

REIT Growth and Income Monitor

Weekly Comments 03/19/2013

REIT stocks lagged performance of the S&P 500 Index, with gain of 6% year to date for 2013, as negative performance gap narrowed to (3%).

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

Investors in Financial Mortgage REITs await proposals from Congress during 2013 to reform Fannie Mae.

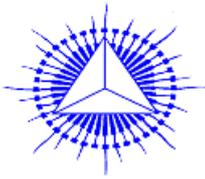
Annaly Capital Management completed acquisition of CreXus Investment, adding portfolio exposure to non-agency securities.

CYS Investment maintains low risk portfolio of agency guaranteed securities concentrated in 15 year issues.

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**Weekly REIT Comments****03/19/2013**

REIT stocks traded up 1% during the second week of March, the week ended March 15, 2013. REITs rallied up 6% during 2013, lagging performance of the S&P 500 Index, up 9%, as negative performance gap narrowed to (3%) year to date for 2013. Average gain for all REITs followed by REIT Growth and Income Monitor is 14% for 2013, exceeding 9% gain for the S&P 500 Index.

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

The most important risk for all US investors is still the delayed "fiscal cliff". Federal sequestration will begin in March, 2013, if not delayed again by a continuing resolution passed by Congress and signed by the President. Debate of the federal debt ceiling has been "suspended" until May 16, 2013, when the debt ceiling is to be automatically reset. Outlook for Retail REITs is impacted by higher payroll taxes that reduce consumer income growth for 2013. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Residential REITs expect exceptional FFO growth to continue through 2013, driven by tight occupancy and rental rate increases. Specialty Timber REITs, with portfolios of timberlands and sawlog mills, benefit from improving environment for homebuilders. Specialty REITs with portfolios of self-storage properties report significant profitability improvement. Health Care REITs may be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery. Trading of Hotel REITs fluctuates as investors ponder impact of federal sequestration on demand for hotel rooms in DC.

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. Direction for Fannie Mae reform has been voiced by FHFA (Federal Housing Finance Agency) Reform of Fannie Mae may ultimately impact the housing sector starting in 2013 and 2014, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction. Meanwhile, renewed investor interest in CMBS provides a lift for Financial Commercial REITs.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends should move higher during 2013, as required payouts are set above current levels. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Financial Mortgage REITs to See Fannie Mae Reform Proposed During 2013

Fannie Mae reform may finally be addressed by Congress during 2013, more than 5 years after the financial crisis of 2008-2009. Representative Jeb Hensarling, Chairman of the House Financial Services Committee, promises to see Fannie Mae reform legislation introduced during 2Q 2013. Efforts by Acting Director DeMarco of FHFA (Federal Housing Finance Agency) to resist principal reductions for troubled loans may be finally overcome by industry demands to clear the backlog of unsold homes subject to short sale restrictions. FHFA has proposed a new joint venture securitization platform (to be held jointly by Fannie Mae and Freddie Mac), set up to achieve consistency in loan and fee standards, as well as to remove federal loan guarantees from the balance sheets of Fannie Mae and Freddie Mac. Significant issues remain for lawmakers seeking to ensure taxpayers are safe from future exposure to housing sector decline. While normal portfolio turnover has removed the worst exposures from balance sheets of Financial Mortgage REITs (with most portfolio RMBS now concentrated in issues originated since 2009), the stocks will trade lower on any proposals that eliminate federal guarantees for conforming loans. Pressure on net interest margins causes EPS decline for most Financial Mortgage REITs, as Federal Reserve competes for new supply under the QE-4 directive, driving new issues of RMBS to price premiums that severely limit long term returns. Meanwhile, resurgence in demand for non-agency securities indicates investors are once again willing to accept more risk. We expect Financial Mortgage REITs to gradually increase portfolio risk parameters under these circumstances, by adding exposure to riskier issues, including non-agency securities. Investors should begin to assess Financial Mortgage REITs according to their portfolio risk, with higher risk enabling renewed growth. We see opportunity for **Annaly Capital Management, Redwood Trust, and MFA Financial**, while **Anworth Mortgage Asset, Capstead Mortgage, Hatteras Financial and CYS Investments** may choose to respond to market constraints through slower portfolio growth.

Trading Opportunities

Annaly Capital Management is the strongest of the publicly traded Financial Mortgage REITs, with a market cap of \$15.6 billion and a \$127 billion portfolio invested primarily in agency guaranteed residential MBS. Since completing acquisition of related **Crexus Investment** in March, 2013, **Annaly Capital Management** now directly participates in the market for non-agency guaranteed Residential MBS and for Commercial MBS. Management's goal is to invest 25% of earning assets in non-agency securities during 2013. Stock price increased 12% year to date for 2013, following decrease of (12%) during 2012. GAAP EPS showed profit of \$0.70 per share for 4Q 2012, including realized gains on sale of portfolio securities, while core EPS (excluding net portfolio unrealized gains and losses) of \$0.46 per share slightly exceeded current quarterly dividend of \$0.45 per share. NIM (net interest margin) decreased to 0.95%, almost one third below the prior year's level. Quarterly variability in **Annaly Capital Management** dividend distributions is a result of fluctuation in portfolio investment, repayments, portfolio yield and net interest income. **Annaly Capital Management** provides income investors with current dividend yield of 11.5%, above the midpoint of the range for Financial Mortgage REITs.

Investors seeking low risk Financial Mortgage REITs should consider small cap **CYS Investments**, with a market cap of \$2.0 billion. **CYS Investments** owns a \$21 billion portfolio concentrated 56% in 15 year issues, with 80% of portfolio securities issued in 2012 and 2013. Stock increased only 3% year to date for 2013, following decline of (10%) during 2012. GAAP EPS was a loss of (\$0.24) per share for 4Q 2012, reflecting net realized loss on portfolio transactions, while core EPS of \$0.21 per share (excluding non-cash charges) decreased (16%) from the previous year due to pressure on NIM (net interest margin), now at the low level of 0.94%. **CYS Investments** is committed to returning investment to shareholders through stock repurchase of 10% of total outstanding shares, in addition to dividend distributions. Current dividend yield of 13.2% is at the high end of the range for Financial Mortgage REITs.



