

REIT Growth and Income Monitor

Weekly Comments 01/22/2013

REIT stocks show momentum, matching performance of the S&P 500 Index, with gain of 4% year to date for 2013.

Elimination of "qualified dividends" after 2012 favors REITs over other high yielding stock groups.

Rebound in "private label" mortgages should attract investors to certain Financial Mortgage REITs with portfolio exposure to non-agency securities.

Redwood Trust is offering new issues of "private label" securitizations, driven by new originators.

MFA Financial relies on non-agency securities to drive high portfolio returns.

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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**
01/22/2013

REIT stocks traded up 1% for the third week of trading in January, the week ended January 18, 2013. REITs rallied up 4% year to date for 2013, matching performance of the S&P 500 Index, also up 4%. REITs included in the S&P 500 Index increased 12% during 2012, slightly lagging performance of the S&P 500 Index, up 13% for 2012. Negative performance gap for 2012 ended the year at (1%). Average gain for all REITs followed by REIT Growth and Income Monitor was 18% for 2012 and 5% for 2013, exceeding 13% gain for the S&P 500 Index for 2012 and 4% for 2013.

Investors should renew their interest in REITs during 2013, compared to other high yielding stock groups. An important change is the elimination of "qualified dividends" as a category for lower taxation at the end of 2012. Corporate distributions that were taxed as "qualified dividends" now have no tax advantage over REITs, as most REIT dividends have always been taxed at the same rate as ordinary income. A portion of REIT dividends is taxed at a lower rate as capital gains, and a portion may be classified as "return of capital", where no tax is paid when dividends are received, but an adjustment is made to investor tax basis.

The most important risk for all US investors is still the delayed "fiscal cliff". Delay of automatic spending cuts until April 15, 2013, set up another deadline to deter optimistic investors. Debate of the federal debt ceiling has now been delayed until May 16, 2013. The reporting season for 4Q 2012 is set to begin near the end of January, 2013, with little upset likely for REIT investors. Outlook for Retail REITs is impacted by higher payroll taxes that reduce consumer income growth for 2013. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Residential REITs expect exceptional FFO growth to continue through 2013, driven by tight occupancy and rental rate increases. Specialty Timber REITs, with portfolios of timberlands and sawlog mills, benefit from improving environment for homebuilders. Specialty REITs with portfolios of self-storage properties report significant profitability improvement. Health Care REITs may be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs lagging economic recovery. Trading of Hotel REITs is impacted by concern over 4Q 2012 cancellations due to bad weather.

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 reform is to be proposed by the new Congress convening this week. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013 and 2014, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS provides a lift for Financial Commercial REITs.

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 should move higher during 2013, as required payouts are set above current levels. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Financial Mortgage REITs With Non-Agency Securities See Rebound in "Private Label" Mortgages

After 4 years of tenuous stability since the financial crisis of 2008, Financial Mortgage REITs see sustained housing sector recovery driving demand for conventional Fannie-Mae guaranteed mortgages. Refinance of older mortgages to take advantage of lower interest rates has stimulated demand, with home purchase contributing to recovery in home prices. During 2013 and 2014, we think financial institutions will be driven to refocus on what is now called "private label" mortgages (once known as subprime, Alt-A, jumbo or non-conforming loans) to maintain growth in residential mortgages, for economic and regulatory reasons. Tighter rules on Fannie Mae guaranteed loans will slow application processing time. Meanwhile, consumer income growth will be impacted by higher payroll taxes during 2013, causing fewer applicants to qualify for loans under stringent new requirements. HAMP and HARP mortgage modifications have given lenders experience in understanding more complex homeowner situations and forced them to be tolerant of the vagaries of income for the over-50 year old homeowner. Loan modifications building up on bank balance sheets force banks to seek an acceptable outlet for securitizations. The answer for financial institutions seeking to maintain growth in mortgages is to return as lenders to the non-conforming portion of the market. This decision should help to restore the economic balance in east coast and west coast areas where average home values have exceeded Fannie Mae limitations since the 1960s.

"Private label" securitizations support the first sizeable non-agency Residential MBS offerings since 2008. **Redwood Trust** has seen a significant stock market rally on this news. **Redwood Trust** subsidiary Sequoia has been packaging non-agency guaranteed residential loans with commercial debt in need of refinance and calling the product non-agency CDOs, rather than "private label" RMBS. Originators of the jumbo loans included in the offering are California savings and loan institutions, as well as new originators such as EverBank, a May 2012 bank IPO that has been acquiring smaller banks to build a base of depositors. In addition to **Redwood Trust**, investors seeking to participate in renewed growth of "private label" securitizations could consider **MFA Financial** and the pending spin-off from **Newcastle Investment**, to be known as **New Residential Investment Corp.**

Trading Opportunities

Redwood Trust, with a market cap of \$1.6 billion as an originator of jumbo residential loans, pursues a path of private market securitizations of non-agency Residential MBS through its Sequoia subsidiary. Redwood Trust sold 6 non-agency guaranteed securitizations of Residential MBS totaling \$2 billion during 2012, demonstrating a firming market for non-agency "private label" securitizations. **Redwood Trust** plans to place \$4 billion securitizations during 2013. **Redwood Trust's** own portfolio of jumbo loans and related derivatives totals \$5 billion. Stock price appreciated 16% year to date for 2013, following 66% gain for 2012. GAAP EPS of \$0.48 per share for 3Q 2012 comfortably exceeded current quarterly dividend of \$0.25 per share, while taxable EPS was \$0.21 per share. Liquidity constraints have limited dividends, forcing **Redwood Trust** to suspend the pre-2008 practice of paying 4Q "special" dividends that doubled or tripled annual yield for stockholders. **Redwood Trust** provides income investors with current annual dividend yield of 5.1%, lowest of the range for Financial Mortgage REITs.

