

## **REIT Growth and Income Monitor**

### **Weekly Comments 08/21/2012**

**REITs barely underperform S&P 500 Index, with negative performance gap of (1%) year to date for 2012.**

**Financial Mortgage REITs are unaffected by change in Treasury repayment terms for Fannie Mae and Freddie Mac.**

**Annaly Capital Management offers investors high income and portfolio growth.**

**Redwood Trust and other Financial Mortgage REITs may benefit from Fannie Mae divestitures from investment portfolio.**

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**Weekly REIT Comments**  
**08/21/2012**

REITs traded up for the second week of August, the week ended August 17, 2012, as conclusion of 2Q 2012 earnings reports indicated positive trends for REITs. REITs included in the S&P 500 Index are now up 12% year to date for 2012, slightly trailing performance of the S&P 500 Index, up 13% for 2012. Performance gap for 2012 was maintained at negative (1%) for the second week since April, 2012 (although negative performance gap is actually less than (0.3%), if performance for both REITs and S&P 500 Index are shown without rounding to nearest decimal). Average gain for all REITs followed by REIT Growth and Income Monitor now stands at 17% year to date for 2012, exceeding 12% gain for the S&P 500 Index.

Investors concentrating on REIT results for 2Q 2012 find reassuring news. 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 continue to rally on recent Supreme Court decision in favor of the Affordable Care Act. Specialty Timber REITs with portfolios of timberlands and sawlog mills benefit from the improving environment for homebuilders. Specialty REITs with portfolios of self-storage properties report significant profitability improvement. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery. Trading of Hotel REITs is impacted by fluctuating gasoline prices and concern over the impact of federal spending reductions.

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

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends 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.

**Financial Mortgage REITs Unaffected By Change In Payment Terms for GSE Debt Owed to US Treasury**

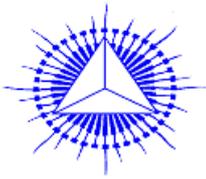
Financial Mortgage REITs are not directly affected by the change in payment terms announced for Fannie Mae and Freddie Mac on US Treasury owned 10% senior preferred stock, announced on August 17, 2012. The GSEs are now required to apply 100% of profits to repay the US Treasury on debt issued during conservatorship (that started September, 2008 and ended June, 2010), while no payment is due during periods of quarterly losses. This change recognizes the achievement of Fannie Mae and Freddie Mac in returning to profitability for the first 2 quarters of 2012. The change also delays the need for additional Congressional action on the GSEs, a fortunate development, as under previous legislation, automatic Treasury funding for Fannie Mae and Freddie Mac was to end as of December 31, 2012. Although federal agency spending is now expected to be severely impacted by the "fiscal cliff" starting January, 2013 (triggered by Congressional failure to agree on a federal budget), this change means that Fannie Mae and Freddie Mac will not need to apply to Congress for funds during a period of fiscal crisis. This change in payment terms also makes it less likely that the GSEs can default on debt repayment thus limiting the possibility of forced liquidation in receivership. Incremental reform of Fannie Mae and Freddie Mac will be addressed by the next Congress to be determined by the outcome of the November, 2012 elections.

Financial Mortgage REITs may benefit from market activity forced by this change. The new Treasury relationship requires Fannie Mae and Freddie Mac to accelerate investment portfolio reduction to 15% annually over the next 6 years. Neither Fannie Mae nor Freddie Mac may retain more than \$650 billion in their investment portfolios by the end of December, 2012, forcing Fannie Mae to sell \$23 billion in assets over the next 6 months (mostly mortgages issued before 2008, including some distressed loans). Further investment portfolio reductions to a limit of \$250 billion are now required by 2018. Financial Mortgage REITs should benefit from the opportunity to acquire a greater variety of Residential MBS issues, with the possibility of significantly wider net interest margin on certain issues. We expect more Financial Mortgage REITs to accept nonconforming and non-agency guaranteed loans into their portfolios as a result of these changes to the relationship between the GSEs and the US Treasury. The result should be Financial Mortgage REITs with larger portfolios generating higher net interest income at slightly higher risk. Financial Mortgage REITs pay high dividends, in a range of 8%-14%, making them attractive investments for income investors. We maintain our positive outlook for Financial Mortgage REITs, with BUY rankings on **Annaly Capital Management**, **Anworth Mortgage Asset**, **Capstead Mortgage**, **Hatteras Financial**, and **MFA Financial** and HOLD rankings on **CYS Investment** and **Redwood Trust**.

**Trading Opportunities**

**Annaly Capital Management** is the strongest of the publicly traded Financial Mortgage REITs, with a market cap of \$17 billion and a \$128 billion portfolio invested primarily in agency guaranteed residential MBS. Stock price rally of 6% year to date for 2012 erases only a portion of (11%) stock price decline for 2011. **Annaly Capital Management's** portfolio income benefited from investment of more than \$6.0 billion raised over the past 2 years in public equity offerings. GAAP EPS showed a net loss for 2Q 2012, reflecting portfolio mark-to-market transactions, while core EPS (excluding net portfolio unrealized gains and losses) matched current quarterly dividend at \$0.55 per share. NIM (net interest margin) decreased to 1.54%. **Annaly Capital Management** also participates in the market for non-agency guaranteed Residential MBS and for Commercial MBS through equity investments in publicly traded dividend paying subsidiaries **Chimera Investment** and **Crexus Investment**. Quarterly variability in **Annaly Capital Management** dividend distributions is a result of fluctuation in portfolio investment, repayments, portfolio yield and net interest income, with annual dividends steady since 2009. **Annaly Capital Management** provides income investors with current dividend yield of 12.9%, above the midpoint of the range for Financial Mortgage REITs.

**Redwood Trust**, with a market cap of \$1 billion as an originator of jumbo residential loans, pursues a path of private market securitizations of non-agency guaranteed Residential MBS through its Sequoia subsidiary. Redwood Trust sold several non-agency guaranteed securitizations of Residential MBS since 2008, raising more than \$2 billion, proving that a private market still exists for non-agency guaranteed residential debt of the "Alt-A" type, but the size of these issues is tiny compared to the pre-2008 market for "Alt-A" residential loans and subprime mortgages. **Redwood Trust's** own portfolio of jumbo loans and related derivatives totals \$5 billion. GAAP EPS of \$0.24 per share for 2Q 2012 is slightly below current quarterly dividend of \$0.25 per share, while core EPS (excluding mark-to-market adjustments for unrealized gains and losses) comfortably exceeds the dividend. 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 7.2%, lowest of the range for Financial Mortgage REITs.



