

REIT Growth and Income Monitor

Weekly Comments 10/23/2012

REIT stocks traded higher as negative performance gap for REITs narrowed to (2%) year to date for 2012, compared to the S&P 500 Index.

Financial Mortgage REITs should benefit from Federal Reserve QE3 purchases of Residential MBS.

Management transition at Annaly Capital Management should not prevent above average stock appreciation potential.

Expertise in non-agency guaranteed securities should enable MFA Financial to benefit from pending Fannie Mae portfolio divestitures.

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**Weekly REIT Comments**
10/23/2012

REIT stocks traded higher for the third week of October, the week ended October 19, 2012. REITs included in the S&P 500 Index are now up 12% year to date for 2012, trailing performance of the S&P 500 Index, up 14% for 2012. Negative performance gap for 2012 narrowed to (2%). Average gain for all REITs followed by REIT Growth and Income Monitor stands at 18% year to date for 2012, exceeding 14% gain for the S&P 500 Index.

Investors now turn their attention to the stream of financial reports for 3Q 2012, as conflicting economic indicators cause concern, despite the good results reported by most REITs for 2Q 2012. Residential REITs see record growth underway for 2012 and 2013, driven by tight occupancy and rental rate increases. Retail REITs comment on better than expected tenant sales gains. Health Care REITs may be impacted by Medicare sequestration during 2013, pending positive impact of the Affordable Care Act in later years. 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. Industrial REITs are gaining occupancy, while their stocks trade in line with economic indicators. Investors remain skittish over Office REITs, due to exposure to financial industry layoffs and continued rent roll-downs, lagging economic recovery. Trading of Hotel REITs is impacted by fluctuating gasoline prices and the economic outlook in US and in Europe.

Financial Mortgage REITs face significant fundamental change, although timing of the change has been delayed, preserving the status quo for Financial Mortgage REITs with portfolios of agency guaranteed Residential MBS. Fannie Mae issues will not be addressed until the new Congress convenes in 2013. Reform of Fannie Mae may ultimately impact the housing sector starting in 2013, changing the outlook for Financial Mortgage REITs and certain Specialty REITs subject to demand fluctuations from home construction.

REIT stocks normally perform like interest rate sensitive stocks, although none of the 14 REITs in the S&P 500 Index are actually invested in financial assets. Dividends moved higher for 2012, as REIT managements gain confidence in sustainable growth. As dividend payers, REITs may be viewed as income stocks, attracting investors in need of both consistent income and growth.

Financial Mortgage REITs to Benefit From Portfolio Gains Due to Federal Reserve Purchases of Residential MBS

Federal Reserve commencement of QE3 monetary stimulus program should enable Financial Mortgage REITs to benefit through appreciation in valuation of their Residential MBS portfolios. Starting in September, 2012, Federal Reserve launched the QE3 program to purchase \$40 billion per month of agency guaranteed Residential MBS, with no maximum amount to be purchased and no announced time limit. As the Federal Reserve is concentrating purchases in shorter duration agency guaranteed MBS securities, the effect is to lower yield on the short end of the yield curve, forcing price appreciation for all Residential MBS. Portfolio gains will be the result for Financial Mortgage REITs, as mark-to-market accounting requires adjustment of all portfolio securities, regardless of whether portfolio gains are realized or unrealized. Average price on portfolio securities is likely to appreciate to more than \$105.00 for 4Q 2012, compared to typical weighted average portfolio prices of \$102.00-\$102.50 as of 2Q 2012. Benefit of these portfolio gains will be offset by lower yields on new purchases suppressing NIM (net interest margin) for Financial Mortgage REITs. New portfolio purchases at such a premium will require greater non-cash amortization charges when positions are sold. Assuming the Federal Reserve continues the program through 2013, as seems probable, the effect on Financial Mortgage REIT portfolio valuations will be greatest immediately after the Federal Reserve QE3 purchases begin, during 4Q 2012, while suppression of net interest margin will be seen throughout the next 12-18 months. It seems probable that EPS for 4Q 2012 will be higher than expected, while ability of Financial Mortgage REITs to raise dividends will be constrained.

Managements of Financial Mortgage REITs have commented during presentations and investor conference calls that the Federal Reserve is "crowding out" other market participants from the lowest risk portion of the Residential MBS market. As a result, we expect most Financial Mortgage REITs will moderately elevate their portfolio risk profile. In addition to higher yield, another attraction to the riskier end of the Residential MBS market will be the availability of Fannie Mae required divestitures of \$23 billion "investment portfolio" assets by the end of 2012. These asset sales will include non-conforming loans, mortgages originated prior to 2008, and some distressed loans. Those Financial Mortgage REITs accustomed to assuming higher portfolio risk may benefit more than the most conservative Financial Mortgage REITs. 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.

We note that all investors in Financial Mortgage REITs mourn the death of Michael AJ Farrell, CEO of **Annaly Capital Management**, who passed away in October, 2012, following more than a year of illness. Mr. Farrell served as a spokesperson for all Financial Mortgage REITs, representing the largest and most successful of these companies. His latest comments on US financial markets are still present on the **Annaly Capital Management** website, offering his unique perspective on a changing world.

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 \$128 billion portfolio invested primarily in agency guaranteed residential MBS. Stock price is unchanged year to date for 2012, following (11%) stock price decline for 2011. **Annaly Capital Management's** portfolio income benefited from investment of more than \$6.0 billion raised over the past 2 years in public equity offerings. GAAP EPS showed a net loss for 2Q 2012, reflecting portfolio mark-to-market transactions, while core EPS (excluding net portfolio unrealized gains and losses) exceeded current quarterly dividend of \$0.50 per share. NIM (net interest margin) decreased to 1.54%. **Annaly Capital Management** also participates in the market for non-agency guaranteed Residential MBS and for Commercial MBS through equity investments in publicly traded dividend paying subsidiaries **Chimera Investment** and **Crexus Investment**. Quarterly variability in **Annaly Capital Management** dividend distributions is a result of fluctuation in portfolio investment, repayments, portfolio yield and net interest income, with annual dividends steady since 2009. **Annaly Capital Management** provides income investors with current dividend yield of 12.5%, above the midpoint of the range for Financial Mortgage REITs.