MFA Financial's market cap of \$3.2 billion supports total portfolio investment of \$13 billion, including \$6 billion invested in higher yield non-agency RMBS. Stock price has appreciated 10% year to date for 2013, following 21% gain for 2012, outperforming other Financial Mortgage REITs. **MFA Financial** reported EPS decline of (9%) for 3Q 2012, with 65% of portfolio income contributed by non-agency guaranteed Residential MBS. Although liquidity for non-agency guaranteed MBS is less than for agency guaranteed issues, acquisition of the securities at a deep discount provides attractive supplemental returns. Quarterly variability in dividends is driven by changes in portfolio mix and yields on new purchases of securities. **MFA Financial** currently provides income investors with dividend yield of 9.4%, below the midpoint of the range for Financial Mortgage REITs.



Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Price	Price	Weekly	2013	2012
		12/30/2011	12/31/2012	01/04/2013	01/11/2013	01/18/2013	Price Change	Price Change	Price Change
Apartment Investment and Management	AIV	\$23	\$27	\$27	\$27	\$28	1%	2%	18%
AvalonBay Communities	AVB	\$131	\$136	\$136	\$136	\$139	2%	2%	4%
Boston Properties	BXP	\$100	\$106	\$107	\$107	\$108	1%	2%	6%
Equity Residential	EQR	\$57	\$57	\$57	\$58	\$58	0%	3%	-1%
HCP Inc.	HCP	\$41	\$45	\$46	\$46	\$46	1%	3%	9%
Health Care REIT	HCN	\$55	\$61	\$62	\$62	\$62	0%	1%	12%
Host Hotels & Resorts	HST	\$15	\$16	\$17	\$17	\$17	0%	7%	6%
Kimco Realty	KIM	\$16	\$19	\$20	\$20	\$20	0%	3%	19%
Plum Creek Timber	PCL	\$37	\$44	\$46	\$46	\$47	2%	7%	21%
Prologis, Inc	PLD	\$29	\$36	\$38	\$38	\$40	3%	8%	28%
Public Storage	PSA	\$134	\$145	\$146	\$147	\$150	2%	4%	8%
Simon Property Group	SPG	\$129	\$158	\$159	\$160	\$160	-0%	1%	23%
Ventas	VTR	\$55	\$65	\$65	\$65	\$66	1%	2%	17%
Vornado Realty Trust	VNO	\$77	\$80	\$82	\$81	\$85	4%	6%	4%
S&P 500 Index	S&P 500	\$1,258	\$1,426	\$1,466	\$1,472	\$1,486	1%	4%	13%
Average for S&P 500 Index REITs							1%	4%	12%

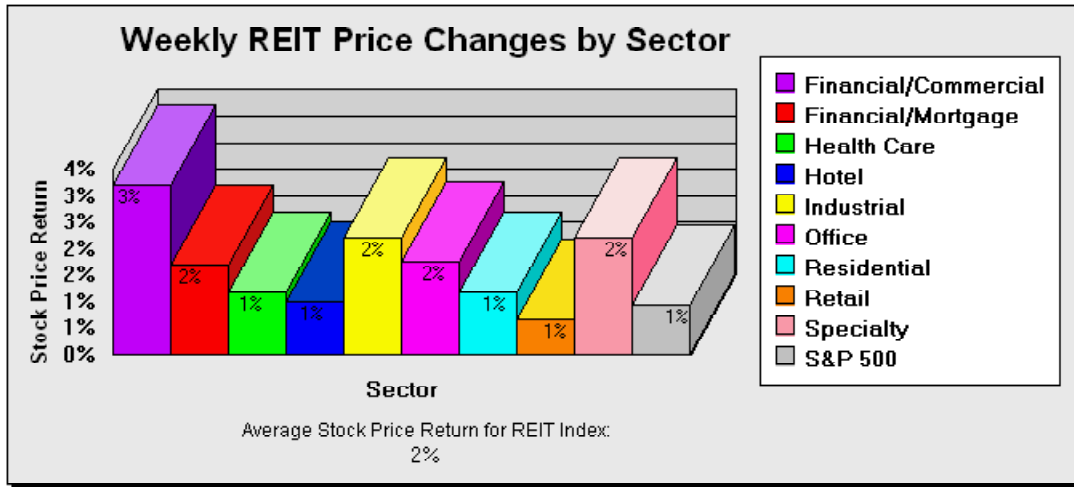
REIT stocks traded up 1% for the third week of January, the week ended January 18, 2013. REITs matched performance of the S&P 500 Index, also up 1% for the week. REITs have rallied up 4% year to date for 2013, matching performance of the S&P 500 Index, up 4%. The S&P 500 Index increased 13% for 2012, slightly exceeding REIT performance, up 12%. Negative performance gap for S&P 500 Index REITs narrowed to (1%) for 2012.

Top performer by far among S&P 500 Index REITs for 2012 was **Prologis Inc**, showing 28% gain for 2012. Retail REITs also outperformed, with **Simon Property Group** up 23% and **Kimco Realty** up 19%. Specialty Timber REIT **Plum Creek Timber** showed gain of 21% for 2012, as investors considered news of higher home prices indicating US housing sector recovery. Health Care REITs maintained gains after Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 9%, **Health Care REIT** up 12% and **Ventas** up 17% during 2012. Residential REITs held their gains, with **Apartment Investment and Management** up 18%, **AvalonBay Communities** up 4% and **Equity Residential** down (1%) during 2012. **Public Storage** showed gain of 8% year to date for 2012, while volatile **Host Hotels & Resorts** showed gain of 6% year to date for 2012, as investors pondered negative impact of bad weather on 4Q 2012 with cancelled room nights, as well as closures due to power outages and water damages to east coast hotels. Lagging Office REITs showed disappointing performance, with **Boston Properties** up 6% and **Vornado Realty Trust** up only 4% for 2012.