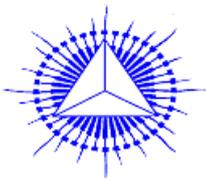
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Price	Price	Weekly	2012
		12/30/2011	07/27/2012	08/03/2012	08/10/2012	08/17/2012	Change	Price Change
Apartment Investment and Management	AIV	\$23	\$27	\$27	\$26	\$26	1%	15%
AvalonBay Communities	AVB	\$131	\$146	\$145	\$140	\$142	1%	9%
Boston Properties	BXP	\$100	\$111	\$113	\$111	\$112	1%	12%
Equity Residential	EQR	\$57	\$63	\$63	\$60	\$60	-0%	6%
HCP Inc.	HCP	\$41	\$47	\$46	\$45	\$45	-1%	9%
Health Care REIT	HCN	\$55	\$62	\$61	\$60	\$60	0%	10%
Host Hotels & Resorts	HST	\$15	\$15	\$15	\$15	\$16	2%	5%
Kimco Realty	KIM	\$16	\$19	\$20	\$20	\$20	4%	25%
Plum Creek Timber	PCL	\$37	\$41	\$41	\$40	\$41	1%	11%
Prologis, Inc	PLD	\$29	\$33	\$34	\$33	\$34	2%	18%
Public Storage	PSA	\$134	\$149	\$148	\$145	\$145	1%	8%
Simon Property Group	SPG	\$129	\$160	\$163	\$158	\$160	1%	24%
Ventas	VTR	\$55	\$67	\$67	\$64	\$64	0%	16%
Vornado Realty Trust	VNO	\$77	\$83	\$86	\$80	\$82	3%	7%
S&P 500 Index	S&P 500	\$1,258	\$1,386	\$1,365	\$1,406	\$1,418	1%	13%
Average for S&P 500 Index REITs							1%	12%

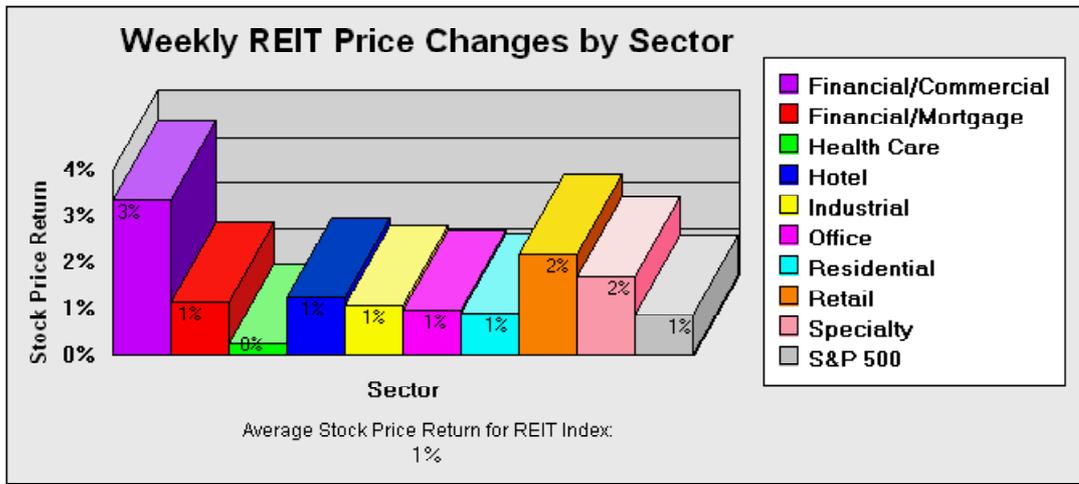
REIT stock prices rallied 1% during the second week of August, showing stable performance for the week ended August 17, 2012. REITs matched performance of the S&P 500 Index, also up 1% for the week. The S&P 500 Index is now up 13% year to date for 2012, slightly exceeding REIT performance, up 12%. Performance gap for S&P 500 Index REITs was maintained at negative (1%) year to date for 2012 (although negative performance gap is actually less than (0.3%), if performance for both REITs and S&P 500 Index are shown without rounding to nearest decimal). These 2 weeks during August represent the first time since April, 2012 that REITs showed a negative performance gap.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Simon Property Group**, up 24%, and **Kimco Realty**, up 25%. Residential REITs traded higher, with **Apartment Investment and Management** up 15%, **AvalonBay Communities** up 9% and **Equity Residential** up 6% year to date for 2012. Office REITs underperformed the S&P 500 Index, with **Boston Properties** up 12% and **Vornado Realty Trust** up 7% year to date for 2012. Health Care REITs maintain gains after surprise Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 9%, **Health Care REIT** up 10% and **Ventas** up 16% year to date for 2012. Industrial REIT **Prologis, Inc** shows 18% gain for 2012, reflecting investor confidence in profit improvement after the 2011 merger. Specialty Timber REIT **Plum Creek Timber** rallied to show gain of 11% year to date, as investors responded to signs of US housing sector recovery. Still a laggard, **Public Storage** now shows gain of 8% year to date for 2012, while volatile **Host Hotels & Resorts** improved, showing gain of 5% year to date for 2012, as gasoline prices moved back up decisively after eroding during June and July 2012.

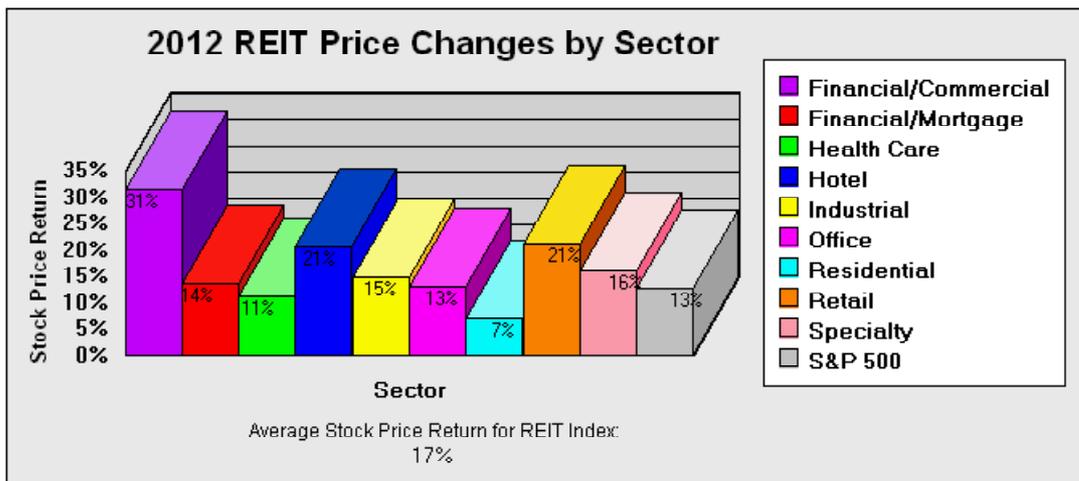
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Weekly REIT Price Changes by Sector



