

REIT Growth and Income Monitor

Weekly Comments 09/17/2013

REIT stocks stabilized, trading up 2%, as negative performance gap compared to S&P 500 Index remained at (17%).

Health Care REIT stocks bear the brunt of budget compromise, as Republicans seek to defund Affordable Care Act in a deal to pass continuing resolution.

HCP offers investors steady income and rental growth from diversified portfolio of health care and life science properties.

Acquisitions add to growth potential for Health Care REIT, third largest Health Care REIT included in the S&P 500 Index.

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**Weekly REIT Comments**
09/17/2013

REIT stocks traded up 2% for the week ended September 13, 2013. REIT stocks now show gain of 1% year to date for 2013, far behind performance of the S&P 500 Index, up 18%, as negative performance gap remained at (17%) year to date for 2013. During 3Q 2013, REITs show the worst underperformance seen since 3Q 2009, when fears of collapsing US economy dominated the news. Average gain for all REITs followed by REIT Growth and Income Monitor is now 6% for 2013, trailing 18% gain for the S&P 500 Index.

Tenants of Health Care REITs will be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Hotel REITs trade inversely to gasoline prices, while better than expected FFO growth restores confidence. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Residential REITs expect exceptional FFO growth to continue through 2013, driven by tight occupancy and rental rate increases. Specialty Timber REITs, with portfolios of timberlands and sawlog mills, benefit from improving environment for homebuilders. Performance of Retail REITs is impacted by slowing tenant sales growth, although rental rate increase sustains long term FFO growth. Investors are leery of Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery.

Financial Mortgage REITs face significant fundamental change, as recently proposed reform legislation was introduced to Congress during 3Q 2013, to be debated during 4Q 2013. Proposals to liquidate Fannie Mae within 5 years face stiff opposition from liberal Congressmen and Senators, as industry experts and lobbyists warn another recession could follow removal of government support from the housing sector. Reform of Fannie Mae may ultimately impact the housing sector starting in 2014 and 2015, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS and non-agency securities provides a lift for Financial Commercial REITs, although fears of higher interest rates cause all Financial Mortgage REITs to underperform due to impact of bond market volatility on portfolio valuations and book value.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 17 REITs in the S&P 500 Index are actually invested in financial assets. Dividends continue to move higher during 2013. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Health Care REITs Bear the Brunt of Budget Compromise

Investors have come to rely on the Affordable Care Act as supporting tenants of Health Care REITs through pending expansion of the insured population. Now Speaker of the House John Boehner promises to attach a bill to defund the state sponsored health exchange provisions of the Affordable Care Act to the desperately needed continuing resolution to fund the federal government past September 30, 2013. Without state sponsorship of the health insurance exchanges, the individual health mandate is effectively blocked. This new delay in implementation of the Affordable Care Act follows only a few weeks after President Obama delayed the employer mandate portion of the Act until 2015. Republicans in the House of Representatives and the Senate vow to stake their votes on this issue as proof of their commitment to fiscal responsibility, while opponents to the measure see this as a partisan blocking maneuver over a structural change that was already voted into law 3 years ago, during 2010. This vote will not undo changes to Medicaid. Expansion of the Medicaid program is a matter of state choice, with 24 of 50 states already agreeing to expand Medicaid coverage to eligible young adults. Tenants of Health Care REITs will benefit from Medicaid expansion while wrangling continues over timing of required health coverage for employers and individuals. Longer term trends for Health Care REITs remain favorable, due to powerful demographic trends.

Investors should act now to add positions in Health Care REITs for both growth and income purposes. Large cap Health Care REITs include **HCP**, **Health Care REIT**, and **Ventas** (all 3 included in the S&P 500 Index). Smaller cap Health Care REITs with positive growth outlook include **Healthcare Realty Trust** (with portfolio concentrated in medical office buildings), **Medical Properties Trust** (with a portfolio of specialty hospitals), and **Omega Healthcare Investors** (with a portfolio of skilled nursing and senior housing properties). Other Health Care REITs that may attract value oriented investors include **LTC Properties**, **National Health Investors** and **Senior Housing Properties Trust**.

Trading Opportunities

HCP Inc, with market cap of \$19 billion, underperformed other Health Care REITs, trading down (8%) year to date for 2013, following gain of 17% for 2012. A well diversified Health Care REIT, **HCP** owns 1,164 health care properties, including senior living and assisted living properties, as well as hospitals, medical office buildings and life science research facilities. FFO for 2Q 2013 increased 4%. Guidance for FFO for 2013 indicates 6%-9% growth. **HCP** increased dividends 6% during 2013 (for the third year of dividend increase), now providing 5.1% yield for income investors, with 24% of total dividends for 2012 untaxed as return of capital.

Health Care REIT is third largest of the Health Care REITs as measured by market cap at \$17 billion, with the stock price up only 1% during 2013, following gain of 12% for 2012. Portfolio expansion by acquisition drives growth for **Health Care REIT**, now with 1,173 health care properties in 46 states and in Canada. Following \$2.4 billion acquisition of post-acute, skilled nursing and assisted living facilities from Genesis Health Care in April, 2011, **Health Care REIT** continued to acquire portfolios of health care assets. During 2013, **Health Care REIT** completed \$5.0 billion acquisitions, including \$4.3 billion acquisition of Sunrise Senior Living, and \$1.3 billion joint venture acquisitions with Revera of senior living properties in Canada. Normalized FFO increased 4% for 2Q 2013, with guidance for normalized FFO for 2013 now indicating potential for 5%-8% FFO growth. **Health Care REIT** increased dividends by 4% during 2013, now providing 5.0% yield for income investors, with 50% of total dividends for 2012 untaxed as return of capital.

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Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Price	Price	Price	Weekly	2013
		12/31/2012	08/30/2013	09/06/2013	09/13/2013	Price Change	Price Change
American Tower Corp	AMT	\$77	\$69	\$72	\$74	3%	-5%
Apartment Investment and Management	AIM	\$27	\$28	\$28	\$29	3%	6%
AvalonBay Communities	AVB	\$136	\$124	\$126	\$129	3%	-5%
Boston Properties	BXP	\$106	\$103	\$105	\$105	-0%	-1%
Equity Residential	EQR	\$57	\$52	\$53	\$55	3%	-4%
HCP Inc.	HCP	\$45	\$41	\$41	\$41	1%	-8%
Health Care REIT	HCN	\$61	\$61	\$61	\$62	2%	1%
Host Hotels & Resorts	HST	\$16	\$17	\$17	\$18	4%	15%
Kimco Realty	KIM	\$19	\$20	\$20	\$20	1%	5%
Macerich	MAC	\$58	\$56	\$57	\$57	1%	-2%
Plum Creek Timber	PCL	\$44	\$44	\$45	\$46	3%	4%
Prologis, Inc	PLD	\$36	\$35	\$37	\$37	1%	1%
Public Storage	PSA	\$145	\$153	\$153	\$156	2%	8%
Simon Property Group	SPG	\$158	\$146	\$145	\$149	2%	-6%
Ventas	VTR	\$65	\$62	\$61	\$61	-0%	-5%
Vornado Realty Trust	VNO	\$80	\$81	\$82	\$85	3%	6%
Weyerhaeuser	WY	\$28	\$27	\$29	\$28	-0%	3%
S&P 500 Index	S&P 500	\$1,426	\$1,633	\$1,655	\$1,688	2%	18%
Average for S&P 500 Index REITs						2%	1%