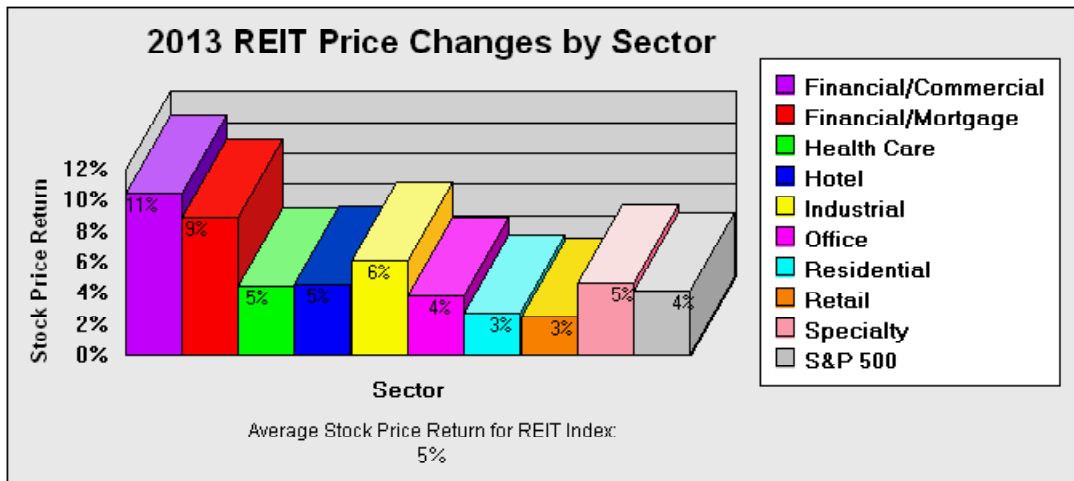
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Weekly REIT Price Changes by Sector



All REITs traded higher during the third week of January, the week ended January 18, 2013. Strongest sector was Financial Commercial REITs, up 3%, followed by Financial Mortgage REITs, Industrial REITs, Office REITs and Specialty REITs, all up 2%. All other REIT sectors, including Health Care REITs, Hotel REITs, Residential REITs and Retail REITs, increased 1%. On average, stock prices for REIT Growth and Income Monitor traded up 2% for the third week of trading in January, the period ended January 18, 2013.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 5% on average year to date for 2013, exceeding performance of the S&P 500 Index, up 4% year to date for 2013. REITs outperform as investors seek dividend income, especially now that "qualified dividends" have been eliminated as a category for lower taxation at the end of 2012. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. Investors expect positive news from earnings announcements for 4Q 2012, to be announced during January and February, 2013. 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 for 2013 are Financial Commercial REITs, up 11%, and Financial Mortgage REITs, up 9%, as investor interest in non-agency securities revives. Industrial REITs also lead, up 6% year to date for 2013, due to positive news on China exports and US industrial production. Health Care REITs, Hotel REITs and Specialty REITs show 5% year to date gain for 2013, followed by Office REITs, up 4%. We expect better performance for Residential REITs during 2013, with strong profit gains driving exceptional FFO growth from 2011 to 2013.

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REIT Comment



Company:	Pennsylvania REIT
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,072
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
PEI \$18

Pennsylvania REIT PEI pending gain on 1Q 2013 divestiture to offset loss on divestiture during 4Q 2012

PEI completed divestiture of Paxton Towne Center in Harrisburg PA for \$77 million, generating gain

PEI to recognize gain of \$34 million on 1Q 2013 divestiture, offsetting previously announced (\$4) million impairment on 4Q 2012 divestiture

PEI has 6 remaining properties targeted for divestiture, while 10 properties have been targeted for opportunistic investment to drive growth

PEI success of Lehigh Valley Mall in Allentown PA, Cherry Hill Mall in NJ and new developments in Philadelphia PA are critical components of near term earnings achievements

PEI draws 30% of NOI from Philadelphia PA region

PEI guidance for FFO for 2012 indicates decline DOWN (6%)

PEI provides current yield of 3.5%

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

PEI we rank 2 BUY

PEI market cap \$1.1 billion

REIT Comment



Company:	Ventas
Price:	\$65
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,074
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
VTR \$65

Ventas VTR investors should use near term volatility to establish long term positions in attractive Health Care REITs

VTR Health Care REITs trading higher on investor relief, as January 2013 budget compromise included "doctor fix" provision delaying planned (20%) Medicare reimbursement reduction on outpatient physician visits

VTR stocks may turn down in March, 2013 on potential for Medicare sequestration, as pending federal debt crisis could force Medicare to delay reimbursement for hospitals doctors and all Medicare services

VTR long term outlook for Health Care REITs positive based on demographic trends, as well as stimulative effect of Affordable Care Act, to take effect from 2014 to 2017

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

VTR expects board of directors to consider dividend increase for 1Q 2013

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

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

VTR we rank 2 BUY

VTR market cap \$19.1 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	HCP Inc
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,397
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
HCP \$46

HCP Inc HCP near term relief over budget compromise must be tempered with concern over next pending fiscal debt crisis

HCP January 2013 budget compromise included "doctor fix" provision, delaying planned (20%) Medicare reimbursement reduction on outpatient physician visits

HCP potential for Medicare sequestration remains, as pending debt crisis in March 2013 could force Medicare to delay reimbursement for hospitals, doctors and all Medicare services

HCP long term outlook for Health Care REITs positive based on demographic trends as well as stimulative effect of Affordable Care Act, to take effect from 2014 to 2017

HCP recent \$1.7 billion acquisition added 133 senior housing properties from a joint venture of Emeritus and Blackstone

HCP guidance for 2012 FFO indicates growth UP +4%

HCP stock price supported by current annual dividend rate of 4.4%

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

HCP we rank 2 BUY

HCP market cap \$19.4 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	Redwood Trust
Price:	\$19
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,478
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
RWT \$19

Redwood Trust RWT new originators playing important role in non-agency Residential MBS securitizations for 2013

RWT new originators including EverBank (a bank IPO from May, 2012) playing important role in latest non-agency Mortgage RMBS from RWT subsidiary Sequoia, with EverBank issuing 37% of the total loans

RWT to issue \$398 million non-agency securitization during January, 2013, with plans to offer 1 new issue per month during 2013