All REIT sectors traded higher for the second week of August, showing renewed gains for the week ended August 17, 2012. Several REIT sectors outperformed the S&P 500 Index, trading up 1% for the week. Strongest sectors were Financial Commercial REITs, up 3%, followed by Retail REITs and Specialty REITs, both up 2%. Financial Mortgage REITs, Hotel REITs, Industrial REITs, Office REITs and Residential REITs all traded up 1%, moving in line with the S&P 500 Index. Lagging sector was Health Care REITs, showing gain of less than 1%. On average, stock prices for REIT Growth and Income Monitor increased 1% for the week ended August 17, 2012.

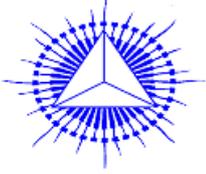


Stock prices for REITs followed by REIT Growth and Income Monitor traded up 17% on average year to date for 2012, exceeding performance of the S&P 500 Index, now showing gain of 13% for 2012. REITs outperform due to higher yields than S&P 500 stocks, supported by positive response to earnings reports for 2Q 2012. Leading sectors year to date are Financial Commercial REITs, up 31%, followed by Hotel REITs and Retail REITs, both up 21%. Specialty REITs show 16% year to date gain for 2012, supported by improved performance of Specialty Timber REITs, responding to improved news on the US housing sector. Industrial REITs show 15% gain, while Office REITs now show 13% gain year to date for 2012. Financial Mortgage REITs are up 14%. Health Care REITs are up 11% year to date for 2012, responding to surprise news of Supreme Court approval of the Affordable Care Act. Residential REITs still lag, now up 7% year to date for 2012, as the second REIT sector to underperform the S&P 500 Index. We expect Residential REITs to be a best performing sector for 2012 as they were during 2011, with strong profit gains driving another year of exceptional FFO growth during 2012. Investors responded positively to earnings announcements for 2Q 2012 during this month of August, 2012, as REIT funds flow remains consistent, at a time when other market sectors faced adjusted expectations due to currency exposure and variable international economies.

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REIT Comment



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Company:	Franklin Street Properties Corp.
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$862
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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

Franklin Street Properties FSP 2Q 2012 FFO \$0.23 v \$0.25 DOWN (8%)

FSP no guidance provided for FFO for 2012

FSP 2Q 2012 revenues \$39 million UP +12%, with rental revenue UP +7%  
FSP 2Q 2012 pretax income \$5 million UP +41%

FSP 2Q 2012 occupancy 90.0% UP +3.1%

FSP 2Q 2012 invested \$33 million in bridge loan for acquisition of suburban office property in Houston TX

FSP July 2012 completed \$53 million acquisition of office building in Atlanta GA, now 82% leased

FSP considering divestitures of single property REITs  
FSP portfolio includes \$87 million investments in non-consolidated REITs and \$83 million commercial leases

FSP stock price supported by current annual dividend yield of 7.3%

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

FSP we rank 3 HOLD

FSP market cap \$862 million

REIT Comment



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Company:	Winthrop Realty Trust
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$368
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
FUR \$11

Winthrop Realty Trust FUR 2Q 2012 FFO continuing operations \$0.24 v \$0.38 DOWN (37%)

FUR no guidance provided for FFO for 2012

FUR 2Q 2012 revenues \$19 million UP +17%  
FUR 2Q 2012 income continuing operations \$3 million DOWN (27%) due to lower income on equity investments

FUR 2Q 2012 acquisitions \$49 million, with \$18 million pending acquisitions for 3Q 2012  
FUR 2Q 2012 dispositions \$13 million

FUR 2Q 2012 received \$20 million loan repayments  
FUR 2Q 2012 originated \$11 million commercial loans

FUR 2Q 2012 portfolio total \$678 million, including \$340 million owned real estate, \$190 million loans and commercial real estate securities, and \$148 million preferred and equity investments  
FUR also owns 6.1 million shares of publicly traded Cedar Realty Trust CDR, representing 9% equity interest

FUR stock price supported by current dividend yield of 5.8%

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

FUR we rank 3 HOLD

FUR market cap \$368 million

REIT Comment



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Company:	Inland Real Estate
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$726
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
08/13/2012  
IRC \$8

Inland Real Estate IRC 2Q 2012 \$0.22 (adjusted) v \$0.20 +10%  
IRC 2Q 2012 FFO excludes net non-recurring gains of \$0.05 per share relating to debt extinguishment

IRC made no change to guidance 2012 FFO \$0.84-\$0.89 v \$0.82 UP +2%+9%  
IRC guidance 2012 FFO assumes same property NOI UP +1%-+3%  
IRC guidance 2012 FFO assumes occupancy 90%-91%

IRC 2Q 2012 same property NOI UP +4.2%  
IRC 2Q 2012 occupancy 90.1% UP +1.7%

IRC 2Q 2012 rents on lease turnover UP +5.2% on new leases and UP +8.2% on renewed leases

IRC 2Q 2012 acquisitions \$9 million  
IRC 2Q 2012 dispositions \$6 million

IRC key tenant SuperValu SVU represents 7% of total IRC rents

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

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

IRC we rank 3 HOLD

IRC market cap \$726 million

REIT Comment



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Company:	Kite Realty Group
Price:	\$5
Recommendation:	BUY
Ranking:	2
Market Cap:	\$355
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
KRG \$5

Kite Realty Group 2Q 2012 FFO \$0.11 (adjusted) v \$0.12 DOWN (8%)  
KRG 2Q 2012 FFO (adjusted) excludes \$0.01 per share in non-recurring charges related to deferred financing