MFA Financial offers investors participation in the positive investment dynamics for Financial Mortgage REITs through a small cap vehicle. **MFA Financial's** market cap of \$2.9 billion supports total portfolio investment of \$11.5 billion, including \$47 billion invested in higher yield non-agency MBS. Stock price has appreciated 21% year to date for 2012, outperforming other Financial Mortgage REITs, and recouping (18%) stock price decline for 2011. **MFA Financial** reported EPS decline of (9%) for 2Q 2012, with higher NIM (net interest margin) due to contribution from non-agency guaranteed Residential MBS. Although liquidity for non-agency guaranteed MBS is less than for agency guaranteed issues, acquisition of the securities at a deep discount provides attractive supplemental returns. Quarterly variability in dividends is driven by changes in portfolio mix and yields on new purchases of securities. **MFA Financial** currently provides income investors with dividend yield of 11.3%, near the midpoint of the range for Financial Mortgage REITs.



Weekly Price Change for S&P 500 Index REITs

S&P 500 Index REITS:		Price	Price	Price	Price	Price	Weekly	2012
		12/30/2011	09/28/2012	10/05/2012	10/12/2012	10/19/2012	Change	Price Change
Apartment Investment and Management	AIV	\$23	\$26	\$25	\$25	\$27	6%	17%
AvalonBay Communities	AVB	\$131	\$136	\$136	\$132	\$137	3%	5%
Boston Properties	BXP	\$100	\$111	\$110	\$109	\$110	1%	10%
Equity Residential	EQR	\$57	\$58	\$57	\$56	\$57	2%	0%
HCP Inc.	HCP	\$41	\$44	\$46	\$45	\$45	-0%	9%
Health Care REIT	HCN	\$55	\$58	\$60	\$59	\$60	1%	10%
Host Hotels & Resorts	HST	\$15	\$16	\$16	\$16	\$16	-1%	5%
Kimco Realty	KIM	\$16	\$20	\$20	\$20	\$21	2%	27%
Plum Creek Timber	PCL	\$37	\$44	\$43	\$43	\$44	3%	21%
Prologis, Inc	PLD	\$29	\$35	\$35	\$35	\$36	2%	24%
Public Storage	PSA	\$134	\$139	\$139	\$137	\$138	1%	3%
Simon Property Group	SPG	\$129	\$152	\$153	\$152	\$154	1%	19%
Ventas	VTR	\$55	\$62	\$63	\$64	\$65	2%	17%
Vornado Realty Trust	VNO	\$77	\$81	\$80	\$78	\$81	4%	6%
S&P 500 Index	S&P 500	\$1,258	\$1,441	\$1,461	\$1,429	\$1,433	0%	14%
Average for S&P 500 Index REITs							2%	12%

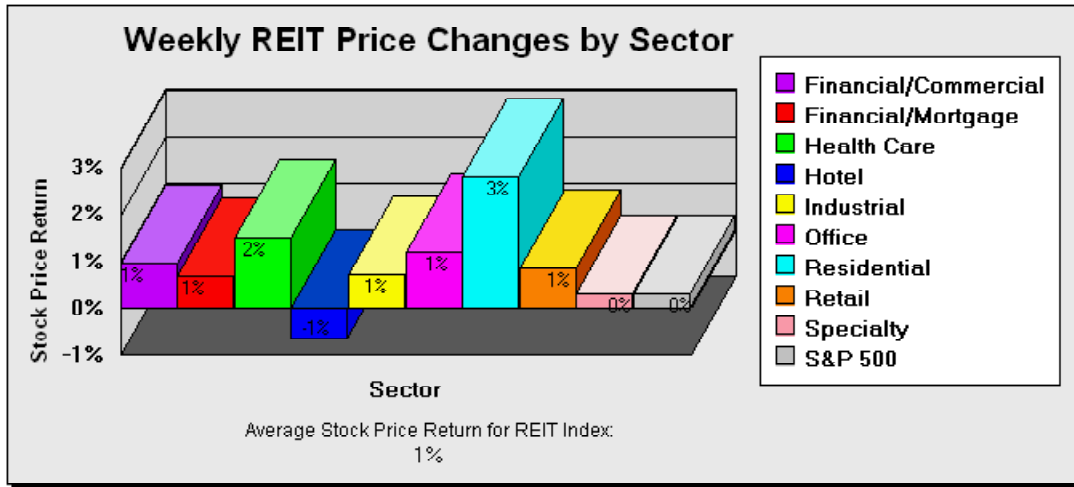
REIT stocks traded higher during the third week of October, trading up 2% for the week ended October 19, 2012. REITs outperformed the S&P 500 Index, trading unchanged for the week. The S&P 500 Index is up 14% year to date for 2012, exceeding REIT performance, up 12%. Negative performance gap for S&P 500 Index REITs narrowed to (2%) year to date for 2012.

Leaders among S&P 500 Index REITs for 2012 include Retail REITs **Kimco Realty**, up 27%, and **Simon Property Group**, up 19%. Residential REITs rebounded, with **Apartment Investment and Management** up 17%, **AvalonBay Communities** up 5% and **Equity Residential** trading unchanged year to date for 2012. Office REITs showed mixed performance, with **Boston Properties** up 10% and **Vornado Realty Trust** up 6% year to date for 2012. Health Care REITs maintain gains after Supreme Court approval of the Affordable Care Act, with **HCP Inc** up 9%, **Health Care REIT** up 10% and **Ventas** up 17% year to date for 2012. Industrial REIT **Prologis, Inc** now shows 24% gain for 2012, reflecting investor confidence in profit improvement after the 2011 merger. Specialty Timber REIT **Plum Creek Timber** shows gain of 21% year to date, as investors waver in their expectations for US housing sector recovery. Those REITs with exposure to European economies traded lower, including **Public Storage**, now showing gain of 3% year to date for 2012, while volatile **Host Hotels & Resorts** shows gain of 5% year to date for 2012.

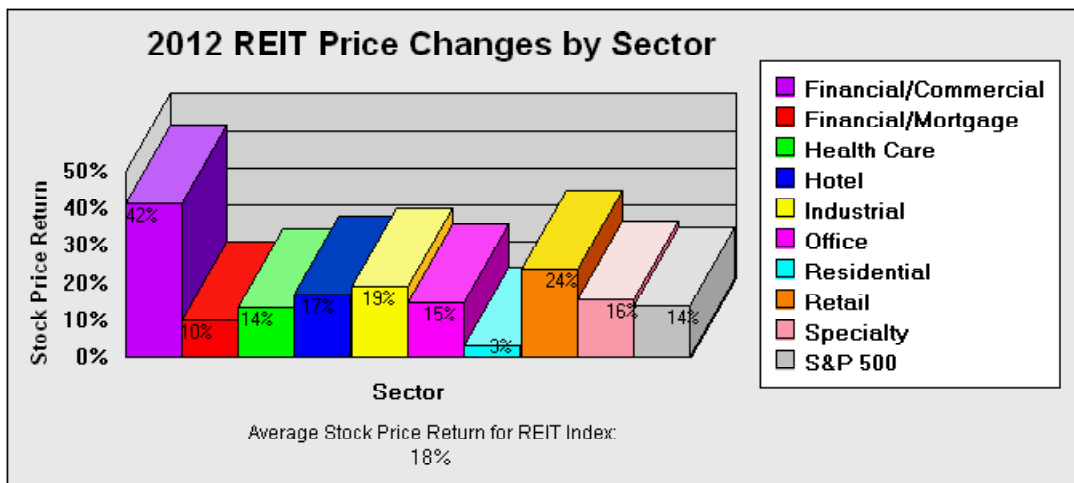
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Weekly REIT Price Changes by Sector