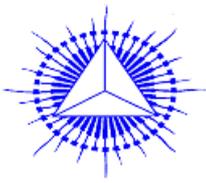
Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITs:		Price	Price	Price	Price	Weekly	2013
		12/31/2012	03/01/2013	03/08/2013	03/15/2013	Price Change	Price Change
Apartment Investment and Management	AIV	\$27	\$30	\$30	\$31	1%	14%
AvalonBay Communities	AVB	\$136	\$126	\$124	\$128	3%	-5%
Boston Properties	BXP	\$106	\$104	\$103	\$105	2%	-1%
Equity Residential	EQR	\$57	\$55	\$55	\$56	2%	-1%
HCP Inc.	HCP	\$45	\$49	\$49	\$49	-0%	8%
Health Care REIT	HCN	\$61	\$65	\$65	\$66	0%	7%
Host Hotels & Resorts	HST	\$16	\$17	\$17	\$18	5%	13%
Kimco Realty	KIM	\$19	\$22	\$22	\$22	0%	14%
Plum Creek Timber	PCL	\$44	\$49	\$49	\$50	1%	12%
Prologis, Inc	PLD	\$36	\$39	\$39	\$39	-1%	6%
Public Storage	PSA	\$145	\$152	\$150	\$148	-1%	2%
Simon Property Group	SPG	\$158	\$160	\$160	\$160	-0%	1%
Ventas	VTR	\$65	\$71	\$70	\$71	0%	9%
Vornado Realty Trust	VNO	\$80	\$80	\$84	\$83	-1%	4%
S&P 500 Index	S&P 500	\$1,426	\$1,518	\$1,551	\$1,561	1%	9%
Average for S&P 500 Index REITs						1%	6%

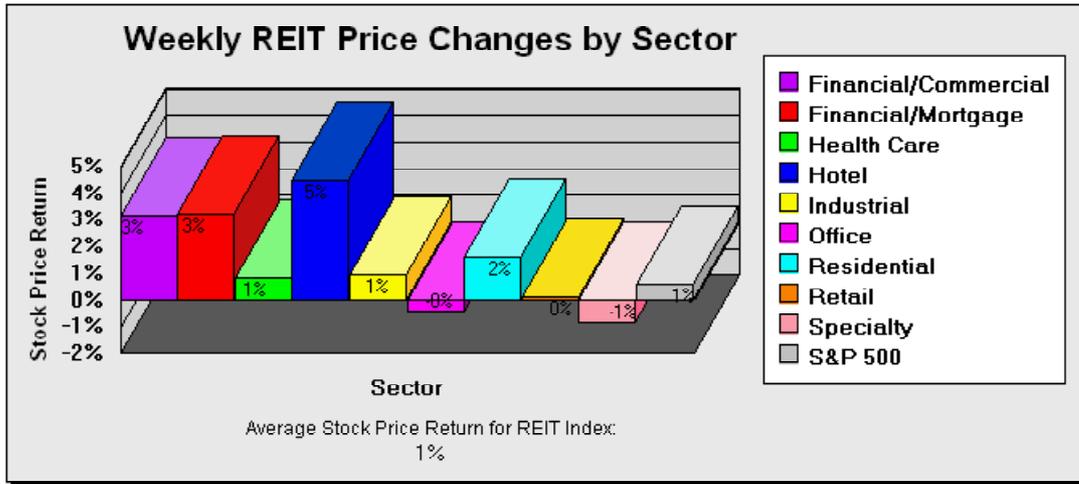
REIT stocks traded up 1% for the second week of March, the week ended March 15, 2013. REITs matched performance of the S&P 500 Index, also trading up 1% for the week. REITs rallied up 6% year to date for 2013, lagging performance of the S&P 500 Index, up 9%. Negative performance gap narrowed to (3%) year to date for 2013.

Price changes for 2013 indicate diminished momentum, with only 4 of the 14 REITs included in the S&P 500 Index up the same or more than the 9% gain for the S&P 500 Index and 7 REITs up less than the S&P 500 Index, while 3 REITs traded down year to date for 2013. Greatest gain so far is shown by **Kimco Realty**, up 14%, on news of joint venture equity investment in SUPERVALU grocery chain properties. Also showing strong gains are **Apartment Investment and Management**, up 14%, **Host Hotels & Resorts** up 13%, **Plum Creek Timber**, up 12%, and **Ventas**, up 9%. Other REITs showing gains include **HCP** up 8%, **Health Care REIT**, up 7%, **Prologis Inc**, up 6%, **Vornado Realty Trust**, up 4%, and **Public Storage** up 2%. **Simon Property Group**, largest Retail REIT, shows only 1% gain year to date for 2013. REITs trading down year to date include **AvalonBay Communities**, down (5%), as well as **Boston Properties** and **Equity Residential**, both down (1%).

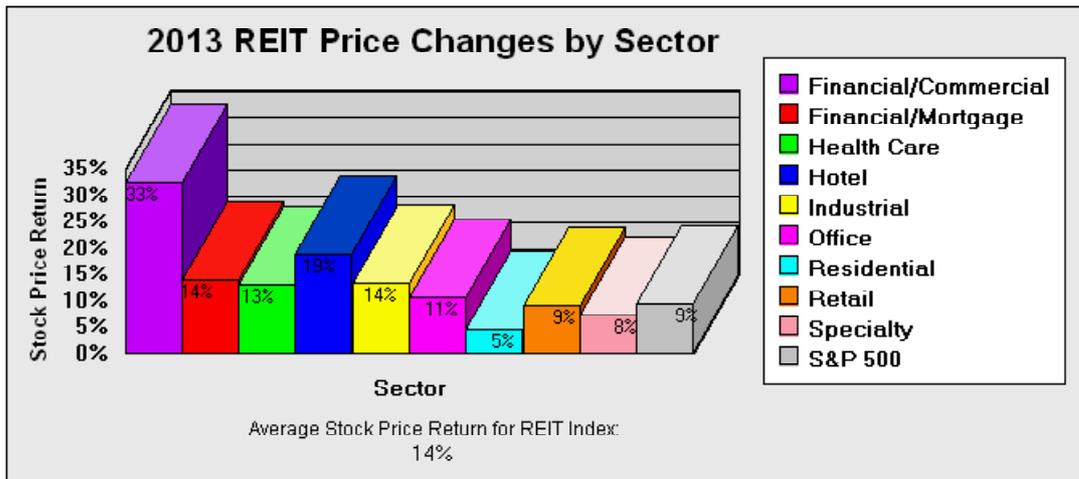
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Weekly REIT Price Changes by Sector