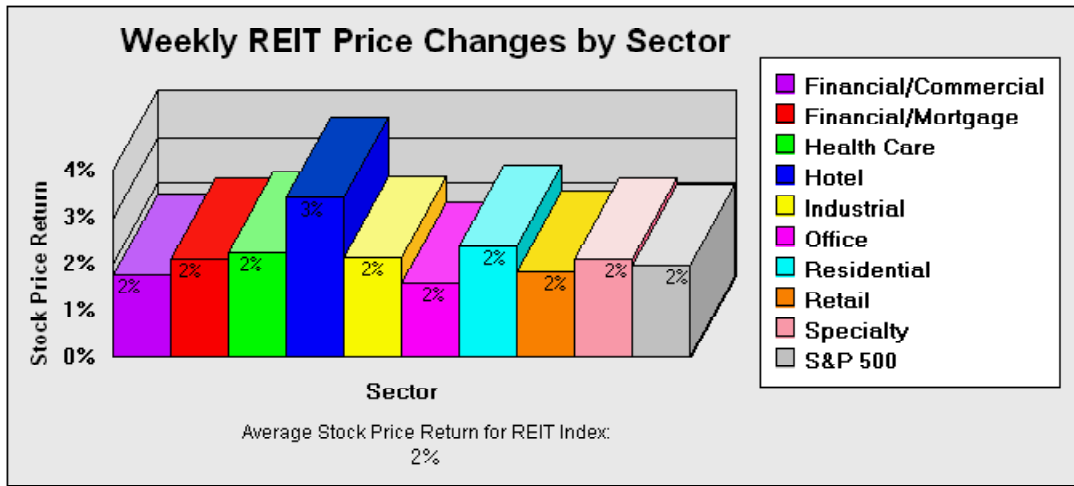
REIT stocks rallied, trading up 2% for the second week of September, the week ended September 13, 2013. REITs matched performance of the S&P 500 Index, also up 2% for the week. REITs now show gain of 1% year to date for 2013, trailing performance of the S&P 500 Index, up 18% for 2013. Negative performance gap remained at (17%), as REIT underperformance continues. During 3Q 2013, REITs show the worst underperformance seen since 3Q 2009, when fears of collapsing US economy dominated the news.

None of the 17 REITs included in the S&P 500 Index is up the same or more than 18% gain for the S&P 500 Index, while 9 REITs are up less than the S&P 500 Index. A total of 8 of the S&P 500 REITs traded down year to date for 2013. Leading performers among REITs are **Host Hotels & Resorts**, up 15%, followed by **Public Storage**, up 8%, and by **Kimco Realty**, up 5% for 2013, all underperforming the S&P 500 Index. Specialty Timber REITs **Plum Creek Timber**, up 4%, and **Weyerhaeuser**, up 3%, indicate uncertainty over further improvement for US housing sector, due to negative impact of higher mortgage interest rates. Gains previously achieved by Health Care REITs eroded, with **HCP** now down (8%), while **Health Care REIT** is up 1% and **Ventas** is down (5%) for 2013. Retail REITs **Macerich**, down (2%), and **Simon Property Group**, now down (6%) for 2013, demonstrate disappointment over lower tenant sales trends, although rental rate increases still support long term FFO growth. Lagging Residential REITs include **Apartment Investment and Management**, up 6%, **AvalonBay Communities** down (5%), and **Equity Residential**, down (4%), as investors consider eventual impact of multifamily housing starts on occupancy for Residential REITs. Office REITs lag, with **Boston Properties**, down (1%), and **Vornado Realty Trust**, up 6%, as rental rates decline in many urban areas. Economically sensitive Industrial REIT **Prologis Inc** now shows gain of 1% for 2013. **American Tower Corp**, a newcomer to REIT status, rallied to show decline of (5%) year to date for 2013.

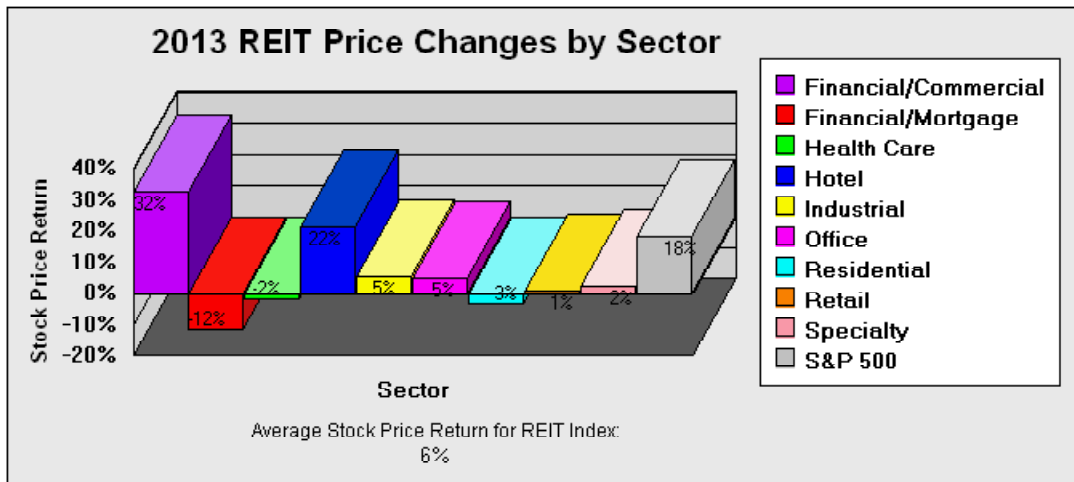
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Weekly REIT Price Changes by Sector



Most REIT sectors traded higher during the second week of September, the week ended September 13, 2013. Best performance was demonstrated by Hotel REITs, trading up 3% on news of lower oil prices as Syria tensions eased. All other REIT sectors, including Financial Commercial REITs, Financial Mortgage REITs, Health Care REITs, Industrial REITs, Office REITs, Residential REITs, Retail REITs and Specialty REITs, showed consistent 2% rally on news of possible diplomatic solution to Syria crisis, while Congress returned to address near term federal budget crisis with a continuing resolution. On average, stock prices for REIT Growth and Income Monitor traded up 2% for the week ended September 13, 2013.