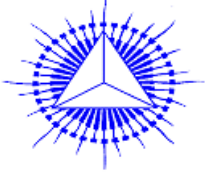
Almost all REIT sectors traded higher during the third week of October, the week ended October 19, 2012. Most REIT sectors outperformed the S&P 500 Index, trading unchanged for the week. Strongest sectors were Residential REITs, up 3%, followed by Health Care REITs, up 2% for the week. Financial Commercial REITs, Financial Mortgage REITs, Industrial REITs, Office REITs and Retail REITs all traded up 1%. Lagging sectors included Specialty REITs, flat, and Hotel REITs, down (1%). On average, stock prices for REIT Growth and Income Monitor traded up 1% for the week ended October 19, 2012.



Stock prices for REITs followed by REIT Growth and Income Monitor traded up 18% on average year to date for 2012, exceeding performance of the S&P 500 Index, still up 14% for 2012. REITs outperform due to higher yields than S&P 500 stocks. Investors should responded positively to earnings announcements for 3Q 2012, as REIT funds flow is likely to remain consistent, at a time when other market sectors face adjusted expectations due to currency exposure and variable international economies. Leading sectors year to date are Financial Commercial REITs, up 42%, followed by Retail REITs, up 24%. Industrial REITs show 19% gain, followed by Hotel REITs, up 17%. Office REITs now show 15% gain year to date for 2012. Specialty REITs are up 16% year to date for 2012, supported by improved performance of Specialty Timber REITs, responding to improved news on the US housing sector. Health Care REITs are now up 14% year to date for 2012, trading higher on positive long term impact of Affordable Care Act. Financial Mortgage REITs increased 10%. Residential REITs are still laggards, now up 3% year to date for 2012. We expect Residential REITs to be a best performing sector during 4Q 2012 as they were during 4Q 2011, with strong profit gains driving another year of exceptional FFO growth during 2012.

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REIT Comment



Company:	Simon Property Group
Price:	\$152
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,516
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
SPG \$152

Simon Property Group SPG news of stronger than expected US retail sales supports positive outlook for Retail REITs

SPG report from Commerce Department indicated US retail sales UP +1.1% for September, 2012, compared to revised estimate of UP +1.2% for August 2012

SPG core retail sales (excluding autos, gasoline and building materials) increased UP +0.9%

SPG results for 3Q 2012 FFO unlikely to disappoint, to be reported on October 25, 2012

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

SPG stock price supported by current annual dividend yield of 2.8%

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

SPG we rank 2 BUY

SPG market cap \$55.5 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	SL Green Realty
Price:	\$78
Recommendation:	SELL
Ranking:	4
Market Cap:	\$7,469
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
SLG \$78

SL Green Realty SLG key tenant Citi C this morning reported better than expected results for 3Q 2012, reassuring investors in Office REITs

SLG key tenant Citi C represents 11% of total revenues

SLG additional exposure to financial industry tenants includes Credit Suisse, AIG, Societe Generale and Travelers

SLG to discuss results for 3Q 2012 on October 25, 2012 with a conference call with investors scheduled for 2:00 PM

SLG guidance for FFO for 2012 indicates growth UP +11%

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

SLG we rank 4 SELL

SLG market cap \$7.5 billion

REIT Comment



Company:	Brookfield Properties
Price:	\$16
Recommendation:	SELL
Ranking:	4
Market Cap:	\$8,133
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
BPO \$16

Brookfield Properties BPO better than expected financial results for 3Q 2012 reported by US banks may ease concerns over exposure of Office REITs to financial industry tenants

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

BPO financial industry tenants include Bank of America and subsidiary Merrill Lynch as well as Bank of Montreal, CIBC, Goldman Sachs, JP Morgan Chase, Nomura, RBC and Wells Fargo/Wachovia

BPO to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 2, 2012 at 11:00 AM

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

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

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

BPO we rank 4 SELL

BPO market cap \$8.1 billion

REIT Comment



Company:	Apartment Investment and Management
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,242
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
AIV \$25

Apartment Investment and Management AIV new development in high occupancy Los Angeles sub-market indicates renewed focus on portfolio improvements

AIV investing \$191 million to redevelop Lincoln Place in Venice, a beach front neighborhood in Los Angeles, funded by \$191 million FHA guaranteed loan

AIV to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 2, 2012 at 1:00 PM

AIV guidance for FFO for 2012 indicating growth UP +13%

AIV stock price supported by current annual dividend yield of 3.1%

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

AIV we rank 2 BUY

AIV market cap \$3.2 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,297
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
KIM \$20

Kimco Realty KIM continuing to divest non-retail and other non-strategic assets

KIM during 3Q 2012 divested 2.7 million square feet of properties for \$165 million

KIM acquisitions during 3Q 2012 total 4 retail properties with 581,000 square feet of space for \$119 million

KIM to discuss results for 3Q 2012 on Wednesday, October 31, 2012 at 10:00 AM

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

KIM stock price supported by current dividend yield of 3.8%

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

KIM we rank 1 BUY

KIM market cap \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Regency Centers
Price:	\$49
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,407
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
REG \$49

Regency Centers REG news of stronger than expected US retail sales supports positive outlook for Retail REITs

REG Commerce Department reported core retail sales (excluding autos, gasoline and building materials) increased UP +0.9%

REG sales at food and beverage stores UP +1.2%

REG higher food prices increasing sales for grocery tenants

REG to discuss results for 3Q 2012 with a conference call for investors scheduled for Thursday, November 8, 2012 at 10:00 AM

REG guidance for FFO for 2012 indicates growth UP +3%

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

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

REG we rank 2 BUY

REG market cap \$4.4 billion

REIT Comment



Company:	Ashford Hospitality Trust
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$686
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
AHT \$8