KRG made no change to guidance 2012 FFO \$0.42-\$0.46 v \$0.44 DOWN (5%)-UP +5%

KRG 2Q 2012 same property NOI UP +2.4%  
KRG 2Q 2012 portfolio occupancy 93.0% DOWN (0.4%) from March 2012

KRG 2Q 2012 rents on lease turnover UP +14.6%

KRG 2Q 2012 acquisitions \$37 million  
KRG 2Q 2012 dispositions \$15 million

KRG investing \$203 million through joint ventures to develop 7 properties, now 81% preleased

KRG concentration of retail properties in midwest, with 45% of total retail space located in IN and IL, differentiates KRG from other Retail REITs

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

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

KRG we rank 2 BUY

KRG market cap \$355 million

REIT Comment



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Company:	UMH Properties
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$174
Link:	<a href="http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
UMH \$11

UMH Properties UMH 2Q 2012 FFO \$0.17 v \$0.09 UP +89%  
UMH 2Q 2012 includes net \$1 million gain on securities transactions

UMH no guidance provided for FFO for 2012

UMH 2Q 2012 revenues \$11 million UP +15% due to acquisitions  
UMH 2Q 2012 cash flow from operating activities \$4 million DOWN (7%)

UMH 2Q 2012 occupancy 78.0% UP +1%

UMH 2Q 2012 manufactured home sales \$2 million UP +44%

UMH recently completed \$3 million acquisition of manufactured home community in OH

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

UMH a Specialty REIT with a portfolio of manufactured home communities and investments in REIT securities

UMH we rank 3 HOLD

UMH market cap \$174 million

REIT Comment



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Company:	Universal Health Realty Income Trust
Price:	\$43
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$548
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
UHT \$43

Universal Health Realty Income Trust UHT 2Q 2012 FFO \$0.66 (adjusted) v \$0.63 UP +5%  
UHT 2Q 2012 FFO (adjusted) excludes net charges of (\$0.01) per share relating to transaction costs

UHT no guidance provided for FFO for 2012

UHT 2Q 2012 revenue \$14 million UP +100% due to acquisitions of minority interests in LLCs  
UHT operating income \$4 million (excluding transaction costs) UP +11%

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

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

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

UHT we rank 3 HOLD

UHT market cap \$548 million

REIT Comment



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Company:	Capital Trust
Price:	\$3
Recommendation:	SELL
Ranking:	4
Market Cap:	\$80
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
08/13/2012  
CT \$3

Capital Trust CT 2Q 2012 EPS profit \$0.09 (adjusted) v loss (\$0.08) (adjusted)

CT no guidance provided for EPS for 2012

CT 2Q 2012 adjusted book value \$3.21 per share  
CT 2Q 2012 consolidated book value including CT Legacy REIT negative(\$1.48) per share

CT now shows CT Legacy REIT as net equity investment no longer consolidating assets and liabilities  
CT repaid \$292 million debt on CT Legacy REIT since March 2011 restructuring  
CT 2Q 2012 CT Legacy REIT remaining liability \$96 million repo facility maturing December 2014  
CT 2Q 2012 no new net impairments on CT Legacy REIT  
CT 2Q 2012 CT Legacy REIT loan loss reserve \$131 million against 11 securities

CT 2Q 2012 assets under management at CTIMCO \$5 billion, generating \$3 million net quarterly fees for asset management and special servicing

CT 2Q 2012 balance sheet cash \$35 million DOWN (\$3) million from March 2012

CT unwinding of previous Equity Office Properties portfolio, now held by Blackstone, may impact CMBS and CDOs held in CT owned and managed VIEs  
CT management previously announced seeking strategic alternatives

CT no dividends paid to shareholders since 2008

CT a Financial Commercial REIT

CT we rank 4 SELL

CT market cap \$80 million

REIT Comment



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Company:	AvalonBay Communities
Price:	\$139
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,313
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
AVB \$139

AvalonBay Communities AVB traded DOWN (\$1.16) per share to close DOWN (1%) day

AVB stock traded UP +7% year to date for 2012, slightly outperforming Residential REITs, UP +6%

AVB Residential REITs reporting exceptionally strong FFO growth due to high occupancy and rental rate increases

AVB reported better than expected results for 2Q 2012, with FFO UP +19%

AVB increased low end of guidance range for 2012 FFO to indicate growth UP +18% - +21%

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

AVB we rank 2 BUY

AVB market cap \$13.3 billion

AVB an S&P 500 Index REIT

REIT Comment



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Company:	Entertainment Properties Trust
Price:	\$46
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,142
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
EPR \$46

Entertainment Properties EPR traded UP \$0.57 per share to close UP +1% day

EPR stock traded UP +4% year to date for 2012, underperforming Specialty REITs, UP +14%

EPR news of successful box office results for recent films helps to ensure financial health of tenant cinemas

EPR reported FFO growth UP +11% for 2Q 2012

EPR provided guidance for FFO for 2012 indicating UP +7% growth

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

EPR we rank 2 BUY

EPR market cap \$2.1 billion

REIT Comment



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Company:	CubeSmart
Price:	\$12
Recommendation:	BUY
Ranking:	1
Market Cap:	\$1,597
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
CUBE \$12

CubeSmart CUBE traded UP \$0.15 per share to close UP +1% day

CUBE stock traded UP +17% year to date for 2012, outperforming Specialty REITs, UP +14%

CUBE better than expected results for self-storage properties reflects positive demand trends enabling rental rate increases

CUBE reported FFO UP +13% for 2Q 2012

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

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

CUBE we rank 1 BUY

CUBE market cap \$1.6 billion

REIT Comment



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Company:	Mack-Cali Realty
Price:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,670
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/13/2012  
CLI \$27

Mack-Cali Realty CLI traded UP \$0.24 per share to close UP +1% day

CLI stock traded unchanged year to date for 2012, underperforming Office REITs, UP +12%

CLI exposure to financial industry tenants a concern at Jersey City NJ Harborside office properties

CLI recent management comments noted rental rate decline on lease rollover

CLI previously reported FFO for 2Q 2012 DOWN (10%), and increased guidance for FFO for 2012 to indicate decline of as much as DOWN (10%)

CLI stock price supported by current 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



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Company:	Education Realty Trust
Price:	\$11
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,063
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
EDR \$11

EdR EDR priced offering of 15 million shares at \$10.95 per share

EDR offering size increased from previous 13.5 million shares

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

EDR net proceeds of \$157 million to be applied to repay debt and invest in portfolio expansion