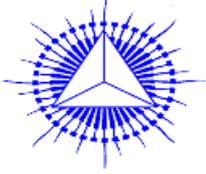
Most REIT sectors traded higher for the second week of March, the week ended March 15, 2013. Strongest sectors were Hotel REITs, up 5%, followed by Financial Commercial REITs and Financial Mortgage REITs, both up 3%. Residential REITs rallied up 2%. Other REIT sectors showing gains include Health Care REITs and Industrial REITs, both up 1%, while Retail REITs traded unchanged for the week. REIT sectors trading down for the week included Office REITs, down less than 1%, and Specialty REITs, down (1%). On average, stock prices for REIT Growth and Income Monitor increased 1% for the second week of March, ended March 15, 2013.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 14% on average year to date for 2013, exceeding performance of the S&P 500 Index, now up 9% year to date for 2013. REITs outperform as investors seek dividend income, especially now that "qualified dividends" have been eliminated as a category for lower taxation at the end of 2012. REITs offer higher yields than S&P 500 stocks, with REIT dividends taxed at the same rate as ordinary income. REIT funds flow remains consistent, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sectors for 2013 are Financial Commercial REITs, up 33%, as investor interest in non-agency securities revives, while Financial Mortgage REITs show gain of 14%, as investors prepare for pending Fannie Mae reform to be considered by Congress. Hotel REITs also lead, up 19% year to date for 2013. Industrial REITs rallied up 14%, due to positive news on US industrial production. Health Care REITs are up 13%, on relief over "doctor fix" legislation and hopes for positive impact of the Affordable Care Act. Office REITs gained 11%, while Retail REITs traded up 9%. Specialty REITs show 8% year to date gain for 2013. Lagging Residential REITs are up 5%. We expect improved performance for Residential REITs, as guidance indicates continued rapid growth through 2013.

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REIT Comment



Company:	Corporate Office Properties Trust
Price:	\$27
Recommendation:	SELL
Ranking:	5
Market Cap:	\$2,047
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
OFC \$27

Corporate Office Properties Trust OFC this week Senate to vote on continuing resolution

OFC last week House vote to approve continuing resolution appears to set up a short term solution to threat of federal sequestration

OFC continuing resolution still requires Senate ratification and Obama signature before end of March, 2013, to prevent automatic spending cuts from taking effect

OFC government agency budgets would be held to level of previous fiscal year

OFC House bill also provides DOD with more flexibility to determine allocation of spending reductions

OFC both House and Senate expected to propose competing budget proposals that may offset this continuing resolution

OFC has greatest exposure of any Office REIT to federal agencies at 66% of total rents

OFC reported FFO for 2012 DOWN (1%), while guidance for FFO for 2013 indicates FFO to decrease DOWN (12%)

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

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

OFC we rank 5 SELL

OFC market cap \$2.0 billion

REIT Comment



Company:	Regency Centers
Price:	\$53
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,810
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
REG \$53

Regency Centers REG outlook for continued retail expansion supports positive investment environment for Retail REITs

REG consumer confidence and employment growth convince retail chains to expand store base to meet their internal growth goals

REG participation of Kimco Realty KIM as investor in Cerberus group may enable more transactions benefitting REITs as landlords to SUPERVALU assets

REG key tenant SUPERVALU SVU represents 3% of total rental revenue for REG

REG turnover in store base due to tenant downsizing(including Sears/Kmart, Best Buy and Michaels) enables rental growth, as shown by 4Q 2012 increase in rents on turnover UP +3.4%

REG exceeded expectations for FFO for 2012 with growth UP +7%, while guidance for FFO for 2013 indicates a FLAT year

REG stock price supported by current annual dividend yield of 3.5%

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

REG we rank 2 BUY

REG market cap \$4.8 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,254
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/11/2013
NLY \$15

Annaly Capital Management NLY Congressional proposals for Fannie Mae reform expected during 2013, but likely to be delayed by focus on continuing resolution to prevent federal sequestration and concerns over debt ceiling limit

NLY DiMarco (Acting Director of FHFA, Federal Housing Finance Agency) plans to propose changes to control GSE participation in the mortgage market, while building a new infrastructure for securitizations and maintaining a stable structure for credit availability

NLY Fannie Mae FNMA and Freddie Mac FMCC to invest in a joint venture to fund securitizations of conforming loans, moving issuance of new guarantees off the balance sheets of existing GSE entities

NLY probable reforms for qualifying mortgages include increases in credit guarantee fees, reduction in maximum loan size, and higher downpayment requirements

NLY plans to invest up to 25% of equity in non-agency real estate assets, including pending acquisition of publicly traded NLY subsidiary CreXus Investment CXS expected to close during 1Q 2013

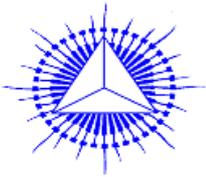
NLY stock price supported by current annual dividend yield of 11.8%, near the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$15.3 billion

REIT Comment



Company:	Newcastle Investment
Price:	\$11
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,875
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
NCT \$11

Newcastle Investment NCT pending investment to acquire consumer loan portfolio provides portfolio diversification

NCT to acquire up to 50% of \$4.2 billion consumer loan portfolio from HSBC Finance with Springleaf Finance, an affiliate of Fortress, to service the loans

NCT portfolio to be acquired includes 400,000 personal homeowner loans and personal unsecured loans

NCT closing of HSBC acquisition joint venture anticipated during 2Q 2013

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

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

NCT provides current yield of 7.8%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.9 billion

REIT Comment



Company:	National Retail Properties
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,864
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
NNN \$35

National Retail Properties NNN traded DOWN (\$0.58) per share to close DOWN (2%) day

NNN stock traded UP +12% year to date for 2013, following increase UP +18% during 2012
NNN outperformed Retail REITs, trading UP +9% year to date for 2013

NNN consumer confidence and employment growth convince retail chains to expand store base to meet their internal growth goals

NNN investors view Retail REITs with portfolios of net leased properties as a relatively safe investment category

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

NNN reported FFO UP +11% for 2012, exceeding previous guidance, while guidance for FFO for 2013 indicates growth UP +6%

NNN providing income investors with current annual dividend yield of 4.5%

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

NNN we rank 2 BUY

NNN market cap \$3.9 billion

REIT Comment



Company:	Medical Properties Trust
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,049
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
MPW \$15

Medical Properties Trust MPW traded UP \$0.23 per share to close UP +2% day

MPW stock traded UP +27% year to date for 2013, after increasing UP +21% during 2012
MPW outperformed Office REITs, trading UP +11% during 2013

MPW despite Republican efforts to limit Obama's health care program, Health Care REITs appear set to benefit