Ashford Hospitality Trust AHT traded UP \$0.21 per share to close UP +3% day

AHT stock traded UP +3% year to date for 2012, underperforming Hotel REITs, UP +18%

AHT energy prices reflecting fears of sudden volatility due to potential expansion of conflict between Syria and Turkey

AHT travel related stocks, including airlines and hotels, normally trade DOWN while oil and gasoline prices move UP

AHT to discuss results for 3Q 2012 on a conference call for investors scheduled for Thursday, November 1, 2012 at 11:00 AM

AHT stock price supported by current annual dividend yield of 5.5%, with 100% of dividend untaxed as return of capital for 2011

AHT a Hotel REIT

AHT we rank 2 BUY

AHT market cap \$686 million

REIT Comment



Company:	CubeSmart
Price:	\$13
Recommendation:	BUY
Ranking:	1
Market Cap:	\$1,646
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
CUBE \$13

CubeSmart CUBE traded UP \$0.26 per share to close UP +2% day

CUBE traded UP +23% year to date for 2012, outperforming Specialty REITs, UP +15%

CUBE stock reflecting increasing expectations for FFO growth as self storage rental rates move higher

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

CUBE to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 9, 2012 at 11:00 AM

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

CUBE we rank 1 BUY

CUBE market cap \$1.6 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,632
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/15/2012
NLY \$16

Annaly Capital Management NLY traded DOWN(\$0.47) per share to close DOWN (3%) day

NLY stock traded DOWN (2%) year to date for 2012, underperforming Financial Mortgage REITs, UP +9%

NLY latest comments indicate little volatility in market for agency guaranteed Residential MBS with market participants waiting for additional action by regulators and frustrated by constraints on mortgage lending by banks

NLY additional reform of GSEs appears to be delayed until 2013 at the earliest

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

NLY stock price supported by current annual dividend yield of 12.5%, 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 \$15.6 billion

REIT Comment



Company:	Redwood Trust
Price:	\$14
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,132
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/15/2012
RWT \$14

Redwood Trust RWT traded DOWN (\$0.25) per share to close DOWN (2%) day

RWT stock traded UP +39% year to date for 2012, outperforming Financial Mortgage REITs, UP +9%

RWT status quo for Financial Mortgage REITs maintained pending reform of Fannie Mae when next Congress convenes during 2013

RWT Fannie Mae divestitures during 4Q 2012 provide portfolio investment opportunities for Financial Mortgage REITs

RWT expertise in trading non-agency guaranteed Residential MBS may prove beneficial for certain Financial Mortgage REITs

RWT stock price supported by current annual dividend yield of 7.0%, at the low end of the range for Financial Mortgage REITs

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

RWT we rank 3 HOLD

RWT market cap \$1.1 billion

REIT Comment



Company:	Simon Property Group
Price:	\$152
Recommendation:	BUY
Ranking:	2
Market Cap:	\$55,516
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
SPG \$152

Simon Property Group SPG Retail REITs may benefit from pending Social Security increase

SPG Social Security Administration announced pending cost of living increase UP+1.7% for January 2013

SPG seniors likely to spend full amount of the Social Security benefit increase

SPG outlook for Holiday 2012 shopping season improving on news of higher consumer sentiment and continued gains in retail sales

SPG results for 3Q 2012 FFO unlikely to disappoint, to be reported on October 25, 2012

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

SPG stock price supported by current annual dividend yield of 2.8%

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

SPG we rank 2 BUY

SPG market cap \$55.5 billion

SPG an S&P 500 Index REIT

REIT Comment



Company:	Prologis Inc
Price:	\$35
Recommendation:	BUY
Ranking:	2
Market Cap:	\$16,613
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
PLD \$35

Prologis Inc PLD report of higher US industrial production indicates continued economic growth

PLD report from Federal Reserve indicated US industrial production UP +0.4% for September 2012, compared to revised estimate of decrease DOWN (1.4%) for August 2012

PLD Federal Reserve found higher factory utilization of 78.3%, UP +0.3% from previous month

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

PLD guidance for FFO for 2012 indicates growth UP +8%

PLD the largest publicly traded Industrial REIT

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

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

PLD we rank 2 BUY

PLD market cap \$16.6 billion

PLD an S&P 500 Index REIT

REIT Comment



Company:	Apartment Investment and Management
Price:	\$25
Recommendation:	BUY
Ranking:	2
Market Cap:	\$3,242
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
AIV \$25

Apartment Investment and Management AIV tonights Presidential debate likely to offer extensive analysis of employment trends

AIV this evening's Presidential debate to be in town meeting format with questions from audience to focus on issues of greatest concern, as candidates seek to win over uncommitted voters

AIV Residential REITs benefit from positive employment trends

AIV despite better than expected FFO growth during 2012, Residential REITs have underperformed other REIT sectors, indicating investors fear impact of a revival of US housing sector on apartment demand

AIV to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 2, 2012 at 1:00 PM

AIV guidance for FFO for 2012 indicating growth UP +13%

AIV stock price supported by current annual dividend yield of 3.1%

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

AIV we rank 2 BUY

AIV market cap \$3.2 billion

AIV an S&P 500 Index REIT

REIT Comment



Company:	HCP Inc
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,051
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
HCP \$45

HCP Inc HCP trading in Health Care REITs may be stimulated by tonight's Presidential debate, expected to touch on pending implementation of Affordable Care Act

HCP consumers and businesses likely to see sudden increase in health care insurance rates

HCP today's management comments by health care insurance company UnitedHealth Group UNH indicate insurers expect to increase private health care insurance rates above medical cost trends in expectation of higher utilization once individual health care insurance mandate takes effect

HCP to discuss results for 3Q 2012 on Tuesday, October 30, 2012 on a conference call with investors scheduled for noon

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

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

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

HCP we rank 2 BUY

HCP market cap \$19.1 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	Kimco Realty
Price:	\$20
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,297
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
KIM \$20

Kimco Realty KIM Retail REITs should benefit from pending Social Security increase

KIM Social Security Administration announced pending cost of living increase UP+1.7% for January 2013

KIM most seniors are likely to apply their higher income to immediate shopping needs of particular benefit to neighborhood and community shopping centers

KIM to discuss results for 3Q 2012 on Wednesday, October 31, 2012 at 10:00 AM

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

KIM stock price supported by current dividend yield of 3.8%

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

KIM we rank 1 BUY

KIM market cap \$8.3 billion

KIM an S&P 500 Index REIT

REIT Comment



Company:	Government Properties Income Trust
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,083
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
GOV \$23

Government Properties Income Trust traded DOWN (\$1.35) per share to close DOWN (6%) day