EDR joint bookrunning managers BofA Merrill Lynch, KeyBanc

EDR August 2012 offering increased total shares outstanding by 16%

EDR recent 43% dividend increase provides shareholders with current yield of 3.5%

EDR a Specialty REIT with a portfolio of educational housing communities

EDR we rank 4 SELL

EDR market cap \$1.1 billion

REIT Comment



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Company:	Simon Property Group
Price:	\$157
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,740
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
SPG \$157

Simon Property Group SPG news of higher US retail sales for July2012 supports positive outlook for Retail REITs

SPG Commerce Department reported US retail sales UP +0.8% from previous month for July 2012 (excluding autos)

SPG department store sales UP +0.6%, electronics and appliances UP +0.9%, clothing UP +0.8% and health and beauty UP +1.1%

SPG back to school discounting should stimulate August2012 sales, with store traffic delayed during first weeks of the month by distraction of the Olympics

SPG previously reported FFO UP +15% for 2Q 2012 and announced 10% dividend increase for 3Q 2012

SPG also increased guidance for FFO for 2012 to indicate growth UP +12%

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 \$55.7 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,068
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
KIM \$20

Kimco Realty KIM news of higher US retail sales raises outlook for tenant sales

KIM Commerce Department reported US retail sales UP +0.8% from previous month for July 2012 (excluding autos)

KIM value retailers should see good back-to-school shopping season, with store traffic delayed during first weeks of the month by distraction of the Olympics

KIM grocery anchored shopping centers should see higher food prices driving tenant sales

KIM previously increased low end of guidance range for FFO for 2012 to indicate UP +3%-+5% growth

KIM stock price supported by current dividend yield of 3.9%

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

KIM we rank 1 BUY

KIM market cap \$8.1 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Plum Creek Timber
Price:	\$40
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,533
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
PCL \$40

Plum Creek Timber PCL rally for homebuilders should also carry Specialty Timber REITs to higher stock prices

PCL higher homebuilder confidence and increasing consumer traffic to view new homes indicates recovery in demand for new homes may prove sustainable

PCL higher apartment rents and occupancy constraints increasing apartment turnover indicating apartment dwellers are considering home ownership

PCL recent management comments on 2Q 2012 conference call noted evident improvement in demand related to US housing sector

PCL China export markets still depressed, although inventories working down

PCL management expects long term emerging demand for wood pellets as energy source in Europe due to political decisions to shut down nuclear power plants

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

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

PCL we rank 2 BUY

PCL market cap \$6.5 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	Healthcare Realty Trust
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,923
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
HR \$24

Healthcare Realty Trust HR traded DOWN (\$0.32) per share to close DOWN (1%) day

HR stock traded UP +30% year to date for 2012, significantly outperforming Health Care REITs, UP +11%

HR last month's announcement of Supreme Court acceptance of Affordable Care Act clears the way for higher demand for medical services to be delivered by outpatient physicians in US

HR portfolio of medical office properties now 77% located on or adjacent to hospital campuses

HR reported better than expected results for 2Q 2012, with FFO UP +10%

HR no guidance provided for FFO for 2012

HR stock price supported by current dividend yield of 5.0%

HR a Health Care REIT with a portfolio concentrated in medical office properties

HR we rank 2 BUY

HR market cap \$1.9 billion

REIT Comment



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Company:	Potlatch Corp.
Price:	\$34
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,368
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
PCH \$34

Potlatch PCH traded UP \$0.43 per share to close UP +1% day

PCH stock traded UP +9% year to date for 2012, underperforming Specialty REITs, UP +14%

PCH stocks of Specialty Timber REITs should follow homebuilder stocks higher on news of pending recovery in US new home sales

PCH management reported higher lumber prices during 2Q 2012, exciting investors seeking news of US housing sector recovery

PCH stock price supported by current dividend yield of 3.7%

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

PCH we rank 2 BUY

PCH market cap \$1.4 billion

REIT Comment



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Company:	Sunstone Hotel Investors
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,184
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
SHO \$10

Sunstone Hotel Investors SHO traded DOWN (\$0.11) per share to close DOWN (1%) day

SHO stock traded UP +24% year to date for 2012, outperforming Hotel REITs, UP +19%

SHO hotel and other travel related stocks subject to changes in gasoline prices

SHO reported better than expected results for 2Q 2012, with FFO UP +17%

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

SHO recent acquisitions, including \$417 million acquisition of Chicago Wyndham Hotel, rebranded as Hyatt Chicago Magnificent Mile, and \$92 million acquisition of Hilton Garden Inn Chicago, expected to drive exceptional FFO growth for 2013, following cyclical rebound during 2012

SHO common stock dividends have not yet been restored

SHO a Hotel REIT

SHO we rank 3 HOLD

SHO market cap \$1.2 billion

REIT Comment



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Company:	Weingarten Realty
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,326
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/14/2012  
WRI \$27

Weingarten Realty WRI traded UP \$0.20 per share to close UP +1% day

WRI stock traded UP +26% year to date for 2012, outperforming Retail REITs, UP +19%

WRI Retail REITs with portfolios of grocery anchored shopping centers should see higher tenant sales as a result of higher food prices

WRI results for 2Q 2012 showed FFO UP +7%, while guidance for FFO for 2012 FFO indicates only a FLAT year

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

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

WRI we rank 2 BUY

WRI market cap \$3.3 billion

REIT Comment



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Company:	Hatteras Financial
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,227
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
HTS \$29

Hatteras Financial HTS news of lower mortgage application volume for most recent week indicates seasonal lull

HTS report from MBA (Mortgage Bankers Association) shows mortgage application volume DOWN (4.5%) for week ended August 10, 2012

HTS applications for mortgage refinance DOWN (5.0%), while mortgage applications for home purchase DOWN (2.0%)

HTS average interest rate on 30 year mortgages for conforming loans unchanged at 3.76%

HTS Financial Mortgage REITs benefit from mortgage volume, enabling portfolio repositioning

HTS stock price supported by current annual dividend yield of 12.6%, 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 \$2.2 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,261
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
NLY \$17

Annaly Capital Management NLY news of improved homebuilder confidence indicates resurgence of optimism for US housing sector

NLY report from NAHB (National Association of Homebuilders) shows gain for both builder confidence index, UP +3%, and sales expectations, UP +2%, for August 2012 from previous month