Prices for REITs followed by REIT Growth and Income Monitor show gain of 6% on average year to date for 2013, far behind performance of the S&P 500 Index, up 18% year to date for 2013. REITs previously outperformed, as investors sought dividend income. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. REIT funds flow demonstrates moderate growth, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sector for 2013 is Financial Commercial REITs, up 32%, as investor interest in non-agency securities revives. Hotel REITs show 22% gain, as investors see better than expected FFO growth during 2013, offset by concerns over volatile oil prices. Industrial REITs and Office REITs show 5% gain. Specialty REITs are now up 2%, while Retail REITs are up only 1% on concerns over slowing economic growth. Health Care REITs show decline of (2%), with expectation for positive impact of the Affordable Care Act partially offset by fear of Medicare sequestration. Residential REITs show decline of (3%) year to date for 2013, although guidance indicates continued rapid FFO growth through 2013 and into 2014. Lagging Financial Mortgage REITs show loss of (12%), as investors prepare for pending Fannie Mae reform to be considered by Congress.

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REIT Comment



Company:	Taubman Centers
Price:	\$69
Recommendation:	BUY
Ranking:	2
Market Cap:	\$10,547
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
TCO \$69

Taubman Centers TCO news of pending takeover of Nieman Marcus highlights value of key anchor tenant relationships

TCO tenant Nieman Marcus represents 3% of total retail space for TCO, less than Macys, Nordstrom, Dillards or Sears

TCO Nieman Marcus in exclusive negotiation period with Ares Management and Canada Pension Plan Investment Board for takeover valued at more than \$6 billion

TCO Nieman Marcus is second large anchor tenant to be sold during 2013, following July 2013 announcement of Hudson Bay Co buyout of Saks SKS for \$3 billion

TCO rents paid by anchor tenants normally show lower growth than mall rents

TCO guidance for FFO for 2013 indicates growth UP +10%

TCO increased dividend by 8% for 2013, now providing current yield of 2.9%

TCO a Retail REIT with a portfolio of upscale regional malls

TCO we rank 2 BUY

TCO market cap \$10.5 billion

REIT Comment



Company:	Weyerhaeuser
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,475
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
WY \$29

Weyerhaeuser WY trading higher on anticipation of attractive price of more than \$3 billion on pending divestiture of WRECO taxable homebuilding subsidiary

WY homebuilders attracting investor interest on news of housing sector growth with higher prices for existing homes, as well as substantial growth in new home construction

WY possible suitors for WRECO include publicly traded homebuilders Lennar LEN, Toll Brothers TOL and Brookfield Residential BRP

WY sale of WRECO could enable distribution of special dividend of \$3-\$4 per share to WY shareholders

WY recently increased dividend by 10% for 3Q 2013, bringing current annual yield to 3.1%

WY a Specialty Timber REIT with a portfolio of timberlands, wood and cellulose fiber manufacturing plants, and homebuilding operations

WY we rank 2 BUY

WY market cap \$16.5 billion

WY an S&P 500 Index REIT

REIT Comment



Company:	American Tower
Price:	\$72
Recommendation:	BUY
Ranking:	2
Market Cap:	\$28,725
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
AMT \$72

American Tower AMT last week's news of \$4.8 billion acquisition of Global Tower Partners highlights growth path for AMT in US markets

AMT Global Tower Partners mix of telecom carrier tenants similar to AMT existing base of US revenues

AMT pending acquisition to add 25% to US tower capacity, with additional presence in New York, San Francisco and DC, key markets in high demand for incremental capacity

AMT acquisition to be accretive immediately, adding \$345 million to revenues and 4% to FFO for 2014

AMT Global Tower Partners also owns 500 towers in Costa Rica, adding to international portfolio growth for AMT

AMT guidance for FFO for 2013 indicates growth UP +25%

AMT increased dividend by 4%, now providing annual dividend yield of 1.5%

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$28.7 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$37
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,397
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/09/2013
PLD \$37

Prologis Inc PLD news of upward adjustment to economic growth in Japan highlights PLD successful positioning in international markets

PLD report from Cabinet Office in Tokyo found Japan GDP increased UP+3.8% for 2Q 2013, compared to previous estimate of growth UP +2.6%

PLD Japan GDP now shows no deceleration from revised increase UP+3.8% for 1Q 2013

PLD noted on 2Q 2013 conference call that strong consumer spending trends in Japan support positive returns on investment in bulk distribution vehicles

PLD following \$800 million secondary offering of PLD J-REIT during 2013, PLD positioned to invest new funds in development projects in Japan

PLD Japan remains a strong market for bulk distribution facilities, with highest increments in rents among all global markets

PLD portfolio concentration now 69% US, EU 25% and Asia 6%, while focus of development spending overweights Asia at 39% of total investment

PLD total \$22.8 billion assets under management in institutional funds enables PLD to increase market share in international markets

PLD conservative guidance for FFO for 2013 indicates decline DOWN (8%) due to property contributions to joint ventures, to be offset by new development projects

PLD provides current yield of 3.1%

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

PLD we rank 2 BUY

PLD market cap \$18.4 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Boston Properties
Price:	\$105
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,119
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/09/2013
BXP \$105

Boston Properties BXP announced pending sale of joint venture equity interest in Times Square Tower, providing window on current market valuations for new buildings in midtown NYC

BXP to sell 45% interest in ground leasehold and related tax credits to Norges Bank (central bank of Norway) for \$684 million cash

BXP pending equity transaction indicates total valuation for debt free property would be at least \$1.5 billion

BXP Times Square Tower a 47 story office tower with 1.2 million square feet of office and retail space, completed 2004 and located at 7 Times Square (41st Street and Broadway)

BXP Times Square Tower property now 99% leased, following replacement of Arthur Andersen as anchor tenant with current tenants Ann Taylor, Alleghany, O'Melveny & Myers and Society for Worldwide Interbank Financial Telecommunication

BXP recently decreased guidance for FFO for 2013 to indicate a FLAT year, due to higher than expected interest expense and the negative impact of pending divestitures

BXP development projects unlikely to generate significant FFO before 2014-2015

BXP seeing no incremental FFO from rental rates in most markets

BXP provides current annual dividend yield of 2.5%

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 \$16.1 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Sun Communities
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,765
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
SUI \$45

Sun Communities SUI traded UP \$1.67 per share to close UP +4% day

SUI stock traded UP +13% year to date for 2013, outperforming Specialty REITs, trading unchanged for 2013

SUI rental rate increases drive FFO growth, also supported by sales of manufactured homes

SUI guidance for FFO for 2013 indicates growth UP +20%

SUI stock price supported by current dividend yield of 5.6%

SUI a Specialty REIT with a portfolio of manufactured home communities

SUI we rank 2 BUY

SUI market cap \$1.8 billion

REIT Comment



Company:	Associated Estates Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$730
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
AEC \$15

Associated Estates Realty AEC traded UP \$0.51 per share to close UP +4% day

AEC stock traded DOWN (10%) year to date for 2013, underperforming Residential REITs, trading DOWN (6%) for 2013

AEC Residential REITs benefit from high occupancy, enabling continued growth in apartment rental rates

AEC latest guidance indicates 2013 FFO DOWN (1%) - UP +2%, impacted by dilution from recent stock offering