GOV stock traded UP +2% year to date for 2012, underperforming Specialty REITs, UP +15%

GOV stock price impacted by placement of 7.5 million share offering

GOV investor concern over impact of pending fiscal cliff on federal agency spending for 2013

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

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

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

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

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



Company:	Digital Realty Trust
Price:	\$67
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,424
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
DLR \$67

Digital Realty Trust DLR traded UP \$1.21 per share to close UP +2% day

DLR stock traded unchanged year to date for 2012, underperforming Office REITs, UP +13%

DLR IBM management comments on announcement of 3Q 2012 financial results indicates importance of corporate spending on cloud computing

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

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

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

DLR we rank 1 BUY

DLR market cap \$8.4 billion

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,888
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
MFA \$8

MFA Financial MFA traded UP \$0.14 per share to close UP +2% day

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

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

MFA pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for Financial Mortgage REITs

MFA stock price supported by current annual dividend yield of 11.4%, near the midpoint of the range for Financial Mortgage REITs

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

MFA we rank 2 BUY

MFA market cap \$2.9 billion

REIT Comment



Company:	Omega Healthcare Investors
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,507
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/16/2012
OHI \$24

Omega Healthcare Investors OHI traded UP \$0.25 per share to close UP +1% day

OHI stock traded UP +22% year to date for 2012, outperforming Health Care REITs, UP +12%

OHI Presidential debate this evening to focus investors on pending growth in Health Care spending due to Affordable Care Act

OHI guidance indicates 2012 FFO growth UP +14%

OHI stock price supported by current annual dividend yield of 7.1%

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

OHI we rank 2 BUY

OHI market cap \$2.5 billion

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,320
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
NLY \$16

Annaly Capital Management NLY announced board authorization to invest \$1.5 billion in share repurchase over next 12 months

NLY share repurchase authorization would cover as much as 10% of total outstanding shares at today's price

NLY share repurchase will increase EPS but will not impact dividend payments to existing shareholders

NLY latest quarterly commentary appears to indicate mild spread compression continues through 3Q 2012

NLY stock price supported by current annual dividend yield of 12.7%, 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:	Government Properties Income Trust
Price:	\$23
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,083
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
GOV \$23

Government Properties Income Trust GOV priced offering of 7.5 million shares at \$23.25 per share

GOV offering size increased from previous 7.0 million shares

GOV offering priced at discount of (5%) from previous closing price

GOV joint book running managers Morgan Stanley, BofA Merrill Lynch and RBC

GOV co-lead managers Citi, Jefferies and UBS

GOV co-managers Deutsche Bank, BB&T, Janney Montgomery Scott, JMP and Oppenheimer

GOV October 2012 offering increased total shares outstanding by 16%

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

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

GOV we rank 3 HOLD

GOV market cap \$1.1 billion

REIT Comment



Company:	Plum Creek Timber
Price:	\$44
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,095
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
PCL \$44

Plum Creek Timber PCL news of higher new home starts indicates US housing sector recovery continues

PCL Commerce Department reported new home starts at annual rate of 872,00 for September 2012, UP +16% from 750,000 for August 2012

PCL new home starts at highest rate since July, 2008

PCL applications for construction permits UP +12% to annual rate of 894,000

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

PCL to discuss results for 3Q 2012 on Monday, October 29, 2012 with a conference call for investors scheduled at 5:00 PM

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

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

PCL we rank 2 BUY

PCL market cap \$7.1 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Digital Realty Trust
Price:	\$67
Recommendation:	BUY
Ranking:	1
Market Cap:	\$8,424
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
DLR \$67

Digital Realty Trust DLR yesterday's earnings report from IBM confirmed growth in corporate spending on cloud computing

DLR IBM noted revenue from cloud computing through first 9 months of 2012 exceeded entire year of 2011

DLR cloud computing enables productivity through accessibility of realtime corporate data and applications through mobile Internet devices

DLR portfolio expansion via acquisitions in UK and Asia to drive FFO during 2013

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

DLR to discuss results for 3Q 2012 next week on Friday, October 26, 2012 on a conference call with investors scheduled for 1:00 PM

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

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

DLR we rank 1 BUY

DLR market cap \$8.4 billion

REIT Comment



Company:	Hatteras Financial
Price:	\$26
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,563
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
HTS \$26

Hatteras Financial HTS news of lower mortgage application volume indicates bank constraints on lending preventing full housing sector recovery

HTS report from MBA (Mortgage Bankers Association) shows mortgage application volume DOWN (4.2%) for week ended October 12, 2012

HTS mortgage applications for refinance DOWN (5.0%), while mortgage applications for home purchase UP +1.0%

HTS average interest rate on 30 year fixed rate conforming mortgages showed little change UP +0.01% to 3.57%

HTS pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for Financial Mortgage REITs

HTS stock price supported by current annual dividend yield of 13.8%, above the midpoint of the range for Financial Mortgage REITs

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

HTS we rank 2 BUY

HTS market cap \$2.6 billion

REIT Comment



Company:	Essex Property Trust
Price:	\$147
Recommendation:	BUY
Ranking:	2
Market Cap:	\$5,420
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
ESS \$147

Essex Property Trust ESS investors pulling back from apartment investments and Residential REITs in response to US housing sector recovery, although FFO growth for Residential REITs exceptional from 2011-2013

ESS Residential REITs underperform, FLAT year to date for 2012, while average of all REITs UP +17% for 2012

ESS investors see renewed interest among apartment dwellers to purchase new homes although tight constraints on mortgage lending by banks restricts growth

ESS apartment shortage in key urban markets likely to keep occupancy high despite higher turnover due to new home purchase

ESS continued growth of employment in Seattle and Portland as well as northern and southern CA drives apartment demand

ESS guidance for FFO for 2012 indicates growth UP +21%

ESS to discuss results for 3Q 2012 on Thursday, November 1, 2012 with a conference call with investors scheduled for 1:00 PM

ESS stock price supported by current annual dividend yield of 3.0%

ESS a Residential REIT with a diverse portfolio of apartment communities in west coast states

ESS we rank 2 BUY

ESS market cap \$5.4 billion

REIT Comment



Company:	HCP Inc
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,844
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
HCP \$45

HCP Inc HCP stock traded DOWN (\$1.17) per share to close DOWN (3%) day

HCP stock traded UP +8% year to date for 2012, underperforming Health Care REITs, UP +12%

HCP announced pending \$1.7 billion acquisition of 133 senior housing communities

HCP properties previously held by joint venture of Emeritus and an affiliate of The Blackstone Group