NLY buyer traffic reported UP +11% for same period

NLY interest in new homes should help to stimulate mortgage applications for home purchase

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

NLY recent management comments note Federal Reserve and FHFA are supporting a stable market for agency guaranteed Residential MBS, at least through the Fall 2012 presidential election

NLY stock price supported by current annual dividend yield of 12.9%, 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 \$17.3 billion

REIT Comment



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Company:	Regency Centers Corporation
Price:	\$48
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,289
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
REG \$48

Regency Centers REG news of US drought indicates pending higher food prices to support Retail REITs with portfolios of grocery anchored shopping centers

REG drought in US midwest causing higher corn prices expected to push higher food prices including meat and cereal, driving tenant sales up for grocery tenants

REG grocery tenants include key tenant Kroger at 5% of total rents, as well as Safeway 4%, Publix 4% and SuperValu 3%

REG most recent management comments noted improved leasing environment particularly among small shop tenants

REG results for 2Q 2012 exceeded expectations, with FFO UP +13%

REG guidance for FFO for 2012 slightly reduced to indicate growth in range UP+1%-+3% (excluding charge for preferred stock redemption)

REG management unconcerned over potential for store closures by SuperValu SVU as higher rents on re-tenanting are probable

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

REG a Retail REIT with a portfolio of grocery anchored shopping centers

REG we rank 2 BUY

REG market cap \$4.3 billion

REIT Comment



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Company:	National Retail Properties
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,183
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
NNN \$30

National Retail Properties NNN yesterday's report of stronger than expected growth for US retail sales should help diverse tenant base

NNN higher food prices should also help sales trends at grocery tenants

NNN exposure to grocery sector includes key tenant Pantry at 7% of total rents

NNN results for 2Q 2012 showed strong growth, with FFO UP +10%

NNN made no change to guidance for FFO for 2012 indicating FFO growth with a midpoint of UP +8%

NNN recently increased dividend by 3%, now providing current annual dividend yield of 5.3%

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

NNN we rank 2 BUY

NNN market cap \$3.2 billion

REIT Comment



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Company:	Prologis Inc
Price:	\$33
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,868
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
PLD \$33

Prologis Inc PLD news of improved industrial output supports continued growth for Industrial REITs

PLD yesterday's report of stronger than expected growth for US retail sales also supports positive outlook for industrial REITs

PLD report from Federal Reserve indicated industrial production gained UP+0.6% for July 2012, with manufacturing output UP +0.5%

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

PLD reported better than expected results for 2Q 2012, with core FFO UP +23%

PLD also increased low end of guidance range for FFO for 2012 to indicate growth in a range of UP +4%-+8%

PLD the largest publicly traded Industrial REIT

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

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

PLD we rank 2 BUY

PLD market cap \$15.9 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	Inland Real Estate
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$726
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
IRC \$8

Inland Real Estate IRC investors may be concerned over potential impact of SUPERVALU SVU downsizing on IRC

IRC additional risk associated with exposure to Best Buy BBY, at 1% of total rents, and Michael's Stores, also 1% of total rents

IRC Best Buy BBY announced strategic redesign to be accompanied by store size reduction, while Michael's Stores may be impacted by delayed IPO and by pending replacement of CEO following stroke suffered by founder

IRC grocery chain tenant SUPERVALU SVU (with stores branded SuperValu, Albertson's, Jewel-Osco, Lucky, Farm Fresh, Hornbacher, Shop 'N Save, Save-A-Lot, Star Market and Shaws) announced sharply lower earnings with revenues DOWN(5%) and EPS DOWN (46%) for 1Q FY 2012 ended June 16, 2012

IRC SuperValu SVU to suspend dividend and reduce capital expenditures pending review of strategic alternatives

IRC key tenant SuperValu SVU represents 7% of total IRC rents

IRC reported FFO UP +10% for 2Q 2012, and provided guidance for FFO for 2012 indicating growth UP +9%

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

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

IRC we rank 3 HOLD

IRC market cap \$726 million

REIT Comment



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Company:	NorthStar Realty Finance
Price:	\$5
Recommendation:	BUY
Ranking:	2
Market Cap:	\$589
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
NRF \$5

NorthStar Realty Finance NRF traded DOWN (\$0.11) per share to close DOWN (2%) day

NRF stock traded UP +15% year to date for 2012, underperforming Financial Commercial REITs, UP +27%

NRF during 3Q 2012 pending release of \$29 million surety bond on WaMu litigation provides incremental cash for portfolio investment

NRF 2Q 2012 invested \$552 million, including \$285 million to repurchase CDOs and \$267 million for commercial real estate loans and opportunistic investments

NRF 2Q 2012 portfolio \$5.0 billion, including \$1.6 billion commercial real estate debt, \$1.2 billion real estate securities, \$800 million operating real estate and \$1.4 billion other assets

NRF stock supported by current annual dividend yield of 11.7%

NRF has increased quarterly dividend distributions twice during 2012

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$589 million

REIT Comment



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Company:	Potlatch Corp.
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,401
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
PCH \$35

Potlatch PCH traded UP \$0.80 per share to close UP +2% day

PCH stock traded UP +12% year to date for 2012, outperforming Specialty REITs, UP +14%

PCH stock trading higher on news of higher homebuilder confidence with strong traffic to view new homes

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

PCH stock price supported by current dividend yield of 3.6%

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

PCH we rank 2 BUY

PCH market cap \$1.4 billion

REIT Comment



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Company:	Camden Property Trust
Price:	\$68
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,599
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
CPT \$68

Camden Property Trust CPT traded UP \$0.95 per share to close UP +1% day

CPT stock traded UP +9% year to date for 2012, outperforming Residential REITs, UP +6%

CPT previously reported better than expected results for 2Q 2012, with FFO UP +11%

CPT increased guidance for FFO for 2012 to indicate growth UP +18%

CPT properties under construction to add 3% to total capacity

CPT recently announced dividend increase UP +14% for current yield of 3.3%

CPT a Residential REIT with a diverse portfolio of apartment communities

CPT we rank 2 BUY

CPT market cap \$5.6 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,076
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/15/2012  
HST \$15

Host Hotels & Resorts HST traded UP \$0.21 per share to close UP +1% day

HST stock traded UP +4% year to date for 2012, underperforming Hotel REITs, UP +19%

HST news of sudden spike in gasoline prices should concern investors in travel related stocks including airlines and hotels

