

## **REIT Growth and Income Monitor**

### **Weekly Comments 09/04/2012**

**Performance gap for REITs was restored at 1% year to date for 2012, compared to the S&P 500 Index.**

**Democratic convention highlights focus on jobs to drive economic growth .**

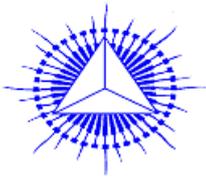
**AvalonBay Communities plans for FFO growth through portfolio development, as well as from rental rate increases.**

**Mid-America Apartment Communities should see the benefit of upscale properties added to portfolio mix.**

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**Weekly REIT Comments**  
**09/04/2012**

REIT stocks showed slight gains during quiet trading for the last week of August before the Labor Day holiday, the week ended August 31, 2012. REITs included in the S&P 500 Index are now up 13% year to date for 2012, slightly exceeding performance of the S&P 500 Index, also up 12% for 2012. Performance gap for 2012 was restored at 1%, as REIT stock price performance now exceeds performance of the S&P 500 Index by 0.8% (if both performance numbers are shown without rounding to nearest decimal). Average gain for all REITs followed by REIT Growth and Income Monitor stands at 18% year to date for 2012, exceeding 12% gain for the S&P 500 Index.

Investors reviewing REIT results for 2Q 2012 found 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.

**Residential REITs to Benefit from Higher Rental Rates and Portfolio Growth**

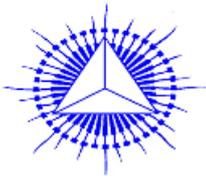
Investors should take note of unusual opportunity among Residential REITs, as lagging stock market performance at a time of exceptional FFO growth promises investors unusual returns. Results for 2Q 2012 exceeded expectations, with most Residential REITs increasing FFO guidance for 2012. Apartment shortage keeps occupancy high in all urban areas, and rental rate increases are accelerating. Rental rate increases exceed 5%, with little discernible impact on apartment turnover. Significant new supply of apartments is expected to impact occupancy no sooner than 2014, providing another 18 months of exceptional profitability. Those Residential REITs with active development pipelines are expecting to extend unusually high FFO growth beyond 2012-2013 into 2014-2015, as new communities add to earnings potential. Factors that could derail this positive growth scenario include sharply higher unemployment, or a sudden change in the desire for home ownership. Neither of these appear likely to occur, causing us to view Residential REITs as providing an exceptional opportunity for investors. Residential REITs included in the S&P 500 Index (**Equity Residential, AvalonBay Communities and Apartment Investment and Management**) should lead the way, while midcap and small cap Residential REITs (including **Associates Estates Realty, Camden Property Trust, Colonial Properties Trust, Essex Property Trust, Home Properties, Mid-America Apartment Communities and Post Properties**) also establish record FFO growth and profitability.

**Trading Opportunities**

**AvalonBay Communities**, with market cap of \$14 billion, rallied 8% for 2012, exceeding average performance for Residential REITs. **AvalonBay Communities** appears exceptionally well positioned to benefit from the emerging apartment shortage in key markets over the next few years. With a pipeline of \$1.6 billion projects now under construction, the slow rate of apartment construction spending since 2008 may favor **AvalonBay Communities**, with its proven formula of owning and developing upscale apartment communities in east and west coast suburban locations. **AvalonBay Communities** enjoys occupancy of 96% for its portfolio of 53,000 apartments as of 2Q 2012, with average monthly rents up more than 6%. FFO increased 19% for 2Q 2012, while guidance for FFO for 2012 indicates growth of as much as 21%. Dividends were increased 9% for 2012, providing income investors with current yield of 2.7%.

Stock price for midcap Residential REIT **Mid-America Apartment Communities** is up 9% year to date for 2012, for market cap of less than \$3 billion. Prospects for growth in key midwestern and southern markets appear particularly strong over the next 3 years. New developments will add 3% to portfolio capacity, while acquisitions of \$300-\$350 million per year add to portfolio expansion. **Mid-America Apartment Communities** sees leveraged returns through acquisition of upscale condominiums, some with resort style features. Premium rents for these acquired properties should add to profits from 2012-2015. FFO for 2Q 2012 increased 13%, with guidance for FFO 2012 also indicating growth of 13%. Dividends were increased 5% for 2012, now providing income investors with 3.9% yield.

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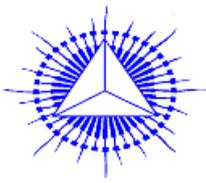
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Weekly	2012						
		12/30/2011	07/27/2012	08/03/2012	08/10/2012	08/17/2012	08/24/2012	08/31/2012	Change	Price Change
<b>Apartment Investment and Management</b>	<b>AIV</b>	\$23	\$27	\$27	\$26	\$26	\$27	\$26	-1%	16%
<b>AvalonBay Communities</b>	<b>AVB</b>	\$131	\$146	\$145	\$140	\$142	\$144	\$142	-2%	8%
<b>Boston Properties</b>	<b>BXP</b>	\$100	\$111	\$113	\$111	\$112	\$112	\$112	0%	13%
<b>Equity Residential</b>	<b>EQR</b>	\$57	\$63	\$63	\$60	\$60	\$61	\$60	-1%	6%
<b>HCP Inc.</b>	<b>HCP</b>	\$41	\$47	\$46	\$45	\$45	\$45	\$46	2%	11%
<b>Health Care REIT</b>	<b>HCN</b>	\$55	\$62	\$61	\$60	\$60	\$58	\$58	1%	7%
<b>Host Hotels &amp; Resorts</b>	<b>HST</b>	\$15	\$15	\$15	\$15	\$16	\$15	\$15	-0%	4%
<b>Kimco Realty</b>	<b>KIM</b>	\$16	\$19	\$20	\$20	\$20	\$20	\$20	0%	25%
<b>Plum Creek Timber</b>	<b>PCL</b>	\$37	\$41	\$41	\$40	\$41	\$41	\$41	1%	12%
<b>Prologis, Inc</b>	<b>PLD</b>	\$29	\$33	\$34	\$33	\$34	\$33	\$34	2%	20%
<b>Public Storage</b>	<b>PSA</b>	\$134	\$149	\$148	\$145	\$145	\$143	\$146	2%	8%
<b>Simon Property Group</b>	<b>SPG</b>	\$129	\$160	\$163	\$158	\$160	\$157	\$159	1%	23%
<b>Ventas</b>	<b>VTR</b>	\$55	\$67	\$67	\$64	\$64	\$64	\$65	2%	19%
<b>Vornado Realty Trust</b>	<b>VNO</b>	\$77	\$83	\$86	\$80	\$82	\$82	\$81	-1%	6%
<b>S&amp;P 500 Index</b>	<b>S&amp;P 500</b>	\$1,258	\$1,386	\$1,365	\$1,406	\$1,418	\$1,411	\$1,407	-0%	12%
<b>Average for S&amp;P 500 Index REITs</b>									0%	13%