HCP acquisition expected to add \$0.08 per share to FFO

HCP to discuss results for 3Q 2012 on Tuesday, October 30 with a conference call with investors scheduled for noon

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

HCP stock price supported by current annual dividend rate of 4.5%

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

HCP we rank 2 BUY

HCP market cap \$18.8 billion

HCP an S&P 500 Index REIT

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$25
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,187
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
LHO \$25

LaSalle Hotel Properties LHO traded DOWN (\$0.34) per share to close DOWN (1%) day

LHO stock traded UP +5% year to date for 2012, underperforming Hotel REITs, UP +18%

LHO announced new board member, Denise Coll, to serve as Independent Trustee

LHO Ms Coll previously President of North America Division of Starwood Hotels & Resorts Worldwide

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

LHO to discuss results for 3Q 2012 tomorrow morning with a conference call for investors scheduled at 10:00 AM

LHO reduced high end of previous guidance for FFO for 2012 to indicate growth UP +33%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.2 billion

REIT Comment



Company:	Gramercy Capital
Price:	\$3
Recommendation:	SELL
Ranking:	5
Market Cap:	\$141
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
GKK \$6

Gramercy Capital GKK stock traded DOWN (\$0.06) per share to close DOWN (1%) day

GKK stock traded UP +11% year to date for 2012, underperforming Financial Commercial REITs, UP +40%

GKK formed new joint venture with affiliate of Garrison Investment Group to reacquire \$470 million portfolio of office properties primarily leased to Bank of America

GKK properties previously forfeited by GKK to creditors, then taken as equity investment by KBS Real Estate Investment Trust

GKK new 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 new CEO Gordon F. DuGan previously President and CEO of WP Carey

GKK a Financial Commercial REIT

GKK we rank 5 SELL

GKK market cap \$141 million

REIT Comment



Company:	Newcastle Investment
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,077
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/17/2012
NCT \$8

Newcastle Investment NCT traded UP \$0.21 per share to close UP +3% day

NCT stock traded UP +71% year to date for 2012, outperforming Financial Commercial REITs, UP +40%

NCT resurgence in volume of new issues of ABS (asset backed securitizations) and CMBS (commercial mortgage backed Securities) indicates pending revival for Financial Commercial REITs

NCT stock trading at more than 100% premium to book value

NCT previously announced "stalking horse bid" for ResCap mortgage servicing rights for NCT and Fortress, to be determined by bankruptcy court no sooner than December 2012

NCT stock price supported by current annual dividend yield of 10.0%, at the top end of the range for Financial Commercial REITs

NCT a Financial Commercial REIT

NCT we rank 2 BUY

NCT market cap \$1.1 billion

REIT Comment



Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,602
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/18/2012
CYS \$13

CYS Investments CYS 3Q 2012 EPS \$1.46 v \$1.16 UP +26%
CYS 3Q 2012 EPS includes net gains on portfolio investments of \$0.17 per share and appreciation on forward settling purchases of \$0.23 per share

CYS core EPS \$0.25 v \$0.42 DOWN (40%)
CYS core EPS excludes gains and losses on portfolio investments and swap contracts and excludes unrealized gains and losses on mark-to-market adjustments

CYS 3Q 2012 book value \$14.46 per share

CYS 3Q 2012 portfolio \$22.6 billion, including 52% 15 year mortgage bonds, 25% 30 year mortgage bonds, and 27% mortgage bonds of less than 15 year duration
CYS 3Q 2012 portfolio concentrated 69% in current year originations, 24% of 2011 originations and less than 7% mortgages originated prior to 2011

CYS 3Q 2012 NIM (net interest margin) 1.24%, DOWN (0.47%) from previous quarter

CYS 3Q 2012 operating expenses 0.93% of assets

CYS raised \$695 million from offerings of common and preferred stock during 3Q 2012 to be applied to portfolio investment

CYS stock price supported by current annual dividend yield of 15.1%, at the high end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.6 billion

REIT Comment



Company:	Equity Residential
Price:	\$56
Recommendation:	BUY
Ranking:	2
Market Cap:	\$17,912
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
EQR \$56

Equity Residential EQR resurgence in unemployment claims indicates recovery in US employment still tentative

EQR report from Labor Department shows new unemployment claims UP+46,000 to 88,000 for week ended October 13, 2012, compared to revised numbers for previous week

EQR more important, 4 week moving average of new unemployment claims showed only slight increase, UP +1,500 to 365,500

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

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

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

EQR stock supported by current annual dividend yield of 2.6%

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

EQR we rank 2 BUY

EQR market cap \$17.9 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	CYS Investments
Price:	\$13
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,602
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
CYS \$13

CYS Investments
CYS management comments on operation of current Residential MBS market indicates concern over outcome of election

CYS probability of appointment of new Federal Reserve chief and new Secretary of the Treasury may impact market psychology

CYS current commitment of Federal Reserve to purchase Residential MBS as monetary stimulus "crowding the market" for Financial Mortgage REITs and other market participants

CYS flood of HARP refinance already processed, with many applications failing due to loss of income or lower home values

CYS dearth of investment opportunities cause build up of excess cash that might have been reinvested

CYS considering payment of special dividend that may be announced during 4Q 2012

CYS portfolio of agency guaranteed Residential MBS concentrated 52% in 15 year fixed rate mortgages

CYS stock price supported by current annual dividend yield of 15.1%, at the high end of the range for Financial Mortgage REITs

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

CYS we rank 3 HOLD

CYS market cap \$1.6 billion

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$25
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,187
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/18/2012
LHO \$25

LaSalle Hotel Properties LHO 3Q 2012 FFO \$0.68 v \$0.50 UP +36%
LHO 3Q 2012 FFO excludes net charges of (\$0.01) per share relating to severance, acquisitions costs and other non-cash and non-recurring items

LHO reduced high end of guidance range 2012 FFO \$2.09-\$2.10 v \$1.57 UP +33%-+34%
LHO previous guidance 2012 FFO \$2.09-\$2.17 per share

LHO new guidance 2012 FFO assumes RevPAR (revenue per available room) UP +4.5%-+4.8%
LHO new guidance 2012 FFO assumes adjusted EBITDA \$263-\$265 million

LHO 3Q 2012 RevPAR (revenue per available room) \$178 UP +5.1%
LHO 3Q 2012 ADR (average daily rate) \$206 UP +3.3%
LHO 3Q 2012 occupancy 86.7% UP +1.7%

LHO 3Q 2012 adjusted EBITDA \$82 million
LHO 3Q 2012 adjusted hotel EBITDA margin 35.9% UP +1.8%