AEC provides annual dividend yield of 5.2%

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$730 million

REIT Comment



Company:	General Growth Properties
Price:	\$20
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,629
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
GGP \$20

General Growth Properties GGP traded UP\$0.59 per share to close UP +3% day

GGP stock traded DOWN (1%) year to date for 2013, in line with Retail REITs, also DOWN (1%) for 2013

GGP same store sales results for key retailers may signal slowing growth in tenant sales but FFO growth rate intact for Retail REITs, based on higher rents on lease turnover

GGP renovations of older mall properties expected to add to profitability

GGP guidance for FFO for 2013 indicates growth UP +16%

GGP increased dividend distribution by 8% for 4Q 2013, now providing current yield of 2.6%

GGP a Retail REIT with a portfolio of regional malls

GGP we rank 2 BUY

GGP market cap \$19.6 billion

REIT Comment



Company:	EastGroup Properties
Price:	\$58
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,736
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/09/2013
EGP \$58

EastGroup Properties EGP traded UP \$1.68 per share to close UP +3% day

EGP stock traded UP +8% year to date for 2013, outperforming Industrial REITs, trading UP +3% for 2013

EGP Industrial REITs benefit from higher manufacturing activity, as businesses see need to add to inventories

EGP development pipeline totals \$72 million, now 51% leased

EGP recently increased low end of guidance for FFO for 2013 to indicate growth UP +4%

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

EGP an Industrial REIT with a portfolio of bulk distribution properties

EGP we rank 3 HOLD

EGP market cap \$1.7 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,800
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
HTS \$18

Hatteras Financial HTS news from banks of lower mortgage applications indicates homeowner resistance to higher mortgage interest rates

HTS Wells Fargo WFC announced mortgage originations expected to decline DOWN (29%) for 3Q 2013 from 2Q 2013, while JP Morgan JPM announced mortgage originations to decrease DOWN (40%) during the last 6 months of 2013

HTS weekly reports of mortgage applications from MBA (Mortgage Bankers Association) have indicated steady decline in refinancings as mortgage interest rates increased

HTS last week's report from MBA noted mortgage refinance applications now DOWN more than (60%) from peak level in May 2013, while mortgage applications for home purchase showed much smaller decline

HTS Financial Mortgage REITs benefit from higher mortgage application volume providing portfolio reinvestment opportunities

HTS stock now trading at discount of (18%) to current book value of \$22.18 per share as of June 2013

HTS stock price supported by current annual dividend yield of 15.4%, 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 \$1.8 billion

REIT Comment



Company:	Highwoods Properties
Price:	\$35
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,012
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
HIW \$35

Highwoods Properties HIW announced \$153 million acquisition of a office property in central business district of Nashville TN

HIW acquired property The Pinnacle at Symphony Place now 85% occupied with average remaining lease term of 11 years

HIW expects annual cash NOI of \$9 million from acquired property

HIW also announced new \$110 million build-to-suit contract with MetLife for global technology and operations hub

HIW total development pipeline \$238 million

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

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

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 \$3.0 billion

REIT Comment



Company:	Starwood Property Trust
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,181
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
STWD \$25

Starwood Property Trust STWD announced offering of 25 million shares at \$24.30 per share

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

STWD estimated proceeds of \$600 million to be invested in portfolio of commercial loans and CMBS

STWD joint bookrunning managers Citi, Deutsche Bank and Wells Fargo

STWD September 2013 offering to increase total shares outstanding by 15%

STWD guidance for FFO for 2013 indicates growth UP +13%

STWD provides current annual dividend yield of 7.4%

STWD a Financial Commercial REIT

STWD we rank 2 BUY

STWD market cap \$4.2 billion

REIT Comment



Company:	Prologis Inc
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,921
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/10/2013
PLD \$38

Prologis Inc PLD news of recovery in China economic metrics provides support for Industrial REITs with exposure to Asian markets

PLD report from China National Bureau of Statistics found China industrial output increased UP +10.4% for August 2013 from previous year, indicating re-acceleration from UP +9.7% for July 2013

PLD China industrial output now at highest level since March 2012

PLD China export growth UP +7.2% for August 2013, accelerating from UP +5.1% for July 2013

PLD China domestic consumer demand strong, with China retail sales UP +13.4% for August 2013 from previous year

PLD portfolio concentration now 69% US, EU 25% and Asia 6%, while focus of development spending overweights Asia at 39% of total investment

PLD total \$22.8 billion assets under management in institutional funds enables PLD to increase market share in international markets

PLD conservative guidance for FFO for 2013 indicates decline DOWN (8%) due to property contributions to joint ventures, to be offset by new development projects

PLD provides current yield of 3.0%

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

PLD we rank 2 BUY

PLD market cap \$18.9 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,476
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
PCL \$46

Plum Creek Timber PCL news of improving China industrial output a good leading indicator for west coast lumber and timber exports

PCL majority of west coast exports of pine lumber and timber absorbed by China for manufacturing purposes, mostly pallets for shipments of goods

PCL to benefit from growth of US housing sector, as well as improving west coast export market

PCL sawlog prices expected to strengthen in all markets during the rest of 2013

PCL manufacturing business expected to show higher profitability as lumber demand increases despite higher production by competitors

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

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

PCL we rank 2 BUY

PCL market cap \$7.5 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,395
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
KIM \$20

Kimco Realty KIM news of Wal-Mart WMT offer of cell phone trade-ins should support tenant sales for 3Q and 4Q 2013

KIM Wal-Mart WMT to offer \$50-\$300 trade-in value on many cell phones for new purchase of upgraded phone

KIM key tenant Wal-mart represents 3% of base rents for KIM

KIM pending tenant same store sales reports for August 2013 may indicate outlook for back-to-school season during 3Q 2013

KIM latest guidance for FFO for 2013 indicates growth UP +6%

KIM provides current annual dividend yield of 4.1%

KIM a Retail REIT with a diverse portfolio of retail properties 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



Company:	American Tower
Price:	\$74
Recommendation:	BUY
Ranking:	2
Market Cap:	\$29,664
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/10/2013
AMT \$74

American Tower AMT news of pending competitor Crown Castle CCI conversion to REIT status during 2014 to place financial dynamics on similar basis for leading competitors in US cell phone towers

AMT competitor Crown Castle CCI of similar size to AMT in US market with 30,000 cell phone towers and transmission sites in US and 1,700 in Australia, compared to AMT 27,000 in US (following completion of pending \$4.8 billion merger with Global Tower Partners) and 29,500 in international locations (following pending merger)

AMT competitor Crown Castle CCI annualized revenues \$2.9 billion, (10%) below AMT current annualized revenues \$3.2 billion

AMT competitor Crown Castle CCI guidance 2013 AFFO indicates \$1.2 billion, less than AMT 2013 AFFO guidance \$1.4-\$1.5 billion

AMT conversion to REIT status will require Crown Castle CCI to pay dividends to shareholders from pretax income, while currently after tax cash flow is fully re-invested

AMT competitor Crown Castle CCI has higher debt than AMT at \$10.8 billion, compared to \$8.9 billion for AMT