HST higher travel relating to political campaigns may help to offset normal seasonality at this time of year

HST previously reported 2Q 2012 FFO UP +10% for 2Q 2012, and increased guidance for FFO for 2012 to indicate growth of as much as UP +18%

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

HST we rank 3 HOLD

HST market cap \$11.1 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Equity Residential
Price:	\$60
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,775
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
EQR \$60

Equity Residential EQR news of slight increase in new unemployment claims indicates job market remains in a stable range

EQR Labor Department reported new unemployment claims UP+2,000 to seasonally adjusted 366,000 for week ended August 11, 2012 (with previous week's report corrected UP by 3,000)

EQR more important, 4 week moving average of new unemployment claims DOWN (4,500) to 363,750, maintaining a stable range

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

EQR previously increased low end of guidance range for 2012 FFO to indicate growth in range UP +12%+14%

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

EQR we rank 2 BUY

EQR market cap \$18.8 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	Plum Creek Timber
Price:	\$40
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,500
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text  
08/16/2012  
PCL \$40

Plum Creek Timber PCL news of construction starts for July 2012 indicates seasonal factors, although annual trends appear to indicate bottom in the US housing sector has been reached

PCL report from Commerce Department indicated home construction starts DOWN (1.1%) for July 2012 from previous month, to seasonally adjusted rate of 746,000

PCL report showed single family home starts UP +17% from previous year for July 2012

PCL building permits UP +6.8% during July 2012 to seasonally adjusted rate of 812,000, the highest level since August 2008

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

PCL recent management comments on 2Q 2012 conference call noted evident improvement in demand related to US housing sector

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

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

PCL we rank 2 BUY

PCL market cap \$6.5 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,208
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
DFT \$27

DuPont Fabros Technology DFT growth in demand for Internet services provided by data centers supports DFT stock

DFT last night's earnings report from networking provider Cisco CSCO demonstrates rapid segment growth, with revenues from data centers UP +90% from previous year for 4Q FY 2012 ended July 2012

DFT demand for wholesale data centers driven by growth of demand for Internet services from mobile internet devices including smartphones, tablets and e-readers, as well as notebook and netbook computers

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

DFT reported FFO DOWN (10%) for 2Q 2012, due to impact of unstabilized properties still in lease-up

DFT increased low end of guidance range for FFO for 2012 to indicate decline of no more than DOWN (9%)

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 \$2.2 billion

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,138
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
KIM \$20

Kimco Realty KIM news of lower same store sales for key tenants Sears Kmart and SUPERVALU should be viewed in context of shifting market share among retail tenants

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

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

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

KIM stock price supported by current dividend yield of 3.8%

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

KIM we rank 1 BUY

KIM market cap \$8.1 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Equity One
Price:	\$21
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,624
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
EQY \$21

Equity One EQY positive trends for grocery anchored tenants should outweigh pending store reductions by SUPERVALU SVU and Best Buy BBY

EQY grocery anchored shopping centers should see higher tenant sales due to escalating food costs

EQY exposure to grocery anchored tenants includes Publix at 11% of total rents, Kroger 3% and Winn Dixie 2%

EQY exposure to struggling SUPERVALU SVU at 5% of total portfolio, while Best Buy BBY represents 2% of total rents

EQY results for 2Q 2012 showed FFO DOWN (3%), while guidance for FFO for 2012 was slightly increased to indicate FLAT-DOWN (4%) year

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

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

EQY we rank 3 HOLD

EQY market cap \$2.6 billion

REIT Comment



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Company:	Taubman Centers
Price:	\$79
Recommendation:	BUY
Ranking:	2
Market Cap:	\$11,657
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
TCO \$79

Taubman Centers TCO reputation for ownership of exclusive upscale malls may obscure exposure to large tenants subject to downsizing

TCO exposure to struggling tenants JC Penney JCP at 6% of total rental space, while exposure to Sears SHLD at 5% of total space

TCO exposure to both of these downsizing tenants is dwarfed by key tenant Macys M, representing 20% of total portfolio space, operating under Macy's and Bloomingdale's department store names

TCO reported better than expected results for 2Q 2012, with FFO UP +9%

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

TCO investing in portfolio expansion in Puerto Rico and China

TCO a Retail REIT with a portfolio of upscale regional malls

TCO we rank 2 BUY

TCO market cap \$11.7 billion

REIT Comment



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Company:	CommonWealth REIT
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,378
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
CWH \$15

CommonWealth REIT CWH traded DOWN (\$0.35) per share to close DOWN (2%) day

CWH stock traded DOWN (9%) year to date for 2012, underperforming Office REITs, UP +19%

CWH reported lower FFO for 2Q 2012, DOWN (9%) on higher shares outstanding

CWH consolidated results reported for CWH still include properties divested to Select Income REIT SIR, now 70.5% owned by CWH since public offering of SIR completed during March 2012

CWH no guidance provided for FFO for 2012

CWH on a conference call with investors, management noted that Board of Trustees may consider dividend reduction to retain cash flow

CWH stock price supported by current annual dividend yield of 13.2%

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

CWH we rank 2 BUY

CWH market cap \$1.4 billion

REIT Comment



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Company:	Potlatch Corp.
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,434
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
PCH \$36

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

PCH stock traded UP +14% year to date for 2012, in line with Specialty REITs, UP +14%

PCH news of higher applications for building permits a positive signal for Specialty Timber REITs

PCH this week also brought news of higher homebuilder confidence and strong traffic to view new homes

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

PCH stock price supported by current dividend yield of 3.5%

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

PCH we rank 2 BUY

PCH market cap \$1.4 billion

REIT Comment



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Company:	Redwood Trust
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,101
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
RWT \$14

Redwood Trust RWT traded UP \$0.24 per share to close UP +2% day

RWT stock closed UP +35% year to date for 2012, outperforming Financial Mortgage REITs, UP +12%

RWT management hopes to complete another \$1 billion in securitizations of non-agency guaranteed Residential MBS during the rest of 2012

RWT stock price supported by current annual dividend yield of 7.3%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.1 billion

REIT Comment



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Company:	Mission West Properties
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$952
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/16/2012  
MSW \$9

Mission West Properties MSW traded UP \$0.14 per share to close UP +2% day

MSW traded UP and DOWN for no net change year to date for 2012, underperforming Office REITs, UP +12%

MSW investors await news of pending buyout of MSW, since management previously disclosed discussions with potential investors