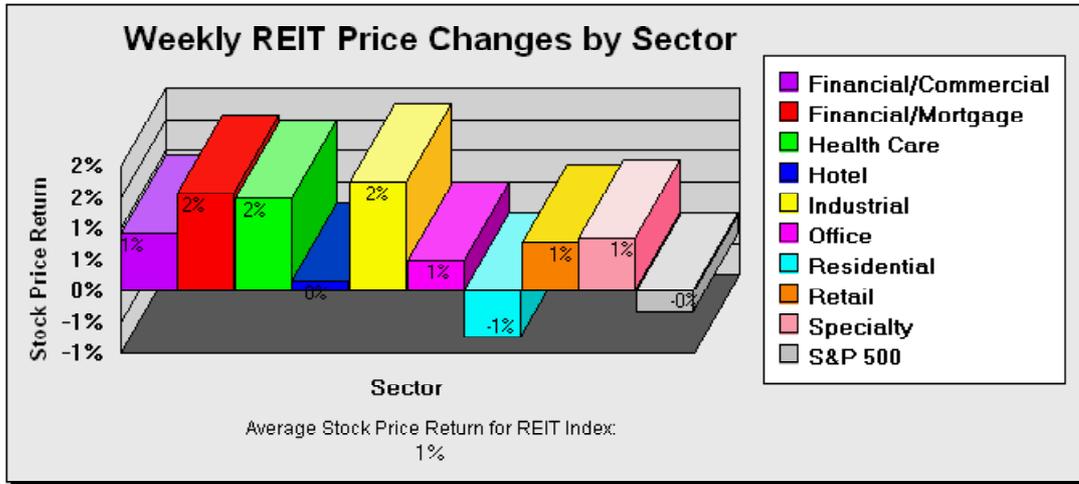
REIT stocks traded slightly higher for the last week of August, showing gain of less than 1% for the week ended August 31, 2012. REITs exceeded performance of the S&P 500 Index, trading down less than (1%) for the week. The S&P 500 Index is up 12% year to date for 2012, lagging REIT performance, now up 13%. Performance gap for S&P 500 Index REITs was restored at 1% year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Simon Property Group**, up 23%, and **Kimco Realty**, up 25%. Residential REITs moderated, with **Apartment Investment and Management** up 16%, **AvalonBay Communities** up 8% and **Equity Residential** up 6% year to date for 2012. Office REITs showed mixed performance, with **Boston Properties** up 13% and **Vornado Realty Trust** up 6% year to date for 2012. Health Care REITs maintain gains after surprise Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 11%, **Health Care REIT** up 7% and **Ventas** up 19% year to date for 2012. Industrial REIT **Prologis, Inc** now shows 20% gain for 2012, reflecting investor confidence in profit improvement after the 2011 merger. Specialty Timber REIT **Plum Creek Timber** rallied to show gain of 12% 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 4% year to date for 2012, as gasoline prices moved back up decisively after eroding during June and July 2012.

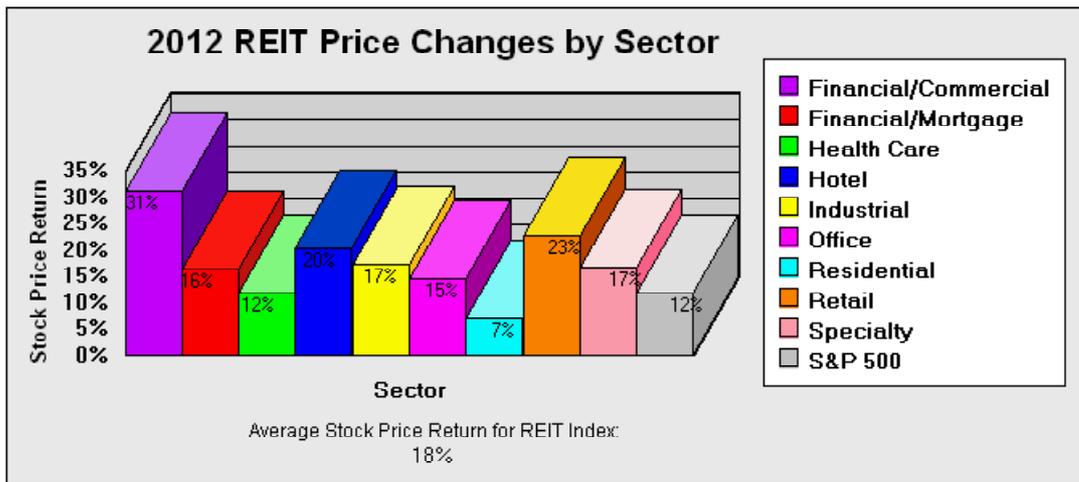
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Weekly REIT Price Changes by Sector