AMT converted to REIT status on merger with American Tower REIT in January 2012

AMT guidance for FFO for 2013 indicates growth UP +25%

AMT increased dividend by 4%, now providing annual dividend yield of 1.5%

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$29.7 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	Starwood Property Trust
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,984
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
STWD \$24

Starwood Property Trust STWD traded DOWN (\$0.98) per share to close DOWN (4%) day

STWD stock traded UP +4% year to date for 2012, underperforming Financial Commercial REITs, trading UP +30% for 2013

STWD trading DOWN due to pending 15% dilution on this week's offering of 25 million STWD common shares, expected to raise more than \$600 million

STWD following April 2013 \$843 million acquisition of LNR Property, STWD offers investors a unique vehicle with investments in commercial loans and securities as well as portfolio of special servicing on commercial debt

STWD provides current annual dividend yield of 7.7%

STWD a Financial Commercial REIT

STWD we rank 2 BUY

STWD market cap \$4.0 billion

REIT Comment



Company:	HCP Inc
Price:	\$41
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,919
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/10/2013
HCP \$41

HCP Inc HCP traded DOWN (\$0.76) per share to close DOWN (2%) day

HCP stock traded DOWN (9%) year to date for 2013, underperforming Health Care REITs, trading DOWN (4%) for 2013

HCP pending Congressional efforts to address federal budget for FY2014 may impact timing of implementation of Affordable Care Act

HCP comments from Speaker of the House John Boehner indicate that further delay of implementation of Affordable Care Act may be seen as a bipartisan compromise enabling passage of short term budget fix

HCP while outpatient facilities may see less than previously forecast patient growth hospitals, as well as skilled nursing and senior living properties, should still see benefit of expansion of Medicaid population

HCP guidance for FFO for 2013 indicate growths UP +9%

HCP recently increased dividend by 6%, bringing current yield to 5.1%

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



Company:	PS Business Parks
Price:	\$73
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,310
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
PSB \$73

PS Business Parks PSB traded UP \$0.89 per share to close UP +1% day

PSB stock traded UP +12% year to date for 2013, outperforming Industrial REITs, trading UP +3% for 2013

PSB modest same property NOI growth supported by slight but steady increments in rental rates as portfolio occupancy holds over 90%

PSB no guidance provided for FFO for 2013

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

PSB an Industrial REIT with a portfolio of industrial and net leased commercial properties

PSB we rank 3 HOLD

PSB market cap \$2.3 billion

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$28
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,677
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/10/2013
LHO \$28

LaSalle Hotel Properties LHO traded UP \$0.42 per share to close UP +2% day

LHO stock traded UP +10% year to date for 2013, underperforming Hotel REITs, trading UP +18% for 2013

LHO break in oil price due to sudden easing in Syria tension provides temporary lift for Hotel REIT stocks

LHO recent acquisitions of 4 hotel properties for \$257 million expands hotel portfolio with 3 properties in southern FL and 1 in San Francisco

LHO Park Central renovation to be completed during 2013 for (\$9)-(\$12) million negative EBITDA impact during 2013 and total capital cost of \$60-\$70 million

LHO guidance for FFO for 2013 indicates growth UP +7%

LHO provides annual dividend yield of 4.0%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.7 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$11
Recommendation:	BUY
Ranking:	2
Market Cap:	\$11,425
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/11/2013
NLY \$11

Annaly Capital Management NLY sharp decline in weekly mortgage application volume reflects seasonality of Labor Day holiday, as well as homeowner resistance to higher mortgage interest rates

NLY report from MBA (Mortgage Bankers Association) found mortgage applications DOWN (13.5%) for week ended September 6, 2013, the week including the Labor Day holiday

NLY mortgage applications for refinance DOWN (20%), while mortgage applications for home purchase DOWN (3%)

NLY report from MBA (Mortgage Bankers Association) noted refinance applications now DOWN (71%) from peak level on May 3, 2013 to lowest level since June 2009

NLY refinance applications represented 57% of all applications, an unusually low level, reflecting consumer concern over higher mortgage interest rates

NLY report from MBA (Mortgage Bankers Association) found average interest rate on 30 year fixed rate conforming mortgage UP +0.07% to 4.80%, UP +1.20% since May 2013

NLY proposals for Fannie Mae reform to be debated by Congress during 3Q 2013 with votes unlikely before 4Q 2013

NLY proposed liquidation of Fannie Mae and Freddie Mac arousing opposition from liberal Senators and Congressmen, while industry experts unanimously oppose, indicating serious disruption of housing sector would result

NLY completed acquisition of publicly traded NLY subsidiary CreXus Investment CXS as part of strategic decision to invest up to 25% of equity in non-agency real estate assets

NLY stock price supported by current annual dividend yield of 13.9%, 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 \$11.4 billion

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$28
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,677
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2011
LHO \$28

LaSalle Hotel Properties LHO portfolio expansion to drive FFO through recent acquisitions

LHO invested \$257 million to acquire 3 properties in southern FL (including \$185 million for Southernmost Hotel on the Beach, Southernmost Hotel in the USA and La Mer Hotel & Dewey House, all in Key West, FL) and \$72 million for 1 property, Serrano Hotel, in San Francisco

LHO these acquisitions expand relationships with hotel operating management companies Highgate Hotels and Kimpton Hotels and Restaurants

LHO renovation of Park Central Hotel in NY city to be completed during 2013 for (\$9)-(\$12) million negative EBITDA impact during 2013 and total capital cost of \$60-\$70 million

LHO guidance for FFO for 2013 indicates growth UP +7%

LHO provides annual dividend yield of 4.0%

LHO a Hotel REIT

LHO we UPGRADE to 3 HOLD

LHO market cap \$2.7 billion

REIT Comment



Company:	Brookfield Office Properties
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,392
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
BPO \$16

Brookfield Office Properties BPO news of much lower mortgage origination volume, as well as bond market volatility, should be expected to impact EPS for banks during 3Q 2013

BPO Office REITs exposed to financial industry tenants face lower demand for office space due to impact of new Dodd-Frank regulation

BPO banks may be forced to divest portfolios to reduce counter party exposure as well as stop proprietary trading operations, causing additional downsizing and layoffs

BPO management estimates exposure to financial industry tenants in US and Canada at more than 50% of total NOI

BPO management challenged to replace pending Merrill Lynch lease expiration for 4Q 2013 at (\$40) million annual rent, representing (\$0.08) per share impact to FFO, expected to be made up from new tenants for 2014

BPO guidance for FFO for 2013 indicates potential for growth UP +5%

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

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

BPO we rank 4 SELL

BPO market cap \$8.4 billion

REIT Comment



Company:	Winthrop Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$395
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
FUR \$12

Winthrop Realty Trust FUR recent investments add to portfolio diversity

FUR to invest \$246 million to acquire 4 luxury condominium apartment buildings in Phoenix AZ, Stamford CT, Houston TX and San Pedro CA from a foreclosed lender