MPW hospital tenants expected to gain patients from Affordable Care Act to take effect from 2014-2017

MPW reported better than expected results for 4Q 2012, with FFO growth for 2012 UP +27%

MPW also increased guidance for FFO for 2013 to indicate growth UP +22%

MPW stock price supported by current yield of 5.3%

MPW a Health Care REIT with a portfolio of acute care and specialty hospitals

MPW we rank 2 BUY

MPW market cap \$2.0 billion

REIT Comment



Company:	MFA Financial
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,380
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
MFA \$9

MFA Financial MFA traded UP \$0.09 per share to close UP +1% day

MFA stock traded UP +17% year to date for 2013, following increase UP +21% during 2012
MFA outperformed Financial Mortgage REITs, trading UP +10% year to date for 2013

MFA special dividend of \$0.50 per share may attract investors to MFA, despite delayed reporting of year end results for 2012

MFA special dividend to be paid to MFA shareholders in April 2013 based on undistributed REIT taxable income for 2010 and 2011, with a portion relating to 2012 taxable income undistributed to date

MFA regular quarterly dividend set at \$0.20 per share as of 4Q 2012, providing annual dividend yield of 8.5%, below the midpoint of the range for Financial Mortgage REITs

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

MFA we rank 2 BUY

MFA market cap \$3.4 billion

REIT Comment



Company:	Realty Income
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,858
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
O \$45

Realty Income O completed stock offering of 17.25 million shares at \$45.90 per share

O offering size increased from previous 10 million shares

O net proceeds of \$756 million to be applied to repay \$1.0 billion acquisition credit facility

O joint bookrunning managers BofA Merrill Lynch, Morgan Stanley, Wells Fargo, Credit Suisse, Raymond James, RBC and UBS

O co-lead managers JP Morgan and Jefferies

O senior co-managers Baird, Barclay's, BB&T, Citi and Stifel Nicolaus

O co-managers BNY Mellon and Piper Jaffray

O March 2013 offering to add 13% to total shares outstanding

O completed \$3.1 billion acquisition of American Capital Realty Trust ARCT in January, 2013, adding 18% to portfolio size and providing significant incremental cash flow

O stock price supported by current annual dividend yield of 4.8%

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

O we rank 2 BUY

O market cap \$5.9 billion

REIT Comment



Company:	Realty Income
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,858
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/11/2013
O \$45

Realty Income O traded DOWN (\$0.53) per share to close DOWN (1%) day

O stock traded UP +12% year to date for 2013, following increase UP +15% during 2012
O outperformed Specialty REITs, trading UP +8% year to date for 2013

O completed offering of 17.5 million shares, raising \$756 million to repay debt incurred on major acquisition of American Capital Realty Trust ARCT

O exceptional long term record of monthly dividends increases

O stock price supported by current annual dividend yield of 4.8%

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

O we rank 2 BUY

O market cap \$5.9 billion

REIT Comment



Company:	MFA Financial
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,380
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/12/2013
MFA \$9

MFA Financial MFA 4Q 2012 GAAP EPS \$0.19 v \$0.19 FLAT
MFA 4Q 2012 GAAP EPS includes \$2 million gains on sale of MBS and \$1 million unrealized gains on portfolio adjustments

MFA 4Q 2012 core EPS \$0.20 per share
MFA 4Q 2012 core EPS excludes \$0.01 per share in excise tax and interest on REIT taxable income, gains on sale of MBS and unrealized gains on portfolio adjustments

MFA 2012 GAAP EPS \$0.83 v \$0.90 DOWN (8%)
MFA 2012 GAAP EPS includes \$9 million gains on sale of MBS and \$13 million unrealized gains on portfolio adjustments

MFA 2012 core EPS \$0.81 per share
MFA 2012 core EPS excludes \$0.02 per share in excise tax and interest on REIT taxable income, gains on sale of MBS and unrealized gains on portfolio adjustments

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

MFA 4Q 2012 GAAP book value \$8.99 per share, UP +2% from September, 2012
MFA stock trading at premium of 5% to latest book value

MFA 4Q 2012 portfolio \$12.7 billion, including \$7.2 billion agency guaranteed Residential MBS and \$5.4 billion non-agency Residential MBS
MFA 4Q 2012 portfolio yield 4.10%, including agency guaranteed RMBS 2.59% and non-agency RMBS 4.24%
MFA 4Q 2012 portfolio average amortized cost basis for agency guaranteed RMBS 103.3% and for non-agency RMBS 73.2%

MFA 4Q 2012 portfolio leverage 3.0X, including agency guaranteed RMBS portfolio at 7.6X and non-agency RMBS portfolio at 2.5X
MFA 4Q 2012 portfolio CPR (constant prepayment rate) 17.7%, including agency guaranteed RMBS at 19.2% and non-agency RMBS at 15.5%

MFA management comments noted lower return on non-agency portfolio of RMBS as strengthening market causes investors to accept higher risk to maintain portfolio income

MFA to pay special dividend of \$0.50 per share in April 2013, reflecting undistributed amounts of REIT taxable income relating to prior periods

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

MFA we rank 2 BUY

MFA market cap \$3.4 billion

REIT Comment



Company:	Gramercy Capital
Price:	\$4
Recommendation:	SELL
Ranking:	5
Market Cap:	\$233
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
GKK \$4

Gramercy Capital GKK announced plans to sell collateral management and subspecial servicing agreements to CWCapital Investments for \$10 million

GKK liquidation of CDO bond portfolio expected to raise \$14 million from past servicing advances

GKK transaction expected to reduce ongoing operating expenses while retaining equity in CDOs

GKK has not yet reported financial results for 4Q 2012

GKK CEO Gordon F. DuGan promises to restore balance sheet through investment in net leased assets and debt generating recurring cash flow, to enable eventual restoration of dividend distributions to GKK shareholders

GKK CEO Gordon F. DuGan, previously President and CEO of WP Carey, joined GKK in August 2012

GKK a Financial Commercial REIT

GKK we rank 5 SELL

GKK market cap \$233 million

REIT Comment



Company:	UMH Properties
Price:	\$10
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$168
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
UMH \$10

UMH Properties UMH 4Q 2012 core FFO \$0.10 v \$0.17 DOWN (41%)

UMH 2012 core FFO \$0.62 v \$0.63 DOWN (2%)
UMH 2012 core FFO excludes net gains of \$0.06 per share relating to securities transactions
UMH no previous guidance provided for FFO for 2012