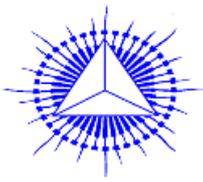


Most REIT sectors traded up during the last week of August, showing modest gains for the week ended August 31, 2012. Only a single REIT sector underperformed the S&P 500 Index, trading down less than (1%) for the week. Strongest sectors were Financial Mortgage REITs, Health Care REITs and Industrial REITs, all up 2%. Office REITs, Retail REITs and Specialty REITs increased 1%, while Hotel REITs increased less than 1%. Lagging sector was Residential REITs, down (1%). On average, stock prices for REIT Growth and Income Monitor increased 1% for the week ended August 31, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 18% on average year to date for 2012, exceeding performance of the S&P 500 Index, showing gain of 12% 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 Retail REITs, up 23% and by Hotel REITs, up 20%. Specialty REITs show 17% 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 17% gain, while Office REITs now show 15% gain year to date for 2012. Financial Mortgage REITs are up 16%. Health Care REITs are up 12% 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 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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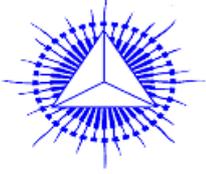


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REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,047
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:  
08/27/2012  
HST \$15

Host Hotels & Resorts HST news of potential oil refinery disruption due to storm in the Gulf of Mexico causing brief spurt in oil prices

HST stock may temporarily trade down over concern over higher gasoline prices

HST pending seasonal decline in oil demand should cause oil and gasoline prices to moderate by mid-September

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 also sensitive to concerns over European economies

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 \$11.0 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,899
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  
08/27/2012  
MFA \$8

MFA Financial MFA certain Financial Mortgage REITs may benefit from pending investment portfolio reductions by Fannie Mae

MFA new terms of Treasury agreement require Fannie Mae to divest \$23 billion of investment portfolio assets by end of December 2012, to meet maximum investment portfolio cap of \$650 billion

MFA assets to be divested include non-conforming loans, mortgages originated prior to 2008, and some distressed loans

MFA portfolio of agency guaranteed and non-agency guaranteed Residential MBS and mortgage loans generating higher returns than most Financial Mortgage REITs due to portion invested in non-agency securities

MFA 2Q 2012 \$11.5 billion portfolio of Residential MBS includes \$7.0B agency guaranteed MBS and \$4.7 billion non-agency MBS, with non-agency MBS generating majority of portfolio income, due to higher yield

MFA incremental portfolio investment opportunities provided by Fannie Mae divestitures may benefit shareholders through higher income and dividends generated by portfolio profits

MFA stock supported by current annual dividend yield of 11.3%, near the midpoint of the range for Financial Mortgage REITs

MFA a Financial Mortgage REIT with a portfolio of agency guaranteed and nonagency guaranteed Residential loans and MBS

MFA we rank 2 BUY

MFA market cap \$2.9 billion

REIT Comment



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Company:	Redwood Trust
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,120
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:  
08/27/2012  
RWT \$14

Redwood Trust RWT new Fannie Mae and Freddie Mac repayment terms on US Treasury debt has no impact of Financial Mortgage REITs with portfolios of non-agency guaranteed Residential MBS

RWT limitations on Fannie Mae and Freddie Mac investment portfolios to maximum of \$650 billion by end of December 2012 offers incremental investment opportunities for Financial Mortgage REITs seeking higher yield through non-conforming loans and securities

RWT expertise in trading of non-agency guaranteed securities may prove beneficial for certain Financial Mortgage REITs as market adapts to change

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 7.1%, 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:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,335
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:  
08/27/2012  
KIM \$20

Kimco Realty KIM potential buyout of Best Buy BBY by founder Schulze unlikely to change BBY store reformatting plans or terms of current leases

KIM limited exposure to lower PC sales, as consumers shift buying interest to smartphones and tablets

KIM Best Buy BBY one of the largest electronics retailers with 20% overall market share for US retail computer and electronics sales

KIM Best Buy BBY previously reported same store sales DOWN(3.2%) for quarter ended August, 2012, with US stores DOWN (1.6%) and international stores DOWN (8.2%), noting softer sales of notebook computers

KIM exposure to struggling consumer electronics tenants limited to a small portion of total portfolio with Best Buy BBY representing 2% of total rents, while #2 vendor of retail electronics, Wal-Mart WMT, represents 3% of total rents

KIM exposure to office supply retailers, most selling some computers, peripherals and accessories, less than 1% each for Staples, Office Max and Office Depot

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:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,342
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:  
08/27/2012  
NLY \$17

Annaly Capital Management NLY pending investment portfolio reductions by Fannie Mae may benefit certain Financial Mortgage REITs used to investing in non-agency guaranteed securities

NLY Fannie Mae required to divest \$23 billion of investment portfolio assets by end of December 2012, to meet maximum investment portfolio cap of \$650 billion

NLY assets to be divested by Fannie Mae include nonconforming loans, mortgages originated prior to 2008, and some distressed loans

NLY 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 CIM and Crexus Investment CXS

NLY recent news of change in Treasury payments for Fannie Mae and Freddie Mac may be viewed as way to delay further action to reform the GSEs

NLY stock price supported by current annual dividend yield of 12.8%, 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:	Pennsylvania REIT
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$906
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:  
08/27/2012  
PEI \$16

Pennsylvania REIT PEI rebounding sales at Gap Inc GPS sets positive tone for important back-to-school shopping season

PEI Gap GPS previously 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%

PEI exposure to key tenant Gap at 4% of total rents

PEI limited exposure to retailers determined to downsize with Sears/Kmart SHLD at 2% of total rents and Best Buy BBY at 1%

PEI seeking to divest wholly owned power centers

PEI reported better than expected results for 2Q 2012, with FFO UP +12%

PEI guidance for FFO for 2012 indicates FFO decline DOWN (5%)

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

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

PEI we rank 2 BUY

PEI market cap \$906 million

REIT Comment



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Company:	Simon Property Group
Price:	\$159
Recommendation:	BUY
Ranking:	2
Market Cap:	\$56,293
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:  
08/27/2012  
SPG \$159