FUR completing additional \$5 million joint venture preferred equity interest transaction in residential property in Oklahoma City OK

FUR also invested \$30 million to acquire a \$60 million mezzanine loan on a 35% owned joint venture office and retail property in Chicago

FUR management estimates net asset value in range of \$13.02-\$15.37 per share as of 2Q 2013

FUR no guidance provided for FFO for 2013

FUR stock price supported by current dividend yield of 5.4%

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 \$395 million

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$13,980
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
HST \$18

Host Hotels & Resorts HST easing of Syria tension causing break in oil prices, now trading below \$108 per barrel

HST Hotel REITs, like other travel related stocks, including airlines and hotels, normally trade inversely to oil prices

HST higher price of airline fuel and gasoline purchased by motorists impacts travel budgets forcing travelers to defer purchases on discretionary items such as additional room nights and ancillary purchases

HST guidance range for FFO for 2013 indicates growth UP +20%

HST provides current annual dividend yield of 2.4%

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

HST we rank 3 HOLD

HST market cap \$14.0 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Digital Realty Trust
Price:	\$55
Recommendation:	BUY
Ranking:	1
Market Cap:	\$7,518
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
DLR \$55

Digital Realty Trust DLR traded UP \$1.97 per share to close UP +4% day

DLR stock traded DOWN (20%) year to date for 2013, underperforming Office REITs, trading UP +3% for 2013

DLR capacity expansion should provide FFO growth for 2014 and 2015

DLR demand for data centers driven by corporate demand for cloud computing and by proliferation of mobile internet devices

DLR guidance for FFO for 2013 indicates growth UP +8%

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

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

DLR we rank 1 BUY

DLR market cap \$7.5 billion

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,907
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
NRF \$9

NorthStar Realty Finance NRF traded UP \$0.21 per share to close UP +2% day

NRF stock traded UP +30% year to date for 2013, in line with Financial Commercial REITs, also UP +30% for 2013

NRF improved performance of Financial Commercial REITs due to revived investor interest in commercial loans as higher yield alternative to agency securities

NRF 2Q 2013 portfolio \$5.9 billion including \$1.9 billion real estate debt, \$2.6 billion operating real estate and \$1.0 billion commercial loan securities

NRF stock trading at premium of 37% to adjusted book value of \$6.68 per share as of June 2013

NRF increased quarterly dividend distribution by 5%, now providing current annual dividend yield of 8.8%

NRF increased quarterly dividend distributions for 8 consecutive quarters, including 3Q 2013

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$1.9 billion

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,030
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
DFT \$25

DuPont Fabros Technology DFT traded UP\$0.82 per share to close UP +3% day

DFT stock traded UP +4% year to date for 2013, slightly outperforming Office REITs, trading UP +3% for 2013

DFT stock outperforming competitor Digital Realty Trust DLR due to recent increase to guidance for FFO for 2013

DFT increased low end of guidance range for FFO for 2013 to indicate growth UP +30%

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 increased dividend distribution by 25% for 2Q 2013, now providing current annual dividend yield of 4.0%

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

DFT we rank 2 BUY

DFT market cap \$2.0 billion

REIT Comment



Company:	Duke Realty
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,004
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/11/2013
DRE \$15

Duke Realty DRE traded UP \$0.27 per share to close UP +2% day

DRE stock traded UP +9% year to date for 2013, outperforming Industrial REITs, trading UP +3% for 2013

DRE improved occupancy for Industrial REITs driven by higher factory output and growth in retail sales

DRE investing \$512 million to develop 18 properties, including 13 medical office buildings, adding 2% to total portfolio capacity

DRE guidance for FFO for 2013 indicates growth UP +9%

DRE stock price supported by current annual dividend yield of 4.5%

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

DRE we rank 2 BUY

DRE market cap \$5.0 billion

REIT Comment



Company:	Equity Residential
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,641
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
EQR \$55

Equity Residential EQR sharp decline in new unemployment claims indicates no change for Residential REITs, as decline due to processing lag at 2 states

EQR Labor Department reported new claims for unemployment DOWN(31,000) to 292,000 for week ended September 7, 2013 from revised number for previous week

EQR more stable 4 week moving average of new unemployment claims decreased DOWN (7,500) to 321,250 from revised number for previous week

EQR lower federal spending for the rest of 2013 appears likely to negatively impact US economy, with surge in new unemployment claims probable

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

EQR reported FFO growth UP +4% for 2Q 2013, while slightly reducing top end of guidance range for FFO for 2013 to indicate growth UP +3%

EQR stock supported by current annual dividend yield of 3.2%

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

EQR we rank 2 BUY

EQR market cap \$20.6 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$14,136
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/12/2013
HST \$18

Host Hotels & Resorts HST news of IPO for Hilton Worldwide Holdings by private equity investor Blackstone Group LP BX underscores sharply higher profitability for hotels

HST Hilton Worldwide Holdings expected to come public at valuation of \$1.25 billion, on revenues of \$9.3 billion, up +15% from previous year

HST Hilton likely to use funds raised from IPO offering to repay debt, positioning Hilton to increase development projects worldwide

HST Hotel REITs rely on strong relationships with hotel operating companies to expand portfolios of hotel properties through acquisitions and investments in renovations and new property developments

HST owns hotels operated under Marriott, Hilton, Sheraton, St. Regis, Ritz-Carlton, Four Seasons, The Luxury Collection, Swissotel and Westin brands

HST largest portfolio concentration in Marriott hotels, with 70 Marriott branded hotels, while Hilton represents only 3 hotels in total HST portfolio of 118 hotels

HST guidance range for FFO for 2013 indicates growth UP +20%

HST provides current annual dividend yield of 2.4%

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

HST we rank 3 HOLD

HST market cap \$14.1 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	Corporate Office Properties Trust
Price:	\$24
Recommendation:	SELL
Ranking:	5
Market Cap:	\$2,118
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
OFC \$24

Corporate Office Properties Trust OFC approaching debt ceiling negotiations may impact decisions on federal budget for FY 2014

OFC Congress, now back in session, must consider federal budget for FY 2014, to begin October 1, 2013

OFC exposure to DOD and intelligence agencies, as well as contractors serving them, now represents 70% of total rents

OFC management expects vacancies at office properties to trend higher due to DOD spending reductions

OFC recently notified of pending vacancy by Merck at suburban office property in Feb2014, expected to impact FFO by (\$0.03) per share annually

OFC FFO for 2Q 2013 decreased DOWN (4%)

OFC guidance for FFO for 2013 indicates decrease DOWN (9%)

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

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

OFC we rank 5 SELL

OFC market cap \$2.1 billion

REIT Comment



Company:	Government Properties Income Trust
Price:	\$24
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,297
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
GOV \$24

Government Properties Income Trust GOV timing of October 2013 debt ceiling limit may impact trading in REITs exposed to government agency tenants

GOV as debt ceiling approaches, Congress increasingly inclined to limit federal agency spending as long term answer to fiscal crisis