UMH 4Q 2012 revenues \$13 million UP +14% due to recent acquisitions
UMH 4Q 2012 operating income \$845,000

UMH 4Q 2012 occupancy 80% UP +3%

UMH 4Q 2012 acquisitions \$48 million, adding 20% to portfolio capacity

UMH financial results year to date include \$4.1 million realized gains on \$57 million portfolio of REIT securities
UMH portfolio of \$57 million REIT securities now carrying \$6.6 million unrealized gains

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

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

UMH we rank 3 HOLD

UMH market cap \$168 million

REIT Comment



Company:	Corporate Office Properties Trust
Price:	\$27
Recommendation:	SELL
Ranking:	5
Market Cap:	\$2,084
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
OFC \$27

Corporate Office Properties Trust OFC comments of US intelligence chief indicate pending drastic impact of federal sequester on intelligence employment and activities

OFC James Clapper, Director of National Intelligence, pointed out in Senate testimony that intelligence departments face even more drastic cuts than military

OFC intelligence agencies are required to cut each program by(7%) for fiscal year 2013, now half over, so (13%) spending reduction will be required to meet the directive

OFC Clapper expects more than 5,000 contractors to be let go, while thousands of FBI employees to be furloughed

OFC has greatest exposure of any Office REIT to federal agencies at 66% of total rents, with concentration in DOD and intelligence agencies

OFC stock price supported by current annual dividend yield of4.0%

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:	\$27
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,249
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
GOV \$27

Government Properties Income Trust GOV sale of stock in secondary offering by parent Commonwealth REIT CWH increases independence for this publicly traded former subsidiary of CWH

GOV sale by CWH of 9.95 million shares of GOV reduces CWH holdings of 19% of GOV to zero

GOV offering of 9.95 million shares sold at \$25.20, representing discount of (5%) to previous closing price for GOV

GOV no proceeds from sale of secondary stock accrues to GOV

GOV joint bookrunning managers Citi, BofA Merrill Lynch and RBS
GOV joint lead managers Jefferies, Morgan Stanley and UBS
GOV co-managers BB&T, Janney Montgomery Scott, JMP, MLV and Oppenheimer

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

GOV provides current annual dividend yield of 6.5%

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 \$1.2 billion

REIT Comment



Company:	CommonWealth REIT
Price:	\$22
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,017
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/22/2013
CWH \$22

CommonWealth REIT CWH sale of 19% of stock of former subsidiary Government Properties Income Trust GOV raised \$240 million cash available to fend off hostile tender offer

CWH elimination of holdings in GOV limits CWH exposure to federal spending declines

CWH completed \$650 million tender for CWH bonds using funds raised in \$750 million public offering of 30 million shares of CWH

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

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

CWH we rank 3 HOLD

CWH market cap \$2.0 billion

REIT Comment



Company:	Host Hotels & Resorts
Price:	\$17
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$12,666
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
HST \$17

Host Hotels & Resorts HST traded UP \$0.27 per share to close UP +2% day

HST stock traded UP +10% year to date for 2013, following increase UP +6% during 2012
HST underperformed Hotel REITs, trading UP +14% year to date for 2013

HST travel related stocks may be impacted by bad weather during 1Q 2013

HST additional concern may be caused by federal spending sequester expected to impact number and frequency of flights due to cutbacks by FAA

HST reported FFO for 2012 UP +20%, while providing guidance for FFO for 2013 UP +15%

HST management comments noted confidence in rental rate increases throughout 2013, assuming limited impact from federal sequestration

HST stock price supported by new annual dividend yield of 2.1%

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 \$12.7 billion

HST an S&P 500 Index REIT

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$9
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,312
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
NRF \$9

NorthStar Realty Finance NRF traded UP \$0.11 per share to close UP +1% day

NRF stock traded UP +32% year to date for 2013, following increase UP +48% during 2012
NRF outperformed Financial Commercial REITs, trading UP +29% year to date for 2013

NRF 4Q 2012 adjusted book value \$6.75 per share DOWN (11%) from September 2012
NRF stock trading at premium of 37% to adjusted book value

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

NRF increased quarterly dividend distributions for 6 consecutive quarters, including 1Q 2013

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$1.3 billion

REIT Comment



Company:	Extra Space Storage
Price:	\$39
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,226
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2013
EXR \$39

Extra Space Storage EXR traded DOWN (\$0.39) per share to close DOWN (1%) day

EXR stock traded UP +7% year to date for 2013, following increase UP +50% during 2012
EXR stock underperformed Specialty REITs, trading UP +8% during 2013

EXR recent large acquisition driving revenues and profitability at faster rate than the rest of the self-storage industry

EXR reported better than expected results for 4Q 2012, with FFO for 2012 UP +33%

EXR recent guidance for FFO for 2013 increased UP +19%

EXR stock price supported by current annual dividend yield of 2.6%

EXR a Specialty REIT with a portfolio of self-storage properties concentrated in east coast states

EXR we rank 2 BUY

EXR market cap \$4.2 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,678
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/12/2019
HTS \$27

Hatteras Financial HTS traded UP \$0.25 per share to close UP +1% day

HTS stock traded UP +10% during 2013, following decrease DOWN (6%) during 2012
HTS traded in line with Financial Mortgage REITs UP +10% year to date for 2013

HTS trend for higher home prices supports positive outlook for Financial Mortgage REITs

HTS proposals for reform of Fannie Mae expected from Congress, although discussion of federal sequestration likely to cause delay

HTS current annual dividend yield 10.3%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.7 billion

REIT Comment



Company:	Simon Property Group
Price:	\$161
Recommendation:	BUY
Ranking:	2
Market Cap:	\$58,384
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
SPG \$161

Simon Property Group SPG news of growth in retail sales supports momentum for Retail REITs

SPG report from Commerce Department found retail spending UP +1.1% from the previous month for February 2013

SPG excluding gasoline, US retail sales UP +0.6% for February 2013

SPG reported FFO for 2012 UP +16%, while providing guidance for FFO for 2013 indicating growth UP +7%

SPG provides current yield of 2.9%

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

SPG we rank 2 BUY

SPG market cap \$58.4 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$22
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,995
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
KIM \$22

Kimco Realty KIM momentum for retail sales should prove a positive indicator for Retail REITs

KIM report from Commerce Department found retail spending UP +1.1% from the previous month for February 2013, with sales excluding gasoline UP +0.6%

KIM retail sales for general merchandise locations UP +0.5%, while department store sales DOWN (1.0%)

KIM reported FFO for 2012 UP +5%, and provided guidance for FFO for 2013 indicating growth UP +6%