Simon Property Group SPG traded UP \$1.61 per share to close UP +1% day

SPG stock traded UP +23% year to date for 2012, slightly outperforming Retail REITs, UP +22%

SPG next week key retailers to report same store sales for August 2012, providing investors with guide to tenant sales trends for 3Q 2012

SPG mixed results reported for July 2012 and important back-to-school shopping season makes August a key month for retailers

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 \$56.3 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	DDR Corp
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,235
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:  
08/27/2012  
DDR \$15

DDR Corp DDR traded UP \$0.12 per share to close UP +1% day

DDR stock traded UP +24% year to date for 2012, outperforming Retail REITs, UP +22%

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

DDR news of drought impacted harvest expected to drive food prices higher

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

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

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

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

DDR we rank 2 BUY

DDR market cap \$4.2 billion

REIT Comment



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Company:	Plum Creek Timber
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$6,594
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:  
08/27/2012  
PCL \$41

Plum Creek Timber PCL traded UP \$0.25 per share to close UP +1% day

PCL stock traded UP +12% year to date for 2012, underperforming Specialty REITs, UP +16%

PCL last week news of higher new home sales supports positive outlook for Specialty Timber REITs

PCL higher monthly rental rates for apartments may drive additional customer traffic for homebuilders, as apartment dwellers consider new home purchase

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 4.1%

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

PCL we rank 2 BUY

PCL market cap \$6.6 billion

PCL an S&P 500 Index REIT

REIT Comment



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Company:	LaSalle Hotel Properties
Price:	\$28
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,340
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:  
08/27/2012  
LHO \$28

LaSalle Hotel Properties LHO traded DOWN (\$0.18) per share to close DOWN (1%) day

LHO stock traded UP +14% year to date for 2012, underperforming Hotel REITs, UP +20%

LHO sudden increase in gasoline prices a result of fear over weather impact on refineries

LHO higher gasoline prices impact travel related stocks, including airlines and hotels, as investors consider impact of higher travel costs on total spending

LHO additional investor concern over impact of government spending decline on DC hotels

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

LHO previously reduced top end of guidance range for FFO for 2012 to indicate FFO growth UP as much as UP +38%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.3 billion

REIT Comment



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Company:	Ashford Hospitality Trust
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$687
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:  
08/28/2012  
AHT \$8

Ashford Hospitality Trust AHT bad weather in Gulf of Mexico driving temporary spike in oil and gasoline prices

AHT news of hurricane expected to cause temporary closing of as much as 10% of US fuel production capacity

AHT oil and gasoline prices should moderate by mid-September due to normal seasonal decline in oil demand

AHT 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

AHT exposure to slow hotel market in metropolitan DC market insignificant compared to less diversified Hotel REITs such as LaSalle Hotel Properties LHO, with 30% exposure to metropolitan DC area

AHT reported RevPAR (revenue per available room) gains of more than UP +6% for portfolio of legacy hotels, indicating significant recovery in earnings power

AHT stock price supported by current annual dividend yield of 5.4%, with 100% of dividend untaxed as return of capital for 2011

AHT a Hotel REIT

AHT we rank 2 BUY

AHT market cap \$687 million

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$22
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,686
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:  
08/28/2012  
OFC \$22

Corporate Office Properties Trust OFC discussion of federal budget at Republican convention this week highlights pending impact on certain REITs with tenants subject to federal spending constraint:

OFC defense programs to be reduced by (\$55) billion for FY 2013, representing at least (10%) cut to every program not specifically exempted from automatic spending cuts

OFC has highest exposure of any publicly traded REIT to defense and intelligence agencies already at more than 60% of total rental revenues, to increase to more than 70% as a result of pending strategic divestiture of suburban office properties

OFC reported FFO DOWN (5%) for 2Q 2012, and reduced guidance for FFO for 2012 to indicate decline DOWN (7%)

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

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

OFC we rank 5 SELL

OFC market cap \$1.7 billion

REIT Comment



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Company:	Government Properties Income Trust
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,061
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:  
08/28/2012  
GOV \$23

Government Properties Income Trust GOV this week's Republican convention to highlight discussion of federal spending cuts

GOV pending reductions in government spending may impact trading in GOV stock as investors consider implications of pending "fiscal cliff"

GOV report this month from CBO projects automatic government spending decline to cause (0.5%) decline in US GDP for 2013, with GDP decline DOWN (2.9%) forecast for first 6 months of 2013, and modest growth during last 6 months of 2013

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

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

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

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

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

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



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Company:	CYS Investments
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,647
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:  
08/28/2012  
CYS \$14

CYS Investment CYS change in terms of Treasury agreement for Fannie Mae and Freddie Mac do not directly impact Financial Mortgage REITs

CYS move appears designed to delay more substantive reform of GSEs pending Congressional action after the November 2012 elections

CYS sooner than expected liquidation of a portion of Fannie Mae and Freddie Mac portfolios creates more portfolio opportunities for Financial Mortgage REITs

CYS portfolio of agency guaranteed Residential MBS concentrated 58% in 15 year fixed rate mortgages

CYS proceeds of recent \$622 million stock offering now fully invested in portfolio of agency guaranteed Residential MBS

CYS stock price supported by current annual dividend yield of 14.1%, at the high end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.6 billion

REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,392
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:  
08/28/2012  
NLY \$17

Annaly Capital Management NLY news of higher home prices another sign of US housing sector recovery

NLY survey report of 20 metropolitan areas from Case-Shiller shows US home prices UP +2.3% for June 2012 from previous month

NLY survey report shows US home prices UP +1.2% from previous year for 2Q 2012

NLY home prices reported UP from previous year for 16 of 20 metropolitan areas

NLY largest gains reported for Phoenix UP +13.9%, Minneapolis UP +5.7%, Denver UP +4.0% and Washington DC UP +3.9%

NLY largest home price declines reported for Atlanta DOWN (12.1%), New York DOWN (2.1%), Chicago DOWN (1.7%) and San Diego DOWN (0.2%)