GOV lack of a federal budget for FY 2014 may force automatic spending cuts

GOV portfolio of office properties 83% leased to government agencies and 17% leased to state and local agencies

GOV following recent secondary stock offering of all remaining shares held by Commonwealth REIT CWH during March 2013, GOV is now fully independent and no longer treated as a subsidiary of a closely held Office REIT

GOV continues under external management by RMR (Reit Management & Research LLC), a privately held real estate management company that also manages Commonwealth REIT CWH, Select Income REIT SIR, Hospitality Properties Trust HPT, TravelCenters of America TA and Senior Housing Properties Trust SNH

GOV provides current annual dividend yield of 7.3%

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

GOV we rank 3 HOLD

GOV market cap \$1.3 billion

REIT Comment



Company:	Capstead Mortgage
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,112
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
CMO \$12

Capstead Mortgage CMO impact of higher mortgage interest rates on volume of mortgage refinance confirmed by latest report from FHFA (Federal Housing Finance Administration)

CMO report from FHFA notes total mortgage refinance DOWN (5%) for 2Q 2013 from 1Q 2013 and DOWN (10%) for July 2013 from June 2013

CMO previous report this week from MBA (Mortgage Bankers Association) noted that total mortgage applications for refinance now DOWN (71%) from peak level on May 3, 2013 to lowest level since June 2009

CMO report of lower decline in FHFA refinance mortgages than for total mortgage applications may indicate that conforming mortgages much easier to refinance than non-conforming mortgages, subject to tighter credit controls by lenders

CMO proposals for Fannie Mae reform to be debated by House and Senate during 4Q 2013, with much opposition expected from liberal Congressmen and mortgage lending industry lobbying groups

CMO stock price supported by current annual dividend yield of 10.6%, 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 \$1.1 billion

REIT Comment



Company:	Ashford Hospitality Trust
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,083
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/12/2013
AHT \$12

Ashford Hospitality Trust AHT recent moves by key hotel brands indicates possibility of renewed new hotel development, indicating new room supply may again become a factor in growth of hotel industry

AHT pending IPO offering of Hilton Worldwide Holdings may position Hilton to increase development projects worldwide, following debt repayment to private equity investor Blackstone Group BX

AHT billionaire Chinese developer Wang Jianlin of Dalian Wanda Group seeking to acquire hotel management companies to provide platform for hotel development in key global markets

AHT Dalian Wanda Group plans to build new luxury hotels in 10 major cities, including 2 new \$1.0 billion investments in London and New York City, at pace of as many as 15 new luxury hotel starts per year

AHT Dalian Wanda Group now operating 40 hotels, including 28 five star hotels in China

AHT hotel operator Marriott International MAR investing \$800 million to create new EDITION hotel brand in boutique style hotel space with Ian Schrager; formerly with Morgans Hotel Group

AHT new EDITION hotels now under development include new hotel in Miami Beach and conversion of MetLife Building in lower midtown east side location of New York City

AHT pending spin-off of Ashford Prime AHP will provide AHT shareholders with 2 separate hotel vehicles: a mature stable portfolio of highly profitable hotels in spin-off Ashford Prime AHP and an opportunistic investment in renovated hotels with Ashford Hospitality Trust AHT

AHT pending spin-off of AHP to common shareholders of AHT will not impede continuity of AHT dividend at \$0.12 per share per quarter, while AHP expected to pay annual dividend of \$0.04 per share

AHT provides current dividend yield of 3.9%

AHT a Hotel REIT

AHT we rank 2 BUY

AHT market cap \$1.1 billion

REIT Comment



Company:	Kilroy Realty
Price:	\$50
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,015
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
KRC \$50

Kilroy Realty KRC priced offering of 5.5 million shares at \$50 per share

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

KRC offering size increased from previous 4.5 million shares

KRC net proceeds of \$264 million to be applied to make acquisitions, to fund development and redevelopment projects and to repay debt

KRC joint bookrunning managers Barclays, BofA Merrill Lynch, JP Morgan and Wells Fargo

KRC September 2013 offering increased total shares outstanding by 7%

KRC provides current yield of 2.6%

KRC an Office REIT with a portfolio of properties concentrated in southern and northern CA with new investment in Seattle

KRC we rank 2 BUY

KRC market cap \$4.0 billion

REIT Comment



Company:	Mack-Cali Realty
Price:	\$21
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,104
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
CLI \$21

Mack-Cali Realty CLI traded DOWN (\$0.56) per share to close DOWN (3%) day

CLI stock traded DOWN (19%) year to date for 2013, outperforming Office REITs, trading UP +3% for 2013

CLI divesting low return office properties to focus new investment on residential properties

CLI Office REITs face rent roll downs in many urban and suburban markets impacting FFO growth

CLI reduced guidance for FFO for 2013 to indicate decline DOWN (13%)

CLI recent (35%) dividend reduction reflects management disappointment over lower FFQ due to lagging rental rates for office properties

CLI provides current annual dividend yield of 5.7%

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

CLI we rank 3 HOLD

CLI market cap \$2.1 billion

REIT Comment



Company:	Boston Properties
Price:	\$105
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,087
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2013
BXP \$105

Boston Properties BXP traded DOWN (\$2.36) per share to close DOWN (2%) day

BXP stock traded DOWN (1%) year to date for 2013, underperforming Office REITs, trading UP +3% for 2013

BXP investors should be concerned over exposure to financial industry tenants at a time of new bank regulation

BXP banks may be forced to divest portfolios to reduce counter party exposure as well as stop proprietary trading operations, causing additional downsizing and layoffs

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

BXP recently decreased guidance for FFO for 2013 to indicate a FLAT year, due to higher than expected interest expense and the negative impact of pending divestitures

BXP development projects unlikely to generate significant FFO before 2014-2015

BXP seeing no incremental FFO from rental rates in most markets

BXP provides current annual dividend yield of 2.5%

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 \$16.1 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	Home Properties
Price:	\$59
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,713
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/12/2012
HME \$59

Home Properties HME traded DOWN (\$0.76) per share to close DOWN (1%) day

HME stock traded DOWN (4%) year to date for 2013, outperforming Residential REITs, trading DOWN (6%) for 2013

HME Residential REITs seeing extended period of tight occupancy enabling rental rate increases that add to profitability

HME acquiring "C" and "B" apartment properties, followed by investment in renovations with goal of achieving 10% cash on cash return

HME greatest geographic exposure to metropolitan DC markets, representing more than 30% of total units

HME current annual dividend yield to 4.8%

HME a Residential REIT with a diverse portfolio of apartment communities

HME we rank 2 BUY

HME market cap \$3.7 billion

REIT Comment



Company:	Simon Property Group
Price:	\$148
Recommendation:	BUY
Ranking:	2
Market Cap:	\$53,752
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
SPG \$148

Simon Property Group SPG smaller than expected gain in retail sales consistent with variable economic growth

SPG report from Commerce Department found US retail sales UP +0.2% for August 2013, indicating slower growth than July 2013 revised UP +0.4%