KIM pending \$3.3 billion SUPERVALU transaction to provide additional investment opportunities

KIM provides current yield of 3.8%

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 \$9.0 billion

KIM an S&P 500 index REIT

REIT Comment



Company:	Hatteras Financial
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,678
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
HTS \$27

Hatteras Financial HTS report from FHFA (Federal Housing Finance Agency) indicates fewer loans now refinanced under HARP program

HTS total volume of HARP refinance 297,000 for 4Q 2012, DOWN (7%) from previous quarter

HTS refinance through HARP program funded 62% through Fannie Mae and 38% through Freddie Mac

HTS limitations on HARP program likely to cause resurgence in mortgage refinance under HAMP program, scheduled to expire in December, 2013

HTS proposals for reform of Fannie Mae expected from Congress, although discussion of federal sequestration likely to cause delay

HTS FHFA has announced new joint venture securitization platform to consolidate GSE guarantees but specific provisions not yet approved by Congressional oversight committee

HTS current annual dividend yield 10.3%, near the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.7 billion

REIT Comment



Company:	Ventas
Price:	\$71
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,996
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
VTR \$71

Ventas VTR Senate vote on continuing resolution this week may prevent pending federal sequester of Medicare funds

VTR Senate to consider House bill approved last week to continue funding federal agency spending through end of 2013 fiscal year in September, 2013

VTR formal debate began today in Senate, with Democrats supporting legislation, while high profile Republicans decry federal budget deficit

VTR Medicare payments to be subject to 2% withholding starting March, 2013, impacting tenants of hospitals and medical office properties more than nursing homes

VTR even if continuing resolution is approved by Senate and signed by Obama, Medicare spending reductions may be further adjusted if a budget agreement is reached

VTR exceeded previous guidance, reporting normalized FFO for 2012 UP +13%

VTR new guidance for normalized FFO for 2013 indicates growth UP +7%

VTR recently increased quarterly dividend distribution by 8%, bringing current yield to 3.8%

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

VTR we rank 2 BUY

VTR market cap \$21.0 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Extra Space Storage
Price:	\$38
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,146
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
EXR \$38

Extra Space Storage EXR traded DOWN (\$0.54) per share to close DOWN (1%) day

EXR traded UP +5% year to date for 2013, following increase UP +50% during 2012
EXR underperformed Specialty REITs, trading UP +8% year to date for 2013

EXR Specialty Self-Storage REITs seeing higher than expected profit growth as a result of higher rental rates

EXR recent large acquisition driving revenues and profitability

EXR reported better than expected results for 4Q 2012, with FFO for 2012 UP +33%

EXR recent guidance for FFO for 2013 increased UP +19%

EXR stock price supported by current annual dividend yield of 2.6%

EXR a Specialty REIT with a portfolio of self-storage properties concentrated in east coast states

EXR we rank 2 BUY

EXR market cap \$4.1 billion

REIT Comment



Company:	Strategic Hotels & Resorts
Price:	\$8
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,724
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
BEE \$8

Strategic Hotels & Resorts BEE traded UP \$0.23 per share to close UP +3% day

BEE stock traded UP +23% year to date for 2013, following increase UP +19% during 2012
BEE underperformed Hotel REITs, trading UP +14% year to date for 2013

BEE recent \$362 million acquisition of Essex House provides significant EBTDA growth for 2013-2014

BEE management comments noted slow start for 1Q 2013, with bookings for group nights DOWN (8%)

BEE reported rapid profit growth for 2012, expected to continue during 2013, with hotel margins responding to occupancy and rental rate gains

BEE has not yet restored common stock dividends

BEE a Hotel REIT with a portfolio of upscale and resort hotels in US Europe and Mexico

BEE we rank 3 HOLD

BEE market cap \$1.7 billion

REIT Comment



Company:	Highwoods Properties
Price:	\$39
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$3,140
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
HIW \$39

Highwoods Properties HIW traded UP \$0.53 per share to close UP +1% day

HIW stock traded UP +17% year to date for 2013, following increase UP +13% during 2012
HIW outperformed Office REITs, trading UP +11% year to date for 2013

HIW exposure to government tenants at 9% of total base rents may cause investor concern at a time of federal spending decline

HIW reported FFO growth for 2012 UP +6%, while recent guidance for FFO for 2013 indicates growth UP +3%

HIW stock price supported by current annual dividend yield of 4.4%

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 \$3.1 billion

REIT Comment



Company:	Post Properties
Price:	\$49
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,653
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
PPS \$49

Post Properties PPS traded UP \$0.53 per share to close UP +1% day

PPS stock traded DOWN (3%) year to date for 2013, following increase UP +14% during 2012
PPS underperformed Residential REITs, trading UP +3% year to date for 2013

PPS enjoying rental rate increases UP +6%, driving improved profitability

PPS reported core FFO growth UP +24% for 2012 (excluding condo sales), while guidance for FFO for 2013 indicates growth UP +14%

PPS provides income investors with current dividend yield of 2.1%

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

PPS we rank 2 BUY

PPS market cap \$2.7 billion

REIT Comment



Company:	CommonWealth REIT
Price:	\$22
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,003
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/14/2013
CWH \$22

CommonWealth REIT CWH forced to respond to proxy battle by disgruntled shareholders

CWH proxy solicitation asks shareholders to remove all 5 members of CWH board of directors

CWH management recommends shareholders not respond to proxy solicitation

CWH no indication that CWH is in discussions regarding proposed tender offer

CWH shareholders Corvex Management LP and Related Fund Management LLC filed unsuccessful suit to prevent stock offering, claiming combined holdings of 9.8% of CWH, and offering to acquire the company for \$25 per share in undocumented valuation, without support of financing or shareholder vote

CWH stock price supported by current annual dividend yield of 4.4%

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

CWH we rank 3 HOLD

CWH market cap \$2.0 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,344
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/14/2013
NLY \$15

Annaly Capital Management NLY lower new mortgage applications indicate variability in demand in response to interest rate trends

NLY report from MBA (Mortgage Bankers Association) found mortgage applications decreased DOWN (4.7%) for week ended March 8, 2013

NLY mortgage applications for refinance DOWN (5%), while mortgage applications for home purchase DOWN (3%)

NLY report from MBA (Mortgage Bankers Association) also found average interest rate on 30 year fixed rate mortgage UP 0.11% to 3.70%

NLY proposals for reform of Fannie Mae may be delayed by discussion of pending federal sequestration