NLY Financial Mortgage REITs benefit from greater housing sector activity through higher volume of mortgages, enabling portfolio repositioning

NLY recent news of change in Treasury payments for Fannie Mae and Freddie Mac may be viewed as way to delay further action to reform the GSEs

NLY stock price supported by current annual dividend yield of 12.8%, 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 \$17.4 billion

REIT Comment



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Company:	CubeSmart
Price:	\$13
Recommendation:	BUY
Ranking:	1
Market Cap:	\$1,666
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:  
08/28/2012  
CUBE \$13

CubeSmart CUBE traded UP \$0.24 per share to close UP +2% day

CUBE stock traded UP +22% year to date for 2012, outperforming Specialty REITs, UP +16%

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

CUBE acquisitions drive portfolio expansion

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 \$1.7 billion

REIT Comment



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Company:	Potlatch Corp.
Price:	\$36
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,449
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:  
08/28/2012  
PCH \$36

Potlatch PCH traded UP \$0.53 per share to close UP +2% day

PCH stock traded UP +15% year to date for 2012, slightly underperforming Specialty REITs, UP +16%

PCH news of Case-Shiller home price survey showing nationwide improvement in home prices as of June 2012 supports recovery in US housing sector

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:	Alexandria Real Estate Equities
Price:	\$74
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,542
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:  
08/28/2012  
ARE \$74

Alexandria Real Estate Equities ARE traded UP \$0.73 per share to close UP +1% day

ARE stock traded UP +7% year to date for 2012, underperforming Health Care REITs, UP +10%

ARE this summer's news of Supreme Court acceptance of Affordable Care Act should increase demand for products and services provided by ARE tenants

ARE investing \$1.7 billion for development and redevelopment projects in US

ARE guidance for FFO for 2012 indicates growth UP +1%

ARE a Health Care REIT with a portfolio of office and laboratory properties net leased to biotech and pharmaceutical tenants

ARE we rank 2 BUY

ARE market cap \$4.5 billion

REIT Comment



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Company:	Mid-America Apartment Communities
Price:	\$69
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,859
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:  
08/28/2012  
MAA \$69

Mid-America Apartment Communities MAA traded UP \$0.51 per share to close UP +1% day

MAA stock traded UP +10% year to date for 2012, slightly outperforming Residential REITs, UP +8%

MAA like all Residential REITs seeing high occupancy and rental rate increases

MAA reported FFO UP +13% for 2Q 2012 while guidance for FFO for 2012 increased to indicate growth UP +14%

MAA investing \$140 million for 4 new apartment communities to add capacity increment of UP+3%

MAA stock price supported by annual dividend yield of 3.8%

MAA a Residential REIT with a diverse portfolio of apartment communities in southern states

MAA we rank 2 BUY

MAA market cap \$2.9 billion

REIT Comment



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Company:	Simon Property Group
Price:	\$159
Recommendation:	BUY
Ranking:	2
Market Cap:	\$56,244
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:  
08/29/2012  
SPG \$159

Simon Property Group SPG although report shows consumer confidence DOWN for August 2012, retail sales indicate tenant sales growth continues

SPG Conference Board reported consumer confidence index DOWN (4.8%) to 60.6% for August 2012

SPG next week key retailers to report same store sales for August 2012, providing investors with guide to tenant sales trends for 3Q 2012 for Retail REITs

SPG discounts available during important back-to-school shopping season help to support tenant sales growth, although impacting retailer margins

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 \$56.2 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	LaSalle Hotel Properties
Price:	\$28
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,356
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:  
08/29/2012  
LHO \$28

LaSalle Hotel Properties LHO impact of federal spending reductions to be greater than expected during first 6 months of 2013, according to recent report from CBO

LHO August 2012 report from CBO (Congressional Budget Office) projects automatic government spending decline to cause (0.5%) decline in US GDP for 2013, with GDP decline DOWN (2.9%) forecast for first 6 months of 2013, and modest growth during last 6 months of 2013

LHO across-the-board spending cuts by federal agencies likely to have significant impact on local DC economy, particularly on hotels dependent on business guests drawn by federal agency meetings and consumers visiting DC museums and tourist attractions, that may be subject to closings

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

LHO previously reduced top end of guidance range for FFO for 2012 to indicate FFO growth UP as much as UP +38%

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

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.4 billion

REIT Comment



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Company:	Vornado Realty Trust
Price:	\$82
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$15,717
Link:	<a href="http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/29/2012  
VNO \$82

Vornado Realty Trust VNO investors remain focused on potential liquidity from retail divestitures, despite pending downturn in FFO due to federal spending decline

VNO investor concern continues over loss of occupancy at DC properties, due to pressure on federal budgets

VNO more than 25% of total NOI generated in metropolitan DC area

VNO largest tenant is US government at 8% of total rents (mostly in Pentagon City properties)

VNO 2Q 2012 EBITDA for DC office properties DOWN (13.6%), with rents on new leases DOWN (4.2%)

VNO management seeking to divest \$1.0 billion retail properties, with proceeds to be reinvested in portfolio of office properties

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

VNO no guidance provided for FFO or adjusted EBITDA for 2012

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

VNO we rank 3 HOLD

VNO market cap \$15.7 billion

VNO an S&P 500 Index REIT

REIT Comment



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Company:	Prologis Inc
Price:	\$34
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,213
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:  
08/29/2012  
PLD \$34

Prologis Inc PLD positive revision of previously reported US GDP growth for 2Q 2012 supports continued positive outlook for Industrial REITs

PLD Commerce Department revised previously issued report of US GDP growth for 2Q 2012 to UP +1.7%, compared to previous estimate UP +1.5%

PLD Industrial REITs normally trade in line with coincident indicators of economic growth

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 \$16.2 billion

PLD an S&P 500 Index REIT

REIT Comment



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Company:	Hatteras Financial
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,244
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:  
08/29/2012