LHO 3Q 2012 acquisitions \$67 million
LHO to invest \$60-\$70 million to renovate Park Central Hotel NYC, to commence January 2013

LHO 3Q 2012 liquidity \$585 million, including \$22 million cash and \$563 million available on credit facilities

LHO management comments noted negative impact of midweek July 4 holiday and poor weather on September, 2012, causing lower than expected FFO for 3Q 2012
LHO although management noted October 2012 bookings look strong, 4Q 2012 expected to be a slower growth quarter due to softness in DC market
LHO November 2012 DC bookings light due to Congressional absence for campaigns and scaling down of federal agency spending
LHO expects group ADR (average daily rate) for group bookings to be DOWN (1.0%)-(1.5%) for 1Q 2013

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.2 billion

REIT Comment



Company:	Winthrop Realty Trust
Price:	\$11
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$350
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
FUR \$11

Winthrop Realty Trust FUR announced joint venture investment in 701 Seventh Avenue in NYC

FUR investing up to \$68 million for preferred equity in joint venture with Witkoff Group and New Valley LLC to redevelop 701 Seventh Avenue in NYC, located on northeast corner of 47 Street and Seventh Avenue

FUR renovation to expand retail space and add state of the art LED sign takes advantage of location at northern end of Times Square

FUR to discuss results for 3Q 2012 on Thursday, November 1, 2012 on a conference call with investors scheduled at noon

FUR stock price supported by current dividend yield of 6.1%

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 \$350 million

REIT Comment



Company:	LaSalle Hotel Properties
Price:	\$24
Recommendation:	SELL
Ranking:	4
Market Cap:	\$2,096
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
LHO \$24

LaSalle Hotel Properties LHO traded DOWN (\$1.06) per share to close DOWN (4%) day

LHO stock traded UP +1% year to date for 2012, underperforming Hotel REITs, UP +18%

LHO made cautious statements regarding DC hotel market in discussion of results for 3Q 2012 this morning

LHO reduced high end of previous guidance for FFO for 2012 to indicate growth UP +33%

LHO a Hotel REIT

LHO we rank 4 SELL

LHO market cap \$2.1 billion

REIT Comment



Company:	NorthStar Realty Finance
Price:	\$6
Recommendation:	BUY
Ranking:	2
Market Cap:	\$851
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/18/2012
NRF \$6

NorthStar Realty Finance NRF traded DOWN (\$0.08) per share to close DOWN (1%) day

NRF stock traded UP +36% year to date for 2012, underperforming Financial Commercial REITs, UP +40%

NRF pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for Financial REITs to purchase non-agency guaranteed securities, both commercial and residential

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

NRF portfolio of \$5.0 billion includes \$1.6 billion commercial real estate debt, \$1.2 billion real estate securities, \$800 million operating real estate and \$1.4 billion other assets

NRF stock supported by current annual dividend yield of 9.9%

NRF has increased quarterly dividend distributions twice during 2012

NRF a Financial Commercial REIT

NRF we rank 2 BUY

NRF market cap \$851 million

REIT Comment



Company:	Healthcare Realty Trust
Price:	\$24
Recommendation:	BUY
Ranking:	2
Market Cap:	\$1,840
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
HR \$24

Healthcare Realty Trust HR traded UP \$0.54 per share to close UP +2% day

HR stock traded UP +27% year to date for 2012, outperforming Health Care REITs, UP +12%

HR Affordable Care Act to provide stimulus for HR tenants through greater insured population

HR to discuss results for 3Q 2012 on Thursday, November 8, 2012 with a conference call with investors scheduled for 10:00 AM

HR stock price supported by current dividend yield of 5.1%

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

HR we rank 2 BUY

HR market cap \$1.8 billion

REIT Comment



Company:	Health Care REIT
Price:	\$61
Recommendation:	BUY
Ranking:	2
Market Cap:	\$13,022
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
HCN \$61

Health Care REIT HCN traded UP \$1.22 per share to close UP +2% day

HCN stock traded UP +11% year to date for 2012, slightly underperforming Health Care REITs, UP +12%

HCN pending \$3.2 billion acquisition of Sunrise Senior Living adds to international expansion with wholly owned and joint venture senior housing properties in US, Canada and UK

HCN guidance for FFO for 2012 indicates growth UP +6%

HCN stock price supported by current dividend yield of 4.9%

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

HCN we rank 2 BUY

HCN market cap \$13.0 billion

HCN an S&P 500 REIT

REIT Comment



Company:	Plum Creek Timber
Price:	\$45
Recommendation:	BUY
Ranking:	2
Market Cap:	\$7,197
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
PCL \$45

Plum Creek Timber PCL this week's news of higher new home starts indicates recovery in US housing sector gaining momentum

PCL Commerce Department reported applications for construction permits UP+12% to annual rate of 894,000

PCL new home starts at annual rate of 872,00 for September 2012, UP +16% from 750,000 for August 2012

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

PCL to discuss results for 3Q 2012 on Monday, October 29, 2012 with a conference call for investors scheduled at 5:00 PM

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

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

PCL we rank 2 BUY

PCL market cap \$7.2 billion

PCL an S&P 500 Index REIT

REIT Comment



Company:	Annaly Capital Management
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$15,690
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
NLY \$16

Annaly Capital Management NLY lower US home sales may reflect lower inventory as well as bank obstacles to lending

NLY report from NAR (National Association of Realtors) shows existing home sales DOWN (1.7%) for September 2012 to seasonally adjusted annual rate of 4.75 million, but gain of UP +11% from previous year indicates positive demand trend intact

NLY report shows total housing inventory of 2.32 million homes, DOWN (3.3%) from previous month and DOWN (20%) from previous year

NLY median price for existing single family home at \$184,300, UP +11.4% from previous year

NLY more activity in sales of existing homes benefits Financial Mortgage REITs through greater volume of mortgage applications to purchase homes

NLY stock price supported by current annual dividend yield of 12.4%, 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 \$15.7 billion

REIT Comment



Company:	Equity Residential
Price:	\$57
Recommendation:	BUY
Ranking:	2
Market Cap:	\$18,258
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
EQR \$57

Equity Residential EQR investors pulling back from Residential REITs in response to US housing sector recovery, although FFO growth for Residential REITs exceptional from 2011-2013

EQR Residential REIT stocks underperform, trading FLAT year to date for 2012, while average of all REITs UP +18% for 2012

EQR investors see renewed interest among apartment dwellers to purchase new homes although tight constraints on mortgage lending by banks restricts growth