NLY FHFA (Federal Housing Finance Agency) has announced new joint venture securitization platform to consolidate GSE guarantees, but specific provisions not yet approved by Congressional oversight committee

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

NLY stock price supported by current annual dividend yield of 11.7%, above the midpoint of the range for Financial Mortgage REITs

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

NLY we rank 2 BUY

NLY market cap \$15.3 billion

REIT Comment



Company:	Equity Residential
Price:	\$55
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,679
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/14/2013
EQR \$55

Equity Residential EQR lower new unemployment claims signal economic growth continues

EQR Labor Department reported new claims for unemployment DOWN (10,000) to 332,000 for week ended March 9, 2013

EQR more stable 4 week moving average of new unemployment claims also DOWN (2,750) to 346,750

EQR pending federal sequestration during March 2013 may negatively impact US economy, if not averted by Senate vote on continuing resolution this week

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

EQR guidance for FFO for 2013 indicates growth UP +5%, slower than 2012 growth UP +14%, due to pending divestitures to support strategic acquisition

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

EQR stock supported by current annual dividend yield 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 \$17.7 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	Cypress Sharpridge Investments
Price:	\$12
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$2,010
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/14/2013
CYS \$12

CYS Investments CYS report from Freddie Mac indicates mortgage interest rates trending slightly higher

CYS Freddie Mac index shows average interest rate on 30 year fixed rate mortgage UP +0.11% to 3.63% for week ended March 8, 2013

CYS average interest rate on shorter term 15 year fixed rate mortgages showed slight increase UP 0.03% to 2.79%

CYS portfolio concentrated more than 50% in 15 year fixed rate mortgages

CYS stock repurchase program would retire as much as 10% of shares outstanding at current price

CYS portfolio concentrated 80% in originations from 2012 and 2013

CYS stock price supported by current annual dividend yield of 12.3%, 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 \$2.0 billion

REIT Comment



Company:	FelCor Lodging Trust
Price:	\$5
Recommendation:	SELL
Ranking:	5
Market Cap:	\$665
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
FCH \$5

FelCor Lodging Trust FCH traded UP \$0.20 per share to close UP +4% day

FCH stock traded UP +19% year to date for 2013, following increase UP +53% during 2012
FCH outperformed Hotel REITs, trading UP +14% during 2012

FCH investors are concerned over impact of bad weather on travel related stocks for 1Q 2013

FCH federal spending sequester expected to impact number and frequency of flights due to cutbacks by FAA

FCH guidance for FFO for 2013 indicates significant growth, UP more than +30% due to divestitures, renovations and rebranding, although guidance for FFO for 2013 indicates adjusted EBITDA to be FLAT - UP only +3%

FCH has not paid common stock dividends since 2007

FCH a Hotel REIT

FCH we rank 5 SELL

FCH market cap \$665 million

REIT Comment



Company:	Apartment Investment and Management
Price:	\$30
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,364
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
AIV \$30

Apartment Investment and Management AIV traded UP\$0.78 per share to close UP +3% day

AIV stock traded UP +14% year to date for 2013, following increase UP +18% during 2012
AIV outperformed Residential REITs, trading UP +3% year to date for 2013

AIV apartment shortage maintaining high apartment occupancy and driving rental rate increases fueled by employment growth

AIV Residential REITs reported strong results for 2012 and provided optimistic guidance for 2013

AIV reported FFO growth UP +12% for 2012, while indicating even faster FFO growth for 2013, UP +13%

AIV provides current dividend yield of 3.2%

AIV a Residential REIT with a diverse portfolio of conventional and affordable apartment communities

AIV we rank 2 BUY

AIV market cap \$4.4 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	Redwood Trust
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,848
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/13/2013
RWT \$24

Redwood Trust RWT traded UP \$0.72 per share to close UP +3% day

RWT stock traded UP +40% year to date for 2013, following increase UP +66% during 2012
RWT outperformed Financial Mortgage REITs, trading UP +10% year to date for 2013

RWT preparing \$540 million issuance of non-agency RMBS for sale this month

RWT 2013 year to date total \$1.7 billion securitizations of non-agency loans

RWT goal for 2013 to issue \$7 billion securitizations

RWT increased quarterly dividend distribution by 12%, now providing yield of 4.9%, still at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.8 billion

REIT Comment



Company:	Medical Properties Trust
Price:	\$15
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,994
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/14/2013
MPW \$15

Medical Properties Trust MPW traded UP \$0.23 to close UP +2% day

MPW stock traded UP +26% year to date for 2013, following increase UP +21% during 2012
MPW outperformed Health Care REITs, trading UP +12% year to date for 2013

MPW efforts to bring continuing resolution to Senate vote to avert federal sequester hampered by amendments to limit spending on Affordable Care Act

MPW hospital tenants expected to gain patients from Affordable Care Act to take effect from 2014-2017

MPW even if continuing resolution is approved by Senate and signed by Obama Medicare spending reductions may be further adjusted if a budget agreement is reached

MPW reported better than expected results for 4Q 2012, with FFO growth for 2012 UP +27%

MPW also increased guidance for FFO for 2013 to indicate growth UP +22%

MPW stock price supported by current yield of 5.4%

MPW a Health Care REIT with a portfolio of acute care and specialty hospitals

MPW we rank 2 BUY

MPW market cap \$2.0 billion

REIT Comment



Company:	Ashford Hospitality Trust
Price:	\$12
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,025
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
AHT \$12

Ashford Hospitality Trust AHT to pay previously announced dividend increase for 2Q 2013

AHT increased quarterly dividend distribution by 9% to \$0.12 per share for 2Q 2013

AHT new annual dividend \$0.48 per share

AHT new yield 4.00% per share

AHT calendar 2012 dividend distributions of \$0.43 per share were classified 100% as untaxable return of capital

AHT a Hotel REIT

AHT we rank 2 BUY

AHT market cap \$1.0 billion

REIT Comment



Company:	Developers Diversified Realty
Price:	\$17
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,308
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
DDR \$17

Developers Diversified DDR lower consumer confidence index may indicate concern over pending federal sequestration, if Senate fails to pass continuing resolution to fund federal government spending through end of fiscal year, ending September 2013

DDR preliminary estimate from University of Michigan survey found drop in consumer confidence DOWN (5.8%) from 77.6% for February 2013 to 71.8% for March 2013

DDR recently reported growth in US retail sales for February 2013 indicates any change in consumer confidence not yet reflected in sales at shopping centers owned by Retail REITs