Hatteras Financial HTS news of lower mortgage volume reflects seasonality

HTS report from MBA (Mortgage Bankers Association) indicates mortgage application volume DOWN (4.3%) for week ended August 24, 2012

HTS mortgage applications for refinance DOWN (6.0%), while mortgage applications for home purchase UP +1.0%

HTS average interest rate on 30 year fixed rate conforming mortgages DOWN (0.06%) to 3.80%

HTS investment portfolio asset sales by Fannie Mae provides investment opportunities for Financial Mortgage REITs

HTS stock price supported by current annual dividend yield of 12.5%, 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:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,906
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:  
08/29/2012  
MFA \$8

MFA Financial MFA news of higher pending home contracts indicates US housing sector recovery continues at modest pace

MFA report from NAR (National Association of Realtors) indicates contracts for pending sales of existing homes UP +2.4% for July 2012 from previous month

MFA contracts for pending sales of existing homes UP +12.4% from previous year

MFA closings of pending sales contracts dependent on successful mortgage financing and appraisal process

MFA incremental portfolio investment opportunities provided by Fannie Mae divestitures may benefit shareholders through higher income and dividends generated by portfolio profits

MFA stock supported by current annual dividend yield of 12.3%, near the midpoint of the range for Financial Mortgage REITs

MFA a Financial Mortgage REIT with a portfolio of agency guaranteed and nonagency guaranteed Residential loans and MBS

MFA we rank 2 BUY

MFA market cap \$2.9 billion

REIT Comment



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Company:	UDR, Inc.
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,992
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:  
08/29/2012  
UDR \$25

UDR Inc UDR traded DOWN (\$0.22) per share to close DOWN (1%) day

UDR stock traded UP +1% year to date for 2012, underperforming Residential REITs, UP +8%

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

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

UDR a Residential REIT with a diverse portfolio of apartment communities

UDR we rank 2 BUY

UDR market cap \$6.0 billion

REIT Comment



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Company:	Highwoods Properties
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,510
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:  
08/29/2012  
HIW \$33

Highwoods Properties HIW traded DOWN (\$0.24) per share to close DOWN (1%) day

HIW stock traded UP +10% year to date for 2012, underperforming Office REITs, UP +14%

HIW investors may be concerned over potential impact of federal spending decline on certain Office REITs

HIW US government is most significant tenant at 9% of total rental revenue

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

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

HIW we rank 3 HOLD

HIW market cap \$2.5 billion

REIT Comment



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Company:	Brandywine Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,799
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:  
08/29/2012  
BDN \$12

Brandywine Realty Trust BDN traded UP\$0.16 per share to close UP +1% day

BDN stock traded UP +30% year to date for 2012, outperforming Office REITs, UP +14%

BDN investment in downtown Philadelphia properties adds higher average rents to portfolio of suburban office properties

BDN most recent guidance for FFO for 2012 indicates potential FFO decline DOWN (5%)

BDN stock price supported by current dividend yield of 4.9%

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

BDN we rank 3 HOLD

BDN market cap \$1.8 billion

REIT Comment



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Company:	LTC Properties, Inc.
Price:	\$33
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,086
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:  
08/29/2012  
LTC \$33

LTC Properties LTC stock traded UP \$0.30 per share to close UP +1% day

LTC stock traded UP +8% year to date for 2012, underperforming Health Care REITs, UP +10%

LTC like other Health Care REITs to benefit from Affordable Care Act

LTC individual health coverage and expansion of Medicaid to include young adults as beneficiaries should drive increased demand for services by tenants of LTCs skilled nursing properties

LTC stock price supported by current dividend yield of 5.2%

LTC a Health Care REIT with a portfolio concentrated in skilled nursing and assisted living properties and related debt

LTC we rank 3 HOLD

LTC market cap \$1.1 billion

REIT Comment



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Company:	Simon Property Group
Price:	\$158
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,967
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:  
08/30/2012  
SPG \$158

Simon Property Group SPG early reports of same store sales from key retailers for August 2012 indicates tenant sales gains continue

SPG anchor tenants report stronger than expected same store sales gains with Macy's (including department stores Macy's and Bloomingdale's) UP +5.1% and Nordstrom UP +21%

SPG mall tenants also reporting solid gains, with Gap UP +9% (including Gap UP +9%, Banana Republic UP +8%, and Old Navy UP +12%) and Limited UP +8% (including Victoria's Secret, Pink and Bath & Body Works)

SPG smaller mall tenants showing more variable results, with teen retailers The Buckle UP +4.5% and Ross Stores UP +8%, while Wet Seal DOWN (18.3%)

SPG additional August same store sales reports expected next week following Labor Day weekend

SPG discounts available during important back-to-school shopping season help to support tenant sales growth, although impacting retailer margins

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 \$56.0 billion

SPG an S&P 500 Index REIT

REIT Comment



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Company:	Equity Residential
Price:	\$61
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,204
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:  
08/30/2012  
EQR \$61

Equity Residential EQR flat new unemployment claims presents stable picture of employment trends

EQR report from Labor Department shows new unemployment claims FLAT at 374,000 for week ended August 25, 2012, compared to revised numbers for previous week

EQR more important, 4 week moving average of new unemployment claims UP +2,250 to 370,250

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

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

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

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

EQR we rank 2 BUY

EQR market cap \$19.2 billion

EQR an S&P 500 Index REIT

REIT Comment



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Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,351
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:  
08/30/2012  
KIM \$20

Kimco Realty KIM news of higher consumer spending belies this weeks report of lower consumer confidence

KIM report from Commerce Department reported retail spending UP+0.4% for July 2012

KIM early reports of August 2012 same store sales from big box retailers showed stronger than expected gains, with Target UP +4.2%, Costco UP +6% and Kohl's UP +3.4%

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 \$8.4 billion

KIM an S&P 500 Index REIT

REIT Comment



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Company:	Brookfield Properties Corp.
Price:	\$17
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,594
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:  
08/30/2012  
BPO \$17

Brookfield Properties BPO concern over impact of new banking regulation may impact trading in certain Office REITs