RWT total industry non-agency RMBS securitizations up to \$3.5 billion during 2012 (including not quite \$2 billion from RWT subsidiary Sequoia, and \$1.2 billion from Credit Suisse), a significant revival from less than \$700 million for 2011, after plunge from \$1.2 trillion subprime RMBS issues during 2006

RWT total portfolio \$5.3 billion as of September 2012, including \$3.5 billion residential loans and \$1.3 billion real estate securities

RWT stock price supported by current annual dividend yield of 5.3%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.5 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,003
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
DFT \$24

DuPont Fabros Technology DFT traded DOWN (\$0.26) per share to close DOWN (1%) day

DFT traded unchanged year to date for 2013

DFT stock showed no gain for the full year 2012, underperforming Office REITs, UP +16%

DFT expects FFO growth to be restored during 2013, as properties in lease-up gain occupancy

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

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:	Sunstone Hotel Investors
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,329
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
SHO \$11

Sunstone Hotel Investors SHO traded DOWN (\$0.10) per share to close DOWN (1%) day

SHO traded UP +3% year to date for 2013
SHO stock traded UP +31% during 2012, outperforming Hotel REITs, UP +21%

SHO geographic distribution of hotel portfolio indicates little impact from bad weather should be expected for 4Q 2012

SHO reduced guidance for FFO for 2012 to indicate growth UP +11%

SHO has not yet restored common stock dividends

SHO a Hotel REIT

SHO we rank 3 HOLD

SHO market cap \$1.3 billion

REIT Comment



Company:	Hospitality Properties Trust
Price:	\$24
Recommendation:	SELL
Ranking:	4
Market Cap:	\$3,003
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
HPT \$24

Hospitality Properties Trust HPT traded UP \$0.36 per share to close UP +2% day

HPT traded UP +4% year to date for 2013

HPT stock traded UP only +2% during 2012, underperforming Hotel REITs, UP +21%

HPT lower gasoline prices perceived as favorable to travel related stocks including Hotel REITs

HPT no guidance provided for FFO for 2012

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

HPT a Hotel REIT with a portfolio of hotels and travel centers located near airports and major highways

HPT we rank 4 SELL

HPT market cap \$3.0 billion

REIT Comment



Company:	Colonial Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,831
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/14/2013
CLP \$22

Colonial Properties Trust CLP traded UP \$0.27 per share to close UP +1% day

CLP traded UP +1% year to date for 2013

CLP stock traded UP +2% during 2012, underperforming Residential REITs, UP +4%

CLP transition to new CFO announced during January 2013

CLP sale of remaining 10% interest in Bluerock office portfolio completed during 1Q 2013, enabling full portfolio concentration in residential and retail assets

CLP guidance for FFO for 2012 indicates 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:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,831
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2012
CLP \$22

Colonial Properties Trust CLP transition to new CFO lightens administrative expense

CLP President and CFO C. Reynolds Thompson III officially departed CLP effective December, 2012, to continue to serve as consultant through 2013

CLP Bradley P Sandidge, EVP Accounting, to serve as interim CFO pending outcome of search for permanent CFO

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:	Agree Realty
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$328
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
ADC \$28

Agree Realty ADC announced offering of 1.3 million shares of common stock

ADC expects to apply proceeds of \$35 million to repay debt and to add to portfolio investment through acquisitions and developments

ADC sole bookrunning manager Raymond James

ADC stock price supported by current annual dividend yield of 5.7%

ADC a Retail REIT with a portfolio of net leased retail properties

ADC we rank 3 HOLD

ADC market cap \$328 million

REIT Comment



Company:	Simon Property Group
Price:	\$159
Recommendation:	BUY
Ranking:	2
Market Cap:	\$58,084
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
SPG \$159

Simon Property Group SPG total US retail sales growth reported at moderately disappointing level for December 2012

SPG report from Commerce Department found US retail sales UP +0.5% for December 2012, compared to revised growth UP +0.4% for November 2012

SPG excluding autos, consumer retail sales UP +0.3% for December 2012

SPG sales for clothing stores UP +1.0% while department store sales UP +0.3%

SPG to discuss results for 4Q 2012 next month on February 4, 2013 with a conference call for investors scheduled at 11:00 AM

SPG guidance for FFO for 2012 indicates growth UP +14%

SPG provides current yield of 2.8%

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

SPG we rank 2 BUY

SPG market cap \$58.1 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$47
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,547
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
PCL \$47

Plum Creek Timber PCL improving outlook for homebuilders also benefits Specialty Timber REITs

PCL homebuilder Lennar reported total new home deliveries UP+32% for 4Q 2012, with average new home price UP +7%

PCL Specialty Timber REITs expect to see improving demand for sawlogs and timber driven by construction of new homes and renovations of existing homes as US housing sector recovery continues

PCL export markets also seeing resurgence in demand as China manufacturing output increases

PCL provides current yield of 3.6%

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

PCL we rank 2 BUY

PCL market cap \$7.5 billion

PCL an S&P 500 index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,263
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
PLD \$38

Prologis Inc PLD inventory growth in line with sales indicates a stable outlook for Industrial REITs

PLD report from Commerce Department found retail inventories UP +0.6% for November 2012, only slightly higher than retail sales growth, while wholesale inventories UP +0.3%

PLD flat inventories for manufacturing sector indicates production rate likely to follow normal seasonal pattern

PLD to discuss results for 4Q 2012 on February 6, 2013, with a conference call for investors scheduled at 12:00 PM

PLD guidance for FFO for 2012 indicates growth UP +10%

PLD provides current yield of 2.9%

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

PLD we rank 2 BUY

PLD market cap \$18.3 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Agree Realty
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$319
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
ADC \$28

Agree Realty ADC priced offering of 1.5 million shares at \$27.25 per share

ADC offering size increased from previous 1.3 million shares

ADC offering priced at discount of (4%) to last night's closing price

ADC sole bookrunning manager Raymond James

ADC January 2013 offering increased total shares outstanding by 13%

ADC stock price supported by current annual dividend yield of 5.8%

ADC a Retail REIT with a portfolio of net leased retail properties

ADC we rank 3 HOLD

ADC market cap \$319 million

REIT Comment



Company:	Hatteras Financial
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,581
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
HTS \$26

