2012

NCT 3Q 2012 CAD (cash available for distribution) \$36 million UP +100%
NCT 3Q 2012 CAD (cash available for distribution) includes cash provided by operations, adjusted for gains on debt extinguishment, offset by cost of preferred dividends

NCT 3Q 2012 GAAP book value \$5.64 UP +53%
NCT stock trading at 43% premium to GAAP book value

NCT 3Q 2012 portfolio \$3.5 billion face amount and \$2.9 billion carry value, including \$2.1 billion RMBS and CMBS securities, \$1.8 billion loans, \$1.3 billion loans held for sale, recourse financing structures and unlevered assets, and \$127 million owned real estate
NCT 3Q 2012 portfolio weightings include commercial loans and CMBS 39%, residential loans and RMBS 47%, corporate debt 9% and owned real estate 5%

NCT 3Q 2012 deconsolidation of debt reduced assets by (\$1.1) billion and reduced liabilities by (\$1.2) billion
NCT 3Q 2012 deconsolidation of debt a result of liquidation and termination of CDO X with assignment of remaining equity to senior note holder
NCT 3Q 2012 invested \$50 million to purchase \$101 million face value of debt from senior note holder of CDO X (representing an exchange of collateral)

NCT 3Q 2012 total investments \$194 million, including \$50 million in CDO X collateral, \$79 million non-agency Residential MBS and \$65 million to acquire senior living properties

NCT 3Q 2012 unrestricted cash \$184 million

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 increased dividend by 10% for 4Q 2012, bringing current annual dividend yield to 11.0%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.1 billion

REIT Comment



Company:	Washington REIT
Price:	\$26
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,696
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
WRE \$26

Washington REIT WRE traded DOWN (\$0.64) per share to close DOWN (2%) day

WRE stock traded DOWN (7%) year to date for 2012, underperforming Office REITs UP +15%

WRE earlier today reported FLAT FFO for 3Q 2012

WRE reduced guidance for FFO for 2012 to indicate decline DOWN (5%)

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

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

WRE we rank 3 HOLD

WRE market cap \$1.7 billion

REIT Comment



Company:	Newcastle Investment
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,108
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
NCT \$8

Newcastle Investment NCT traded UP \$0.16 per share to close UP +2% day

NCT stock traded UP +76% year to date for 2012, outperforming Financial Commercial REITs, UP +42%

NCT 3Q 2012 EPS showed strong gains, despite portfolio size reduction

NCT increased dividend by 10% for 4Q 2012, bringing current annual dividend yield to 11.0%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.1 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,144
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
CMO \$12

Capstead Mortgage CMO traded DOWN (\$0.26) per share to close DOWN (2%) day

CMO stock traded DOWN (2%) year to date for 2012, underperforming Financial Mortgage REITs, UP +10%

CMO reported EPS for 3Q 2012 DOWN (10%) on lower NIM (net interest margin)

CMO stock price supported by current annual dividend yield of 11.52%, near the midpoint of the range for Financial Mortgage REITs

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

CMO we rank 2 BUY

CMO market cap \$1.1 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,232
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
HST \$15

Host Hotels & Resorts HST traded DOWN (\$0.16) per share to close DOWN (1%) day

HST stock traded FLAT year to date for 2012, underperforming Hotel REITs, UP +17%

HST outlook for early winter storm next week may cause temporary increase in price of gasoline

HST hotels and travel related stocks normally trade DOWN when price of gasoline moves UP

HST last week reported better than expected results for 3Q 2012, and increased low end of guidance range for FFO for 2012, indicating growth UP +15%-+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 \$11.2 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Colonial Properties Trust
Price:	\$21
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,792
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/26/2012
CLP \$21

Colonial Properties Trust CLP traded DOWN (\$0.20) per share to close DOWN (1%) day

CLP stock traded UP +1% year to date for 2012, slightly outperforming Residential REITs, FLAT

CLP Residential REITs underperforming other REITs sectors, trading FLAT year to date for 2012, while average of all REIT sectors UP +18%

CLP divesting commercial properties to concentrate almost entire portfolio on residential assets

CLP yesterday reported strong results for 3Q 2012, with FFO UP +11%

CLP made no change to guidance 2012 FFO with growth UP +10%

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

CLP a Residential REIT with a diverse portfolio of residential and commercial properties concentrated in southeastern states and TX

CLP we rank 2 BUY

CLP market cap \$1.8 billion

REIT Comment



Company:	Colonial Properties Trust
Price:	\$21
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,792
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/26/2012
CLP \$21

Colonial Properties Trust CLP 3Q 2012 FFO \$0.31 v \$0.28 UP +11%

CLP made no change to guidance 2012 FFO \$1.23-\$1.27 v \$1.15 UP +7%--10%
CLP guidance 2012 FFO assumes same property NOI UP +7.0%--7.5%

CLP 3Q 2012 same property NOI UP +8.3%
CLP 3Q 2012 same property occupancy 96.7% UP +0.6%
CLP 3Q 2012 average portfolio monthly rent \$942 UP +5.6%

CLP 3Q 2012 rents UP +4.4% with new leases UP +3.1% and renewal leases UP +5.9%
CLP annualized apartment turnover 64%, with move-outs due to home rentals at 4.9%

CLP strength of apartment demand evident with early lease-up of Colonial Grand at Hampton Preserve in Tampa FL, now 93.8% occupied a full year ahead of plan

CLP budgeting 2012 development spending \$125-\$150 million
CLP now has 6 properties under construction for total investment of \$200 million, representing 4% capacity increment

CLP residential portfolio contributing 85% of total NOI as of 3Q 2012
CLP despite growth in NOI from apartment properties growth in total FFO impacted by divestitures of commercial properties

CLP year to date 2012 acquisitions \$113 million
CLP target 2012 acquisitions \$115-\$185 million

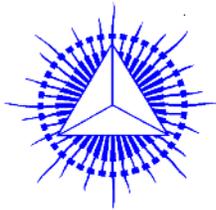
CLP 2012 target dispositions \$150-\$375 million

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

CLP a Residential REIT with a diverse portfolio of residential and commercial properties concentrated in southeastern states and TX

CLP we rank 2 BUY

CLP market cap \$1.8 billion



REIT Growth and Income Monitor posted 60 REIT comments for the week ended October 26, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	12
Health Care REITs	1
Hotel REITs	1
Industrial REITs	5
Office REITs	14
Residential REITs	10
Retail REITs	8
Specialty REITs	9

Information on REIT sectors may be found using this link:

http://www.reitmonitor.net/REIT_Resources

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

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

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