BPO investors concerned that demand for office space in New York may be reduced by new regulation impacting banks and financial firms, while DC office portfolio impacted by federal government spending decline

BPO potential NYC vacancy relating to expiration of Merrill Lynch lease during 2013 may impact trading in BPO stock over the next 12 months

BPO previously reported FFO FLAT for 2Q 2012, and made no change to 2012 guidance indicating FFO growth no more than UP +4%

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

BPO we rank 4 SELL

BPO market cap \$8.6 billion

REIT Comment



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Company:	Saul Centers
Price:	\$43
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,136
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:  
08/30/2012  
BFS \$43

Saul Centers BFS impact of federal spending cuts on local metropolitan DC economy may prove severe during first 6 months of 2013

BFS report this month from CBO projects automatic government spending decline to cause(0.5%) decline in US GDP for 2013, with GDP decline DOWN (2.9%) forecast for first 6 months of 2013, and modest growth during last 6 months of 2013

BFS recent acquisitions contributing to FFO growth, although no guidance provided for FFO for 2012

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

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

BFS we rank 3 HOLD

BFS market cap \$1.1 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$10,975
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:  
08/30/2012  
HST \$15

Host Hotels & Resorts HST oil prices trading lower may aid in performance of Hotel REITs

HST rapid restoration of oil refining capacity may prevent gasoline shortages while normal seasonal decline in oil demand in September 2012 likely to cause retreat in oil and gasoline prices

HST travel related stocks including airlines and hotels normally trade up while oil and gasoline prices move down

HST also sensitive to concerns over European economies

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 \$11.0 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	Boston Properties
Price:	\$112
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,793
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:  
08/30/2012  
BXP \$112

Boston Properties BXP discussion of additional regulatory changes for largest banks may impact trading in certain Office REITs

BXP exposure to financial industry tenants at close to 20% of total NOI

BXP investor concern over exposure to federal spending cuts, with 5% of rents directly paid by the US government and 22% of total EBITDA drawn from properties in the metropolitan DC area

BXP guidance for FFO for 2012 indicates FLAT year, while new guidance for current quarter 3Q 2012 indicates decline DOWN (12%)

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 \$16.8 billion

BXP an S&P 500 Index REIT

REIT Comment



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Company:	Getty Realty
Price:	\$18
Recommendation:	SELL
Ranking:	5
Market Cap:	\$609
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:  
08/30/2012  
GTY \$18

Getty Realty GTY traded DOWN (\$0.28) per share to close DOWN (2%) day

GTY stock traded UP +29% year to date for 2012, outperforming Specialty REITs, UP +16%

GTY results impacted by bankruptcy of key tenant Getty Petroleum Marketing Services formerly a subsidiary of Lukoil

GTY provides current annual cash dividend yield of 2.7%

GTY a Specialty REIT with a portfolio of net leased gasoline stations and convenience stores

GTY we rank 5 SELL

GTY market cap \$609 million

REIT Comment



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Company:	Colonial Properties Trust
Price:	\$22
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,090
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:  
08/30/2012  
CLP \$22

Colonial Properties Income Trust CLP stock traded DOWN (\$0.24) per share to close DOWN (1%) day

CLP stock traded UP +5% year to date for 2012, underperforming Residential REITs, UP +8%

CLP seeing improved rental rates and high occupancy for apartment properties like all Residential REITs

CLP growth in total FFO impacted by divestitures of commercial properties

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

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

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 \$2.1 billion

REIT Comment



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Company:	Omega Healthcare Investors
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,486
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:  
08/30/2012  
OHI \$24

Omega Healthcare Investors OHI traded UP \$0.30 per share to close UP +1% day

OHI stock traded UP +25% year to date for 2012, outperforming Health Care REITs, UP +10%

OHI approval of Affordable Care Act clears the way for improved performance for health care sector including Health Care REITs

OHI tenants to benefit from higher demand due to expansion of health care coverage

OHI reported better than expected results for 2Q 2012, with FFO UP +13%, and increased guidance to indicate 2012 FFO 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 \$2.5 billion

REIT Comment



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Company:	HCP Inc.
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,864
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:  
08/30/2012  
HCP \$46

HCP Inc HCP traded UP \$0.45 per share to close UP +1% day

HCP stock traded UP +10% year to date for 2012, in line with Health Care REITs, UP +10%

HCP investors expect consolidation to drive growth for Health Care REITs

HCP acquisitions continue at modest pace through 2Q 2012, with \$539 million investments year to date for 2012, compared to more than \$6 billion during first 6 months of 2011

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

HCP stock price supported by current annual dividend rate of 4.3%

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

HCP we rank 2 BUY

HCP market cap \$18.9 billion

HCP an S&P 500 Index REIT

REIT Comment



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Company:	Hospitality Properties Trust
Price:	\$24
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,984
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:  
08/31/2012  
HPT \$24

Hospitality Trust HPT traditional Labor Day "driving weekend" unlikely to impact 3Q 2012 results for HPT

HPT significance of variable volume at travel centers is limited by terms of master lease with key tenant TravelCenters of America TA

HPT key tenants still paying rents below minimum levels of master plan leases

HPT in midst of rebranding a significant portion of hotels, after struggling to complete asset divestitures

HPT no guidance provided for FFO for 2012

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

HPT a Hotel REIT with a portfolio concentrated in highway hotels and travel centers

HPT we rank 5 SELL

HPT market cap \$3.0 billion

REIT Comment



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Company:	Government Properties Income Trust
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,060
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:  
08/31/2012  
GOV \$23

Government Properties Income Trust GOV this week's Republican convention highlights discussion of federal spending cuts

GOV pending reductions in government spending may impact trading in GOV stock as investors consider implications of pending "fiscal cliff"

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

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

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

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

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

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



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Company:	Corporate Office Properties Trust
Price:	\$22
Recommendation:	SELL
Ranking:	5
Market Cap:	\$1,704
Link:	<a href="http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT">http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&amp;REIT</a>