Hatteras Financial HTS traded DOWN (\$0.15) per share to close DOWN (1%) day

HTS stock traded UP +6% year to date for 2013

HTS stock traded DOWN (6%) during 2012, underperforming Financial Mortgage REITs, UP +6%

HTS proposals for Fannie Mae reform expected after new Congress convenes in January 2013

HTS current annual dividend yield 12.2%, still above the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.6 billion

REIT Comment



Company:	MFA Financial
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,156
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
MFA \$9

MFA Financial MFA traded UP \$0.17 per share to close UP +2% day

MFA traded UP +9% year to date for 2013
MFA stock traded UP +21% during 2012, outperforming Financial Mortgage REITs, UP +6%

MFA those Financial Mortgage REITs invested in non-agency securities as a significant portion of portfolio outperformed other Financial Mortgage REIT stocks during 2012, due to higher net interest margin

MFA stock price supported by current annual dividend yield of 10.2%, below 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 \$3.2 billion

REIT Comment



Company:	Brandywine Realty Trust
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,869
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/15/2013
BDN \$13

Brandywine Realty Trust BDN traded UP\$0.18 per share to close UP +1% day

BDN stock traded UP +5% year to date for 2013
BDN stock traded UP +28% during 2012, outperforming Office REITs, UP +16%

BDN results for FFO for 4Q 2012 should benefit from improving portfolio mix, due to successful recent acquisitions

BDN to discuss results for 4Q 2012 next month on February 7, 2013, with a conference call for investors scheduled at 9:00 AM

BDN stock price supported by current dividend yield of 4.7%

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

BDN we rank 3 HOLD

BDN market cap \$1.9 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$14,297
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
NLY \$14

Annaly Capital Management NLY this weeks news of higher mortgage loan application volume a positive signal for Financial Mortgage REITs

NLY report from MBA (Mortgage Bankers Association) found mortgage applications UP +15.2% for week ended January 11, 2013

NLY mortgage applications for refinance UP +15%, while mortgage applications for home purchase UP +13% from previous week

NLY average interest rate on 30 year fixed rate mortgage unchanged at 3.61%

NLY proposals for reform of Fannie Mae expected from new Congress to convene in January 2013

NLY plans to invest up to 25% of equity in non-agency real estate assets, including pending acquisition of publicly traded NLY subsidiary Crexus Investment CXS

NLY stock price supported by current annual dividend yield of 12.3%, 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 \$14.3 billion

REIT Comment



Company:	Plum Creek Timber
Price:	\$47
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,602
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
PCL \$47

Plum Creek Timber PCL news of continued confidence among homebuilders supports improving environment for Specialty Timber REITs

PCL survey of homebuilder confidence by NAHB (National Association of Homebuilders) indicates confidence index steady at 47% for December 2012, highest since April 2006

PCL Specialty Timber REITs expect to see improving demand and higher prices for sawlogs and timber as US housing sector recovery continues

PCL export markets also seeing resurgence in demand as China manufacturing output increases

PCL provides current yield of 3.6%

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

PCL we rank 2 BUY

PCL market cap \$7.6 billion

PCL an S&P 500 index REIT

REIT Comment



Company:	Potlatch
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,664
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
PCH \$41

Potlatch PCH news of steady homebuilder confidence indicates 2013 should see improved demand for lumber

PCH survey of homebuilder confidence by NAHB (National Association of Homebuilders) indicates confidence index steady at 47% for December 2012, highest since April 2006

PCH Specialty Timber REITs benefit from recovery in US housing sector on increased demand and higher prices for lumber and sawlogs

PCH to discuss results for 4Q 2012 on Tuesday January 29, 2013, with a conference call for investors scheduled at noon

PCH stock price supported by current dividend yield of 3.0%

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

PCH we rank 2 BUY

PCH market cap \$1.7 billion

REIT Comment



Company:	Duke Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,066
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/16/2013
DRE \$15

Duke Realty DRE news of growth in factory output supports positive outlook for Industrial REITs

DRE report from Federal Reserve found US factory production UP +0.8% for December 2012, continuing growth from UP +1.3% previously reported for November 2012

DRE higher factory output a leading indicator for higher demand for bulk distribution space serving wholesalers and retailers

DRE negotiations over east coast container port contract between USMX(US Maritime Alliance) and ILA (International Longshoremen's Association) union members continue, with next deadline set for February 6, 2013

DRE exposure to east coast ports represents 23% of bulk distribution space, including Atlanta 8%, Savannah 6%, FL 8% and Baltimore/DC 1%

DRE guidance for FFO for 2012 indicates decline DOWN as much as (13%) due to divestitures

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 \$4.1 billion

REIT Comment



Company:	Prologis Inc
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,344
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
01/16/2013
PLD \$38

Prologis Inc PLD news of higher container shipments to US ports may indicate higher retail orders in anticipation of renewed threat of a port strike

PLD report from NRF (National Retail Federation) found shipments expected to increase UP +6.5% for December 2012 from previous year to 1.3 million TEU (twenty-foot equivalent units)

PLD if estimate proves correct, container shipment growth for December 2012 would be well above estimated total increase for 2012, UP +2.9%

PLD negotiations over east coast container port ILA (International Longshoremen's Association) union contract continue, with next deadline set for February 6, 2013

PLD greatest risk of disruption now at ports operated by NYSA (New York Shipping Association), operating container ports in NY and NJ for local Port Authority

PLD exposure to east coast ports represents 10% of total portfolio NOI, with all US markets representing 54%, Europe 26%, Asia 13% and Canada and Mexico 6% of total NOI

PLD investing to expand southern container ports in Savannah FL and TX

PLD to discuss results for 4Q 2012 on February 6, 2013, with a conference call for investors scheduled at 12:00 PM

PLD guidance for FFO for 2012 indicates growth UP +10%

PLD provides current yield of 2.9%

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

PLD we rank 2 BUY

PLD market cap \$18.3 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Boston Properties
Price:	\$108
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,359
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
BXP \$108