SPG report found retail sales for apparel stores DOWN (0.8%) while general merchandise DOWN (0.2%)

SPG guidance for FFO for 2013 indicates growth UP +9%, due to higher rents on lease turnover

SPG provides current annual dividend yield of 3.1%

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

SPG we rank 2 BUY

SPG market cap \$53.8 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,334
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
KIM \$20

Kimco Realty KIM news of slower than expected growth in US retail sales may indicate cautious consumers seeking discounts and preserving cash for holiday spending

KIM report from Commerce Department found US retail sales UP +0.2% for August 2013, indicating slower growth than July 2013 revised UP +0.4%

KIM management focused on improving portfolio mix through acquisitions of properties to benefit from investment, as well as divestitures of lower income properties

KIM latest guidance for FFO for 2013 indicates growth UP +6%

KIM provides current annual dividend yield of 4.2%

KIM a Retail REIT with a diverse portfolio of retail properties, 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



Company:	American Tower
Price:	\$74
Recommendation:	BUY
Ranking:	2
Market Cap:	\$29,608
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
09/13/2013
AMT \$74

American Tower AMT discussion of market growth characteristics indicates management confidence in delivering exceptional FFO growth and dividends to shareholders

AMT management presentation highlighted tenant commitment to spending 10%-15% of revenue on capital equipment to deliver improved technology and consistent response to cell phone subscribers

AMT lease amendment activity shifting to new lease activity in US market

AMT while leases in US market had mostly been fill-in locations for LTE, latest discussions indicate a shift to leasing of new tower locations as a result of demand growth

AMT carrier contracts include built-in 3.5% rent escalators

AMT including existing carrier tenant expansion plans management expects 8% domestic FFO growth, supplemented by faster growth of emerging markets abroad

AMT impact of tablets adds significant demand for video streaming, requiring more investment for carrier capacity

AMT stock should continue to trade higher on recently announced accretive acquisition of Global Tower Partners for \$4.8 billion, adding 25% to total US capacity

AMT provides current annual dividend yield of 1.5%

AMT converted to REIT status on merger with American Tower REIT in January 2012

AMT a Specialty REIT with a portfolio of wireless and broadcast communications real estate with towers in US, Europe, South America, Africa and India

AMT we rank 2 BUY

AMT market cap \$29.6 billion

AMT an S&P 500 Index REIT

REIT Comment



Company:	DuPont Fabros Technology
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,987
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
DFT \$25

DuPont Fabros Technology DFT new cell phones and tablets help to drive demand for Internet services delivered through data centers owned by DFT

DFT Microsoft offer on trade-ins for iPads to upgrade to new Surface tablet may drive incremental demand for web based Windows software and services

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

DFT increased low end of guidance range for FFO for 2013 to indicate growth UP +30%

DFT increased dividend distribution by 25% for 2Q 2013, now providing current annual dividend yield of 4.1%

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

DFT we rank 2 BUY

DFT market cap \$2.0 billion

REIT Comment



Company:	DDR Corp
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,009
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
DDR \$16

DDR Corp DDR new iPhones should stimulate consumer interest at electronic retailers such as Best Buy BBY

DDR additional news of Wal-Mart WMT offer of cell phone trade-ins should support tenant sales for 3Q and 4Q 2013

DDR Wal-Mart WMT to offer \$50-\$300 trade-in value on many cell phones for new purchase of upgraded phone

DDR key tenant Wal-Mart represents 3% of total rental revenue for DDR

DDR to close pending acquisition of 95% interest in 30 prime shopping centers from Blackstone during 4Q 2013

DDR guidance for FFO for 2013 indicates growth UP +7%

DDR provides current annual dividend yield of 3.5%

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 \$5.0 billion

REIT Comment



Company:	Lexington Realty Trust
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,434
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
LXP \$12

Lexington Realty Trust LXP traded DOWN (\$0.15) per share to close DOWN (1%) day

LXP stock traded UP +10% year to date for 2013, outperforming Office REITs, trading UP +3% for 2013

LXP activity in build-to-suit contracts provides portfolio expansion

LXP to invest \$37 million in 2 additional build-to-suit contracts, with \$138 million in build-to-suit contracts now under construction at 5 properties

LXP guidance for FFO for 2013 indicates growth UP +6%

LXP providing current annual dividend yield of 5.2%

LXP an Office REIT with a portfolio of properties net leased to single tenants

LXP we rank 3 HOLD

LXP market cap \$2.4 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$29
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,423
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
OHI \$29

Omega Healthcare Investors OHI traded UP \$0.79 per share to close UP +3% day

OHI stock traded UP +23% year to date for 2013, outperforming Health Care REITs, trading DOWN (4%) for 2013

OHI Health Care REITs seeing steady FFO growth from established properties while acquisitions provide portfolio expansion

OHI 2013 goal for new investments \$200 million

OHI guidance for FFO for 2013 indicates growth UP +15%

OHI increased dividend distribution by 2%, now providing annual dividend yield of 6.4%

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

OHI we rank 2 BUY

OHI market cap \$3.4 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$11,943
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
NLY \$12

Annaly Capital Management NLY traded UP\$0.24 per share to close UP +2% day

NLY stock traded DOWN (15%) year to date for 2013, underperforming Financial Mortgage REITs, trading DOWN (13%) for 2013

NLY proposals for Fannie Mae reform likely to be delayed by Congressional focus on debt ceiling FY 2014 budget and fiscal crisis impacting federal agencies

NLY proposed liquidation of Fannie Mae and Freddie Mac arousing opposition from liberal Senators and Congressmen, while industry experts unanimously oppose, indicating serious disruption of housing sector would result

NLY completed acquisition of publicly traded NLY subsidiary CreXus Investment CXS as part of strategic decision to invest up to 25% of equity in non-agency real estate assets

NLY stock price supported by current annual dividend yield of 13.3%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$11.9 billion

REIT Comment



Company:	Post Properties
Price:	\$46
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,511
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
09/13/2013
PPS \$46

Post Properties PPS traded UP \$0.64 per share to close UP +1% day

PPS stock traded DOWN (8%) year to date for 2013, underperforming Residential REITs., trading DOWN (6%) for 2013

PPS new supply of apartments impacting rental rates increases and occupancy gains in DC metropolitan area

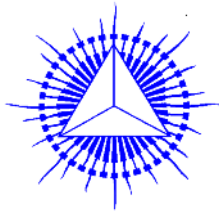
PPS recently increased guidance for FFO for 2013 to indicate growth UP +13%

PPS provides income investors with current dividend yield of 2.8%

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

PPS we rank 2 BUY

PPS market cap \$2.5 billion



REIT Growth and Income Monitor posted 48 REIT comments for the week ended September 13, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	7
Health Care REITs	2
Hotel REITs	5
Industrial REITs	5
Office REITs	11
Residential REITs	4
Retail REITs	7
Specialty REITs	7

Information on REIT sectors may be found using this link:

http://www.reitmonitor.net/REIT_Resources

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

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

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