DDR reported 2012 FFO growth UP +6%, while guidance for FFO growth for 2013 indicates a range of UP +4%-+8%

DDR recently increased dividend distribution by 13%, bringing current annual dividend yield to 3.1%

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 \$5.3 billion

REIT Comment



Company:	Prologis Inc
Price:	\$39
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,614
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
PLD \$39

Prologis Inc PLD report on US industrial production consistent with continued economic growth

PLD report from Federal Reserve on US industrial production shows industrial production UP+0.7% for February 2013 from revised number for January 2013

PLD capacity utilization also increased UP +0.4% to 79.6% for February 2013

PLD capacity utilization still at level within parameters to maintain low price inflation for US factory output

PLD retail sales are most important coincident indicator for Industrial REITs with portfolios of bulk distribution facilities, as well as industrial production, exports and freight volume

PLD provides current yield of 2.9%

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

PLD we rank 2 BUY

PLD market cap \$18.6 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$27
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,117
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/15/2013
HR \$27

Healthcare Realty Trust HR doctor tenants of Health Care REITs with portfolios of medical office buildings expecting to receive significant amount in delayed Medicaid payments

HR although delayed by 3 months, Medicaid payments to doctors for outpatient treatments expected to increase to the same level as Medicare payments to treat elderly patients

HR supplemental payments are expected to be made retroactive to January 2013, providing doctors with more than 70% incremental revenue on Medicaid patients

HR higher doctor income likely to enable office expansions and mergers of practices generating incremental demand for office space for Health Care REITs with portfolios of medical office buildings

HR additional provisions of Affordable Care Act to take effect from 2014-2017 are expected to provide stimulus for HR tenants through greater insured population including Medicaid, employer insured and self-insured patients

HR stock price supported by current dividend yield of 4.4%

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

HR we rank 2 BUY

HR market cap \$2.1 billion

REIT Comment



Company:	Ventas
Price:	\$70
Recommendation:	BUY
Ranking:	2
Market Cap:	\$20,907
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
03/15/2013
VTR \$70

Ventas VTR Republican attempts to limit Affordable Care Act may impact trading in Health Care REITs

VTR Senate Republican leader Mitch McConnell renewed his vow to repeal Affordable Care Act

VTR other Senators adding amendments to continuing resolution bill now under consideration, including an amendment denying funding for provisions of Affordable Care Act

VTR Senate vote on continuing resolution this week may prevent pending federal sequester of Medicare funds

VTR Medicare payments to be subject to 2% withholding starting March, 2013, impacting tenants of hospitals and medical office properties more than nursing homes

VTR even if continuing resolution is approved by Senate and signed by Obama, Medicare spending reductions may be further adjusted if a budget agreement is reached

VTR exceeded previous guidance, reporting normalized FFO for 2012 UP +13%

VTR new guidance for normalized FFO for 2013 indicates growth UP +7%

VTR recently increased quarterly dividend distribution by 8%, bringing current yield to 3.8%

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

VTR we rank 2 BUY

VTR market cap \$20.9 billion

VTR an S&P 500 Index REIT

REIT Comment



Company:	Parkway Properties
Price:	\$18
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$657
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
PKY \$18

Parkway Properties PKY traded DOWN (\$0.23) per share to close DOWN (1%) day

PKY stock traded UP +28% year to date for 2013, following increase UP +42% during 2012
PKY outperformed Office REITs, trading UP +11% year to date for 2013

PKY completed \$130 million acquisition of 8 office properties in Jacksonville in March, 2013

PKY reported FFO DOWN (41%) for 2012, due to divestitures during 2011 and 2012

PKY expects FFO for 1Q 2013 DOWN (16%)

PKY provides current dividend yield of 2.5%

PKY an Office REIT

PKY we rank 3 HOLD

PKY market cap \$657 million

REIT Comment



Company:	Associated Estates Realty
Price:	\$18
Recommendation:	BUY
Ranking:	2
Market Cap:	\$913
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
AEC \$18

Associated Estates Realty AEC traded UP \$0.25 per share to close UP +1% day

AEC stock traded UP +13% year to date for 2013, following increase UP +1% during 2012
AEC outperformed Residential REITs, trading UP +3% year to date for 2013

AEC positive employment trends are favorable for Residential REITs

AEC high occupancy a result of apartment shortage in key urban areas enabling rental rate increases

AEC reported FFO for 2012 UP +23%, with higher occupancy and rental rate increases

AEC no guidance yet provided for FFO for 2013

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

AEC a Residential REIT with a diverse portfolio of apartment communities

AEC we rank 2 BUY

AEC market cap \$913 million

REIT Comment



Company:	BRE Properties
Price:	\$50
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,849
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2013
BRE \$50

BRE Properties BRE traded UP \$0.61 per share to close UP +1% day

BRE stock traded DOWN (2%) year to date for 2013, following increase UP +1% during 2013
BRE underperformed Residential REITs, trading UP +3% year to date for 2013

BRE positive employment trends maintain favorable operating environment for Residential REITs

BRE expects to continue portfolio expansion through acquisitions at pace of +10% - +15% annually,
following planned divestiture of excess land during 2013

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

BRE a Residential REIT with a diverse portfolio of apartment communities concentrated in western states

BRE we rank 2 BUY

BRE market cap \$3.8 billion

REIT Comment



Company:	Anworth Mortgage Asset
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$898
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
03/15/2003
ANH \$6

Anworth Mortgage Asset ANH stock traded UP\$0.05 per share to close UP +1% day

ANH stock traded UP +8% year to date for 2013, following decrease DOWN (8%) during 2012
ANH underperformed Financial Mortgage REITs, trading UP +10% year to date for 2013

ANH investing \$9.4 billion portfolio of Residential MBS to maintain dividend income for shareholders

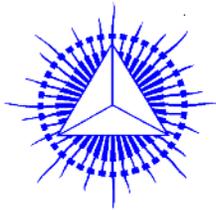
ANH stock now trading at discount of (12%) to book value of \$7.14 per share as of December, 2012

ANH stock price supported by current annual dividend yield of9.6%, at the midpoint of the range for
Financial Mortgage REITs

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

ANH we rank 2 BUY

ANH market cap \$898 million



REIT Growth and Income Monitor posted 44 REIT comments for the week ended March 15, 2013. Comments were issued on REITs in the following sectors:

Financial REITs	12
Health Care REITs	5
Hotel REITs	4
Industrial REITs	1
Office REITs	6
Residential REITs	5
Retail REITs	5
Specialty REITs	6

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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