Boston Properties BXP traded DOWN (\$1.11) per share to close DOWN (1%) day

BXP traded UP +2% year to date for 2013
BXP stock traded UP +6% during 2013, underperforming Office REITs, UP +16%

BXP investors should expect lower demand for DC office space due to pending bipartisan bickering over federal debt ceiling

BXP total of 5% of rents directly paid by US government and 22% of total EBITDA drawn from properties located in metropolitan DC area

BXP guidance for FFO for 2012 indicates FLAT year, while guidance for FFO for 2013 indicates growth UP +6%

BXP provides current annual dividend yield of 2.0%

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:	Newcastle Investment
Price:	\$10
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,340
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
NCT \$10

Newcastle Investment NCT traded UP \$0.14 per share to close UP +1% day

NCT traded UP +14% year to date for 2013
NCT stock traded UP +87% during 2013, outperforming Financial Commercial REITs, UP +41%

NCT during January 2013 announced plans to spin off residential assets in new publicly traded REIT to be known as New Residential Investment Corp during 1Q 2013

NCT to continue as a publicly traded REIT with portfolio concentrated in commercial MBS corporate debt, and investments in senior housing properties

NCT expects both NCT and new publicly traded REIT to be known as New Residential Investment Corp to be valued in range of \$5-7 per share, with portfolio EPS of \$0.50 per share for NCT and \$0.54 per share for New Residential Investment Corp

NCT provides current yield of 8.9%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.3 billion

REIT Comment



Company:	National Retail Properties
Price:	\$32
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,469
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
NNN \$32

National Retail Properties NNN traded DOWN (\$0.32) per share to close DOWN (1%) day

NNN traded UP +3% year to date for 2013

NNN stock traded UP +18% during 2012, underperforming Retail REITs, UP +24%

NNN key tenant Best Buy BBY, representing 3% of total portfolio space for NNN, expected to face pending management takeover bid

NNN portfolio invested in many types of retail locations, including freestanding and "big box" retail

NNN all leases are triple net, with no exposure to variable tenant sales

NNN guidance for FFO for 2012 indicates growth UP +10%

NNN to discuss results for 4Q 2012 next month on February 7, 2013 with a conference call with investors scheduled for 10:30 AM

NNN providing income investors with current annual dividend yield of 4.9%

NNN a Retail REIT with a portfolio of net leased retail and commercial properties

NNN we rank 2 BUY

NNN market cap \$3.5 billion

REIT Comment



Company:	Arbor Realty Trust
Price:	\$7
Recommendation:	SELL
Ranking:	5
Market Cap:	\$178
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/16/2013
ABR \$7

Arbor Realty Trust ABR traded DOWN (\$0.08) per share to close DOWN (1%) day

ABR traded UP +18% year to date for 2013

ABR stock traded UP +70% during 2012, outperforming Financial Commercial REITs, UP +41%

ABR Financial Commercial REITs outperforming other REIT sectors as market revives for CMBS

ABR stock price trading at discount of (13%) to GAAP book value of \$7.58 per share as of 3Q 2012

ABR recent securitization provided \$32 million liquidity as well as \$42 million increased access to short term credit facilities, due to transfer of assets to CLO

ABR provides current yield of 6.3%

ABR a Financial Commercial REIT

ABR we rank 5 SELL

ABR market cap \$178 million

REIT Comment



Company:	Equity Residential
Price:	\$59
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,608
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
EQR \$59

Equity Residential EQR lowest new unemployment claims since January2008 signals stronger underlying economic growth

EQR Labor Department reported new claims for unemployment DOWN(37,000) to 335,000 for week ended January 12, 2013, from upwardly revised numbers for previous week

EQR 4 week moving average of new unemployment claims DOWN (6,500) to 359,250

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

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

EQR pending \$9.4 billion acquisition of 60% of Archstone portfolio expected to close during 1Q 2013

EQR stock supported by current annual dividend yield of3.0%

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

EQR we rank 2 BUY

EQR market cap \$18.6 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$47
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,558
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
PCL \$47

Plum Creek Timber PCL higher new home construction should be leading indicator of demand for lumber and sawlogs from Specialty Timber REITs

PCL report from Commerce Department found applications for construction permits UP +0.3% to 903,000 annual rate for December, 2012

PCL applications for construction permits UP +29% from previous year

PCL housing starts UP 12% from previous month to 954,000 annual rate for December, 2012

PCL full year 2012 US housing starts UP +28% compared to 2011

PCL Specialty Timber REITs benefit from higher prices for lumber and sawlogs as demand increases to meet US and international requirements

PCL stock price supported by current annual dividend yield of 3.6%

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

PCL we rank 2 BUY

PCL market cap \$7.6 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Potlatch
Price:	\$42
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,686
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
PCH \$42

Potlatch PCH faster growth in applications for construction permits and new home starts points to improving demand for Specialty Timber REITs

PCH report from Commerce Department found applications for construction permits UP +29% from previous year to annual pace of 903,000 homes for December, 2012

PCH new home starts UP +12% from previous month to annual pace of 954,000 for December, 2012

PCH Specialty Timber REITs benefit from recovery in US housing sector on increased demand and higher prices for lumber and sawlogs

PCH to discuss results for 4Q 2012 on Tuesday January 29, 2013, with a conference call for investors scheduled at noon

PCH stock price supported by current dividend yield of 3.0%

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

PCH we rank 2 BUY

PCH market cap \$1.7 billion

REIT Comment



Company:	Brookfield Office Properties
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,504
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
BPO \$17

Brookfield Office Properties BPO commencement of construction of high profile Manhattan West development highlights BPO as urban developer

BPO began construction of the platform for Manhattan West on Ninth Avenue between West 31st and West 33rd Streets and Dyer Avenue, on 5 acre site to cover the rail yards behind Penn Station

BPO platform construction to be completed in 2014, with first occupancy of office and residential developments not expected until 2016