MSW speculation on potential buyers includes Divco West, a west coast real estate firm, and TPG, private equity investors

MSW yield on regular dividend 6.3%

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

MSW we rank 2 BUY

MSW market cap \$952 million

REIT Comment



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Company:	Simon Property Group
Price:	\$160
Recommendation:	BUY
Ranking:	2
Market Cap:	\$56,641
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
SPG \$160

Simon Property Group SPG news of improved results for Gap Inc GPS a positive signal for Retail REITs with portfolios of regional malls

SPG Gap reported same store sales for 2Q FY 2013, ended July 2012, UP +4%, with Gap Stores and Banana Republic both UP +7%, and Old Navy UP +3%

SPG recovery for Gap viewed as an important driver for mall tenant sales with significant benefit during back-to-school sales season

SPG key tenant Gap represents 3% of total rental income for SPG

SPG management commented on conference call with investors that many established retailers as well as new concepts, seeking to expand, although a few, including Sears, JC Penney and Gap, are downsizing

SPG previously reported FFO UP +15% for 2Q 2012 and announced 10% dividend increase for 3Q 2012

SPG also increased guidance for FFO for 2012 to indicate growth UP +12%

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 \$56.6 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,069
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
NLY \$17

Annaly Capital Management NLY news of banks raising mortgage rates indicates market responding to news of US housing sector recovery

NLY although most recent report from FHFA (Federal Housing Finance Agency) notes no significant change to mortgage rates, banks including Bank of America, US Bank, Citi and Wells Fargo all increased rates by 0.01%-0.20%

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

NLY recent management comments note Federal Reserve and FHFA are supporting a stable market for agency guaranteed Residential MBS, at least through the Fall 2012 presidential election

NLY stock price supported by current annual dividend yield of 12.9%, 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 \$17.1 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$16
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,249
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
HST \$16

Host Hotels & Resorts HST news of higher gasoline prices may impinge on performance of Hotel REITs including HST

HST higher gasoline prices cause higher airfare and transportation costs leaving travelers with less money for discretionary purchases of extra nights and ancillaries during hotel stays

HST previously reported 2Q 2012 FFO UP +10% for 2Q 2012, and increased guidance for FFO for 2012 to indicate growth of as much as UP +18%

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

HST we rank 3 HOLD

HST market cap \$11.2 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Prologis Inc
Price:	\$34
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,131
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
PLD \$34

Prologis Inc PLD news of higher consumer sentiment supports positive outlook for economically sensitive Industrial REITs

PLD report from University of Michigan shows consumer sentiment in August 2012 at highest level since May 2012

PLD consumers more confident about spending, despite concern about stubbornly high unemployment and slow growth in incomes

PLD Industrial REITs benefit from higher retail sales, as manufacturers and retailers take additional space to serve incremental demand

PLD reported better than expected results for 2Q 2012, with core FFO UP +23%

PLD also increased low end of guidance range for FFO for 2012 to indicate growth in a range of UP +4% - +8%

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 \$16.1 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	EdR
Price:	\$11
Recommendation:	SELL
Ranking:	4
Market Cap:	\$1,037
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
EDR \$11

EdR EDR completed offering of 17.25 million shares at \$10.95 per share

EDR offering size increased from previous 13.5 million shares

EDR offering priced at discount of (3%) to previous closing price

EDR net proceeds of \$189 million to be applied to repay debt and invest in portfolio expansion

EDR joint bookrunning managers BofA Merrill Lynch and KeyBanc  
EDR lead managers PNC, RBC and UBS  
EDR co-managers Baird and Sandler O'Neill

EDR August 2012 offering increased total shares outstanding by 19%

EDR recent 43% dividend increase provides shareholders with current yield of 3.6%

EDR a Specialty REIT with a portfolio of educational housing communities

EDR we rank 4 SELL

EDR market cap \$1.0 billion

REIT Comment



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Company:	NorthStar Realty Finance
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$611
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
NRF \$6

NorthStar Realty Finance NRF traded UP \$0.13 per share to close UP +2% day

NRF traded UP +19% year to date for 2012, underperforming Financial Commercial REITs, UP +27%

NRF now trading near high price for 2012

NRF during 3Q 2012 pending release of \$29 million surety bond on WaMu litigation provides incremental cash for portfolio investment

NRF stock supported by current annual dividend yield of 11.7%

NRF has increased quarterly dividend distributions twice during 2012

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$611 million

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,331
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
KIM \$20

Kimco Realty KIM traded UP \$0.24 per share to close UP +1%

KIM stock traded UP +25% year to date for 2012, outperforming Retail REITs, UP +19%

KIM news of higher consumer confidence a positive signal for Retail REITs

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

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

KIM stock price supported by current dividend yield of 3.7%

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

KIM we rank 1 BUY

KIM market cap \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Capstead Mortgage Corporation
Price:	\$14
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,256
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
CMO \$14

Capstead Mortgage CMO traded UP \$0.14 per share to close UP +1% day

CMO stock closed UP +12% year to date for 2012, in line with Financial REITs, UP +12%

CMO news of Treasury change to preferred dividend payment terms for Fannie Mae and Freddie Mac unlikely to deter Financial Mortgage REITs from receiving consistent returns on portfolios of agency guaranteed Residential MBS

CMO stock price supported by current annual dividend yield of 11.4%, below 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 \$1.3 billion

REIT Comment



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Company:	CBL & Associates
Price:	\$21
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,052
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/17/2012  
CBL \$21

CBL & Associates CBL traded UP \$0.21 per share to close UP +1% day

CBL stock traded UP +36% year to date for 2012, outperforming Retail REITs, UP +19%

CBL higher consumer confidence a positive signal for Retail REITs

CBL reported better than expected FFO for 2Q 2012, UP +6%

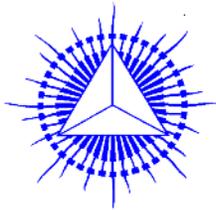
CBL guidance for FFO for 2012 indicates FLAT year, despite higher shares outstanding

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

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

CBL we rank 2 BUY

CBL market cap \$4.1 billion



**REIT Growth and Income Monitor** posted 48 REIT comments for the week ended August 17, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	8
Health Care REITs	2
Hotel REITs	3
Industrial REITs	2
Office REITs	6
Residential REITs	3
Retail REITs	14
Specialty REITs	10

Information on REIT sectors may be found using this link:

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

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

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

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