EQR apartment shortage in key urban areas enables Residential REITs to maintain high occupancy despite increased turnover due to home purchase

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

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

EQR to discuss results for 3Q 2012 on Thursday, October 25, 2012, with a conference call for investors scheduled at 10:00 AM

EQR stock supported by current annual dividend yield of 2.6%

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

EQR we rank 2 BUY

EQR market cap \$18.3 billion

EQR an S&P 500 Index REIT

REIT Comment



Company:	MFA Financial
Price:	\$8
Recommendation:	BUY
Ranking:	2
Market Cap:	\$2,910
Link:	http://www.reitmonitor.net/atlantiss/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text
10/18/2012
MFA \$8

MFA Financial MFA investors in Residential MBS report that Federal Reserve purchase activity is "crowding out" Financial Mortgage REITs seeking to expand their portfolios

MFA Federal Reserve purchase activity reflects QE3 commitment to provide monetary stimulus through purchase of agency guaranteed Residential MBS

MFA Financial Mortgage REITs with portfolios of non-agency guaranteed Residential MBS may be gaining share of total RMBS market activity

MFA offsetting this factor, pending investment portfolio asset sales by Fannie Mae may provide investment opportunities for Financial Mortgage REITs

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

MFA to discuss results for 3Q 2012 on November 7, 2012 with a conference call for investors scheduled at 10:00 AM

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

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

MFA we rank 2 BUY

MFA market cap \$2.9 billion

REIT Comment



Company:	EastGroup Properties
Price:	\$54
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,531
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
EGP \$54

EastGroup Properties EGP 3Q 2012 FFO \$0.76 v \$0.75 UP +1%

EGP narrowed guidance range 2012 FFO \$3.07-\$3.08 v \$2.96 UP +4%
EGP previous guidance 2012 FFO \$3.05-\$3.15 per share

EGP 3Q 2012 same property NOI UP +0.8% on cash basis
EGP 3Q 2012 occupancy 95%

EGP 3Q 2012 rents on new and renewal leases DOWN (9.6%) on cash basis
EGP 3Q 2012 tenant retention 72%

EGP 3Q 2012 \$8 million acquisition for a single building located in San Francisco
EGP 4Q 2012 pending \$41 million acquisition of 5 buildings located in Dallas

EGP development pipeline includes 13 buildings for total investment of \$66 million

EGP bullish demand forecast for Dallas and Houston and other southern markets

EGP an Industrial REIT with a portfolio of bulk distribution properties

EGP we rank 3 HOLD

EGP market cap \$1.5 billion

REIT Comment



Company:	EastGroup Properties
Price:	\$54
Recommendation:	HOLD
Ranking:	3
Market Cap:	\$1,531
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/18/2012
EGP \$54

EastGroup Properties EGP increased quarterly dividend distribution by 2% to \$0.53 per share for 3Q 2012

EGP new annual yield \$2.12 per share

EGP new yield 3.9%

EGP an Industrial REIT with a portfolio of bulk distribution properties

EGP we rank 3 HOLD

EGP market cap \$1.5 billion

REIT Comment



Company:	Getty Realty
Price:	\$18
Recommendation:	SELL
Ranking:	5
Market Cap:	\$605
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
GTY \$18

Getty Realty GTY traded DOWN (\$0.50) per share to close DOWN (3%) day

GTY stock traded UP +30% year to date for 2012, outperforming Specialty REITs, UP +15%

GTY stock price recovery may reflect oil prices trending higher

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

GTY provides current annual cash dividend yield of 2.8%

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

GTY we rank 5 SELL

GTY market cap \$605 million

REIT Comment



Company:	Boston Properties
Price:	\$110
Recommendation:	SELL
Ranking:	4
Market Cap:	\$16,654
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
BXP \$110

Boston Properties BXP traded DOWN (\$1.93) per share to close DOWN (2%) day

BXP stock traded UP +10% year to date for 2012, underperforming Office REITs, UP +13%

BXP investor concern over exposure to metropolitan DC area may limit upside for the stock

BXP to discuss results for 3Q 2012 next week on Wednesday, October 24, 2012 with a conference call for investors scheduled at 10:00 AM

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

BXP an Office REIT with a portfolio of upscale office properties in NY, Boston, DC and San Francisco

BXP we rank 4 SELL

BXP market cap \$16.7 billion

BXP an S&P 500 Index REIT

REIT Comment



Company:	General Growth Properties
Price:	\$19
Recommendation:	BUY
Ranking:	2
Market Cap:	\$19,565
Link:	http://www.reitmonitor.net/atlantis/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
GGP \$19

General Growth Properties GGP traded DOWN (\$0.27) per share to close DOWN (1%) day

GGP stock traded UP +30% year to date for 2012, underperforming Retail REITs, UP +23%

GGP appreciation in stock price during 3Q 2012 a result of rejected request from shareholder Ackman (holder of 10% of GGP through Pershing Square Capital Management) to seek takeover offer for the company

GGP to discuss results for 3Q 2012 on Tuesday, November 1, 2012 with a conference call for investors scheduled at 10:00 AM

GGP guidance for FFO for 2012 indicates growth UP +13%

GGP stock price supported by current annual dividend yield of 2.1%

GGP a Retail REIT with a portfolio of regional malls

GGP we rank 3 HOLD

GGP market cap \$19.6 billion

REIT Comment



Company:	DDR Corp
Price:	\$16
Recommendation:	BUY
Ranking:	2
Market Cap:	\$4,478
Link:	http://www.reitmonitor.net/atlantia/REITWebRpt.nsf/PayBuy?OpenForm&REIT

Additional Text:
10/19/2012
DDR \$16

DDR Corp DDR traded DOWN (\$0.16) per share to close DOWN (1%) day

DDR stock traded UP +29% year to date for 2012, outperforming Retail REITs, UP +23%

DDR Retail REITs one of the best performing REIT sectors year to date for 2012

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

DDR to discuss results for 3Q 2012 on a conference call with investors scheduled for Friday, November 1, 2012 at 10:00 AM

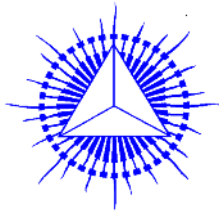
DDR guidance for FFO for 2012 indicates growth UP +7%

DDR stock price supported by current annual dividend yield of 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 \$4.5 billion



REIT Growth and Income Monitor posted 48 REIT comments for the week ended October 19, 2012. Comments were issued on REITs in the following sectors:

Financial REITs	12
Health Care REITs	5
Hotel REITs	4
Industrial REITs	2
Office REITs	7
Residential REITs	5
Retail REITs	7
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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