BPO Manhattan West development to include 5 million square feet with 2 office towers, a residential tower and 1.5 acres of open public space, as well as retail venues

BPO to invest \$340 million in Manhattan West project for initial land and platform project cost of \$680 million, including \$340 million construction loan

BPO management strategy emphasizes development spending to support portfolio renewal with new high quality office properties, partially funded by divestiture of older office properties

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

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

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

BPO we rank 4 SELL

BPO market cap \$8.5 billion

REIT Comment



Company:	Digital Realty Trust
Price:	\$71
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,906
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
DLR \$71

Digital Realty Trust DLR continued international expansion with acquisition of 3 properties in Paris area

DLR acquired 3 data center property portfolio for EUR 60 million, with all properties net leased to Bouygues Telecom

DLR expanding portfolio of data centers in US and international markets

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

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

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

DLR we rank 1 BUY

DLR market cap \$8.9 billion

REIT Comment



Company:	Saul Centers
Price:	\$43
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,139
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
BFS \$43

Saul Centers BFS traded DOWN (\$0.59) per share to close DOWN (1%) day

BFS traded unchanged year to date for 2013
BFS stock traded UP +21% during 2012, underperforming Retail REITs UP +24%

BFS investors should be concerned over pending impact of "fiscal cliff" on REITs with portfolios concentrated in metropolitan DC area

BFS no guidance provided for FFO for 2012

BFS provides current yield of 3.4%

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

BFS we rank 3 HOLD

BFS market cap \$1.1 billion

REIT Comment



Company:	Potlatch
Price:	\$43
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,725
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
PCH \$43

Potlatch PCH traded UP \$0.98 per share to close UP +2% day

PCH traded UP +9% year to date for 2013
PCH stock traded UP +26% during 2012, outperforming Specialty REITs UP +18%

PCH news today of higher new home starts as well as higher construction permit applications, supports positive outlook for Specialty Timber REITs

PCH to discuss results for 4Q 2012 on Tuesday January 29, 2013, with a conference call for investors scheduled at noon

PCH stock price supported by current dividend yield of 3.0%

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

PCH we rank 2 BUY

PCH market cap \$1.7 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,670
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
OHI \$25

Omega Healthcare Investors OHI increased quarterly dividend by 2% to \$0.45 per share for 1Q 2013

OHI new annual dividend \$1.80 per share

OHI new yield 7.2%

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

OHI we rank 2 BUY

OHI market cap \$2.7 billion

REIT Comment



Company:	Rayonier
Price:	\$54
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,943
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
RYN \$54

Rayonier RYN traded UP \$0.72 per share to close UP +1% share

RYN traded UP +5% year to date for 2013

RYN stock traded UP +16% during 2012, underperforming Specialty REITs UP +18%

RYN news of higher new home starts, as well as higher construction permit applications, supports positive outlook for Specialty Timber REITs

RYN expects continued US housing sector recovery to support sawlog and lumber prices during 2013

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

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

RYN we rank 2 BUY

RYN market cap \$6.9 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,670
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/17/2013
OHI \$25

Omega Healthcare Investors OHI traded UP \$0.38 per share to close UP +2% day

OHI traded UP +6% year to date for 2013

OHI stock traded UP +23% during 2012, outperforming Health Care REITs UP +16%

OHI Health Care REITs should outperform other REIT sectors as tenants of Health Care REITs should benefit from higher demand as Affordable Care Act takes effect from 2013-2017

OHI guidance for FFO for 2012 indicates growth UP +14%

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

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

OHI we rank 2 BUY

OHI market cap \$2.7 billion

REIT Comment



Company:	SL Green Realty Corp.
Price:	\$79
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,578
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
SLG \$79

SL Green Realty SLG investors in Office REITs should be aware that although bank earnings reports mostly favorable, profit improvement generally due to employment reductions

SLG investors should expect bank layoffs and downsizing to be reflected in lower demand for office space

SLG greatest exposure to financial industry tenants is SLG key tenant Citj representing 11% of total SLG rental revenue due to occupancy of large midtown properties

SLG recent management comments noted decelerating leasing activity in NYC

SLG updated guidance for FFO for 2012 indicates decline DOWN (8%), excluding non-recurring gain of \$0.73 per share reported for 2Q 2012

SLG latest guidance for FFO for 2013 indicates growth UP +9%

SLG to discuss results for 4Q 2012 on January 31, 2013 with a conference call for investor scheduled at 2:00 PM

SLG current dividend yield of 1.7% unlikely to attract income investors, although dividend increase for 1Q 2013 a clear signal of management confidence

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

SLG we rank 4 SELL

SLG market cap \$7.6 billion

REIT Comment



Company:	Prologis Inc
Price:	\$39
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,463
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
PLD \$39

Prologis Inc PLD final report of China economic growth favorable to REITs investing in Asian markets

PLD China GDP for 4Q 2012 UP +7.9%, showing increased momentum from previous growth UP +7.4% for 3Q 2012

PLD China industrial production UP +10.3% for December 2012, continuing pace from UP +10% for November 2012

PLD Asia operations contribute 13% to NOI for PLD, while greatest direct benefit of China economic growth is in exports to US retailers

PLD guidance for FFO for 2012 indicates growth UP +10%

PLD to discuss results for 4Q 2012 on February 6, 2013, with a conference call for investors scheduled at 12:00 PM

PLD provides current yield of 2.9%

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

PLD we rank 2 BUY

PLD market cap \$18.5 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,546
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
CYS \$13

CYS Investments CY5 Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS may see little change during 2013

CYS new Congress to convene this month likely to take up Fannie Mae issues with little change likely, given need to support economy

CYS low mortgage interest rates attract homeowners to refinance supporting portfolio investment opportunities for Financial Mortgage REITs

CYS average 15 year fixed rate mortgage interest rates at 2.88% as of last week, up less than 0.25% from the low for previous 12 months

CYS risk mitigated by portfolio concentration in new mortgage originations with portfolio concentration in 15 year fixed rate mortgages, as well as mortgage securities of even shorter duration