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Additional Text:  
08/31/2012  
OFC \$22

Corporate Office Properties Trust OFC discussion of federal budget at Republican convention this week highlights impact of federal spending reductions on certain REITs

OFC US defense programs to be reduced by (\$55) billion for FY 2013, representing at least (10%) cut to every program not specifically exempted from automatic spending cuts

OFC has highest exposure of any publicly traded REIT to defense and intelligence agencies already at more than 60% of total rental revenues, to increase to more than 70% as a result of pending strategic divestiture of suburban office properties

OFC reported FFO DOWN (5%) for 2Q 2012, and reduced guidance for FFO for 2012 to indicate decline DOWN (7%)

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

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

OFC we rank 5 SELL

OFC market cap \$1.7 billion

REIT Comment



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Company:	DuPont Fabros Technology
Price:	\$28
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,282
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:  
08/31/2012  
DFT \$28

DuPont Fabros Technology DFT news this week of continued strength in retail sales reflected in much stronger than expected online sales for key retailers

DFT Macy's reported online sales UP +37.4% for August 2012, compared to same store retail sales UP +5.1%

DFT American Eagle Outfitters AEO reported online sales UP +28% for most recent quarter, far in excess of US retail comp store gain, UP +9%

DFT Best Buy BBY reported online sales UP +14% for quarter ended July 2012, while US same stores sales declined DOWN (1.6%)

DFT online "store fronts" for JoS A Bank on Amazon and eBay generated revenues UP +39.3% for quarter ended July 2012, while same store sales showed gain UP +6.1%

DFT e-commerce adds to growth in demand for wholesale data centers, aided by proliferation of mobile internet devices including smartphones, tablets and e-readers, as well as notebook and netbook computers

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

DFT 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 \$2.3 billion

REIT Comment



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Company:	Getty Realty
Price:	\$18
Recommendation:	SELL
Ranking:	5
Market Cap:	\$609
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:  
08/31/2012  
GTY \$18

Getty Realty GTY end of summer driving season unlikely to impact results for GTY portfolio of gasoline stations and convenience stores

GTY repossessed 788 properties previously leased to bankrupt tenant Getty Petroleum Marketing

GTY ability to continue to distribute dividends may be impacted again by bankruptcy of key tenant Getty Petroleum Marketing Services, if complete re-leasing of former Getty and Lukoil gas stations is unsuccessful

GTY provides current annual cash dividend yield of 2.7%

GTY a Specialty REIT with a portfolio of net leased gasoline stations and convenience stores

GTY we rank 5 SELL

GTY market cap \$609 million

REIT Comment



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Company:	Annaly Capital Management
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,443
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:  
08/31/2012  
NLY \$17

Annaly Capital Management NLY political conventions mark the start of official Presidential campaign season, with little news on mortgage market likely during speeches

NLY Republicans blame Democrats for high debt and lack of economic opportunities while Democrats try to claim success with loan modification programs hampered by banks intransigence in lending to troubled borrowers

NLY recent change in terms for Treasury repayment by Fannie Mae and Freddie Mac appears to delay need for additional Congressional action on Fannie Mae reform

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

NLY stock price supported by current annual dividend yield of 12.8%, 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 \$17.4 billion

REIT Comment



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Company:	Host Hotels & Resorts
Price:	\$15
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$11,011
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:  
08/31/2012  
HST \$15

Host Hotels & Resorts HST traded UP \$0.16 per share to close UP +1% day

HST stock traded UP +4% year to date for 2012, underperforming Hotel REITs, UP +20%

HST stock may trade higher as gasoline prices moderate following storm related refinery closures during August 2012

HST travel related stocks including airlines and hotels normally trade up while oil and gasoline prices move down

HST sensitive to concerns over European economies

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

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

HST we rank 3 HOLD

HST market cap \$11.0 billion

HST an S&P 500 Index REIT

REIT Comment



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Company:	American Campus Communities
Price:	\$47
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,537
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:  
08/31/2012  
ACC \$47

American Campus Communities ACC traded UP \$0.36 per share to close UP +1% day

ACC stock traded UP +11% year to date for 2012, underperforming Specialty REITs, UP +16%

ACC portfolio expansion driven by acquisitions and new development of student housing properties

ACC guidance for 2012 FFOM indicates growth UP +13%

ACC FFOM modifies FFO to add performance of jointly owned on-campus residences

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

ACC a Specialty REIT with a portfolio of student housing communities

ACC we rank 3 HOLD

ACC market cap \$3.5 billion

REIT Comment



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Company:	Public Storage
Price:	\$146
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$24,951
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:  
08/31/2012  
PSA \$146

Public Storage PSA traded UP \$0.95 per share to close UP +1% day

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

PSA portfolio of US self-storage properties seeing growth from higher rental rates

PSA profitability of Shurgard Europe portfolio impacted by currency translation

PSA a Specialty REIT with a portfolio of self-storage facilities in US and Europe

PSA we rank 3 HOLD

PSA market cap \$25.0 billion

PSA an S&P 500 Index REIT

REIT Comment



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Company:	Associated Estates Realty Corp.
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$644
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:  
08/31/2012  
AEC \$15

Associated Estates AEC traded DOWN (\$0.09) per share to close DOWN (1%) day

AEC stock traded DOWN (5%) year to date for 2012, underperforming Residential REITs, UP +8%

AEC seeing higher rental rates and high occupancy driving profitability improvement

AEC reported FFO UP +19% for 2Q 2012

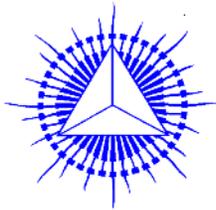
AEC guidance for 2012 FFO indicates growth UP +21%

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

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$644 million



**REIT Growth and Income Monitor** posted 50 REIT comments for the week ended August 31, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	7
Health Care REITs	4
Hotel REITs	7
Industrial REITs	1
Office REITs	9
Residential REITs	4
Retail REITs	9
Specialty REITs	9

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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