CYS stock price supported by current annual dividend yield of 12.5%, above the midpoint 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 \$1.5 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,021
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
DFT \$24

DuPont Fabros Technology DFT disappointing revenue growth reported by Intel INTC demonstrates technology market shift to light weight mobile devices

DFT although Intel dominant in PC microprocessors, Intel microprocessor market share is much lower in smartphones and tablets

DFT unit growth of PCs shrinking as consumers and businesses spend more on light weight low power Internet enabled devices, including smartphones, tablets, netbooks and e-readers

DFT growth in demand for wholesale data centers appears certain as Internet service providers seek additional computing centers to provide Internet services

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

DFT expects FFO growth to be restored during 2013, as properties in lease-up gain occupancy

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

DFT to discuss results for 4Q 2012 on February 6, 2013 with a conference call for investors scheduled at 1:00 PM

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

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:	Digital Realty Trust
Price:	\$71
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,879
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
DLR \$71

Digital Realty Trust DLR growth in US corporate spending on cloud based services stimulates demand for data centers

DLR software enabling cloud based computing sold by IBM, Oracle and SAP driving US corporate technology spending

DLR expanding portfolio of data centers in US and international markets

DLR pending Analyst Day presentation in NYC on January 31, 2013 provides opportunity for DLR to demonstrate growth characteristics of data center operations to investors

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

DLR to discuss results for 4Q 2012 next month on February 15, 2013 with a conference call for investors scheduled at 1:00 PM

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

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

DLR we rank 1 BUY

DLR market cap \$8.9 billion

REIT Comment



Company:	Simon Property Group
Price:	\$160
Recommendation:	BUY
Ranking:	2
Market Cap:	\$58,252
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
SPG \$160

Simon Property Group SPG deteriorating consumer confidence may break upward momentum for Retail REITs

SPG report from University of Michigan found consumer confidence level at 71.3% for January, 2013, DOWN (1.6%) from the previous month

SPG consumer concern over pending federal debt crisis and negative impact of payroll tax increase cited as reasons for lower consumer confidence

SPG guidance for FFO for 2012 indicates growth UP +14%

SPG to discuss results for 4Q 2012 next month on February 4, 2013 with a conference call for investors scheduled at 11:00 AM

SPG provides current yield of 2.8%

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

SPG we rank 2 BUY

SPG market cap \$58.3 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Glimcher Realty Trust
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,539
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
GRT \$11

Glimcher Realty Trust GRT traded DOWN (\$0.11) per share to close DOWN (1%) day

GRT traded DOWN (3%) year to date for 2013

GRT stock traded UP +21% during 2012, underperforming Retail REITs, UP +24%

GRT momentum for Retail REITs may be moderated by variability in consumer sentiment

GRT guidance for FFO for 2012 indicates decline DOWN (11%)

GRT stock price supported by current annual dividend yield of 3.6%

GRT a Retail REIT with a portfolio of regional malls

GRT we rank HOLD

GRT market cap \$1.5 billion

REIT Comment



Company:	Redwood Trust
Price:	\$20
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,580
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
RWT \$20

Redwood Trust RWT traded UP \$0.46 per share to close UP +2% day

RWT traded UP +16% year to date for 2013
RWT stock traded UP +66% during 2012, outperforming Financial Mortgage REITs UP +6%

RWT rebounding interest in non-agency securitizations driving improved stock market performance

RWT to issue \$398 million non-agency RMBS securitization during January 2013, with plans to offer 1 new issue per month during 2013

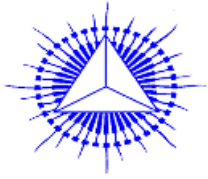
RWT stock price supported by current annual dividend yield of 5.3%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.6 billion

REIT Comment



Company:	Vornado Realty Trust
Price:	\$85
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,835
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
VNO \$85

Vornado Realty Trust VNO increased quarterly dividend distribution by 6% to \$0.73 per share for 1Q 2013

VNO new annual distribution rate \$2.92 per share

VNO new yield 3.5%

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

VNO we rank 3 HOLD

VNO market cap \$16.8 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,703
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
CLI \$17

Mack-Cali Realty CLI traded UP \$0.29 per share to close UP +1% day

CLI traded UP +4% year to date for 2013

CLI stock traded DOWN (2%) during 2012, underperforming Office REITs, UP +16%

CLI news of bank layoffs may impact Office REITs with exposure to financial industry tenants

CLI update on Hurricane Sandy damages to 125 Broad Street joint venture in NYC expected when results for 4Q 2012 are reported to investors

CLI guidance for FFO for 2012 indicates decline DOWN (6%), while guidance for FFO for 2013 indicates further decline DOWN as much as (9%)

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

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

CLI we rank 3 HOLD

CLI market cap \$2.7 billion

REIT Comment



Company:	Vornado Realty Trust
Price:	\$85
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$16,835
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
01/18/2013
VNO \$85

Vornado Realty Trust VNO traded UP \$1.17 per share to close UP +1% day

VNO traded UP +6% year to date for 2013

VNO stock traded UP +4% during 2012, underperforming Office REITs, UP +6%

VNO trading up on news of 6% dividend increase for 1Q 2013

VNO stock price rally unlikely to continue, due to exposure to US government spending

VNO faces lower FFO on DC occupancy decline and retail divestitures

VNO recent \$1.25 billion divestiture of retail properties to Macerich MAC to impact 2013 FFO before funds are re-invested

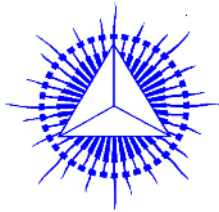
VNO no guidance provided for FFO for 2012

VNO provides current yield of 3.5%

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

VNO we rank 3 HOLD

VNO market cap \$16.8 billion



REIT Growth and Income Monitor posted 47 REIT comments for the week ended January 18, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	8
Health Care REITs	4
Hotel REITs	2
Industrial REITs	4
Office REITs	11
Residential REITs	3
Retail REITs	8
Specialty REITs	7

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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