Citi Research
Equities

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REITs
North America

Weekly REIT and Lodging Strategy

Portfolio Managers Quarterly: Rising For the Right Reasons?

- **Capital Comes Over** — After rebounding 12.5% since the mid-December lows and outperforming the broad market, the question now facing investors in REITs is how much of the recent rise is attributable to the decline in interest rates vs how much is due to a reduction in primary REIT equity issuance, better operating fundamentals, wide capital availability at still attractive all-in costs and strong private market asset pricing which had accentuated REITs' discount to NAV. While likely driven by both lower rates and the aforementioned industry factors, we still believe REITs can deliver modest and positive returns from here, even in the face of higher interest rates. This is driven by the positive impact that a strengthening economy can have on commercial real estate in the form of continued rent growth, higher demand for space and greater capital availability at still very low costs. Our current forecast calls for 5% to 10% total return over the next 12 months. From a sector standpoint, we are overweight malls, multifamily, CBD office and lodging and underweight healthcare, net lease, suburban office, shopping centers & self-storage.
- **Healthcare: Rates and Deals Key; But Valuation Still Important** — The healthcare REITs saw a rebound in performance up ~9% in 1Q, but continued to underperform REITs by ~60bps. Bifurcation in performance provides an opportunity and we are increasing our model portfolio weight in **HCP**, lowering our weight in **VTR**, and remain underweight **HCN** based on valuation. An unexpected drop in the 10-year rate has driven some of the recovery in shares, but investors continue to be worried about external growth opportunities and accretion given higher anticipated costs of capital and more limited transactional flow.
- **Lodging: Mid-Cycle with Runway** — We see the lodging sector as having the potential to outperform other areas of real estate in an improving economy. Valuations are above the long-term average, but seem reasonable as the industry enters what could be a cyclical "sweet spot" with improving demand and still low supply. Group business may go from being a headwind to a tailwind. We remain overweight the group and **HST**, **HOT**, **LHO** and **HLT**, in particular.
- **Office/Industrial: Sticking with Our 2014 Picks** — Our key overweights remain Buy-rated **DEI**, **BXP** and **VNO**. While these stocks outperformed so far in 2014, they had previously gone through periods of underperformance and, to some extent, we view the moves as "catch up," particularly at BXP/DEI. Relative value is reasonable and we see catalysts on the horizon. We maintain our Sell rating on **PKY** on high valuation, which pairs up nicely with Sunbelt peer **HIW** (Neutral).
- **Residential: Moving to a Larger Apartment Unit** — We believe the multifamily sector is poised to continue to outperform given its attractive relative growth and discounted valuation. We are overweight the sector in our model portfolio, and in addition to our top pick **PPS**, favor the larger cap stocks in the space (**AVB, EQR,** and **UDR**). While we do see risks to continued outperformance – namely increasing new supply – we believe the current tailwinds should prevail.
- **Retail: We Favor Malls/Outlets with a Quality Bias** — We continue to see much greater value in the mall/outlet REITs vs. strips. We are Overweight 'A' mall and outlet landlords, which we believe will remain in a position of strength and will benefit from a change in perception in regards to high quality bricks & mortar, while concerns over e-commerce and dept. store closings are more applicable to 'B/C' mall owners. Our Underweight in strips is primarily a function of our more bullish call on mall REITs. Our top picks include **SPG, GGP**, **SKT**, **MAC**, **WRI** and **KRG**.

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Upcoming Events and Performance Indices

Date and Time	Citi Conference Call and Call Details	Dial-In Number/ Passcode
April 11, 2014, 2PM ET	State of the Office Market Conference Call with Cushman and Wakefield	719.457.6793/ 8988865
April 15, 2014, 10AM ET	State of the Industrial Market Conference Call with Cushman and Wakefield	719.325.2465/ 3763737

Date	Citi Sponsored Events	Location
April 1, 2014	Citi Northern New Jersey Mall Property Tour	Northern New Jersey
May 5, 2014	Citi Philadelphia Student Housing Property Tour (ACC, CCG, and Campus Apartments (Private))	Philadelphia, PA
May 13-14, 2014	Citi Seattle Property Tour (ARE, AVB, BMR, EQR, ESS, KRC, UDR, and others to be confirmed)	Seattle, WA

Date	Analyst & Investor Days/Property Tours	Location
April 9, 2014	Sunstone Hotel Investors (SHO)	New York, NY
April 10, 2014	Host Hotels & Resorts (HST)	McLean, VA
April 16-17, 2014	EdR (EDR)	Lexington, KY
May 15, 2014	Ashford Hospitality Trust (AHT)	New York, NY

Performance Indices

Performance Indices - (denotes price only returns)*	WTD Change (%)	QTD Change (%)	YTD Change (%)
NAREIT Equity Total Return Index	0.8	10.0	10.0
Citi Model REIT Portfolio	0.8	10.1	10.1
Citi Model Hedge Portfolio	0.0	2.8	2.8
Russell 2000*	1.8	0.8	0.8
Dow Jones Utilities Average*	1.0	8.5	8.5
Dow Jones Industrial Average*	0.8	(0.7)	(0.7)
S&P 500*	0.8	1.3	1.3
S&P 500 Financials*	1.0	2.2	2.2
Nasdaq Composite*	1.0	0.5	0.5
10-Year Treasury Yield bps change	1.1	(30.3)	(30.3)
Global Real Estate (USD)	1.3	3.2	3.2
Asia Real Estate (local currency)	3.0	(5.6)	(5.6)
Europe Real Estate (local currency)	1.4	5.4	5.4

Source: FactSet, NAREIT, Bloomberg, Company Reports, and Citi Research. Global pricings are as of 3/28/14.

Rising For the Right Reasons?

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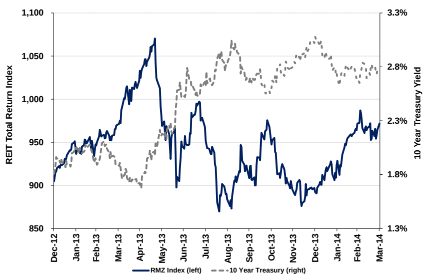
Figure 1. Key Holdings in Citi's REIT Model Portfolio

Company	Ticker	Industry
American Campus	ACC	Student Housing
AvalonBay	AVB	Apartments
Boston Prop.	BXP	CBD Office
Douglas Emmett	DEI	CBD Office
DuPont Fabros Tech.	DFT	Data Center
EPR Properties	EPR	Net Lease
General Growth	GGP	Malls
HCP	HCP	Healthcare
Host Hotels & Resorts	HST	Lodging
Kite Realty Group	KRG	Shopping Center
LaSalle Hotel	LHO	Lodging
Post Properties	PPS	Apartments
Simon Property	SPG	Malls
Starwood Hotels	HOT	Lodging
Tanger Factory	SKT	Outlets
Vornado Realty	VNO	CBD Office
Weingarten Realty	WRI	Shopping Center

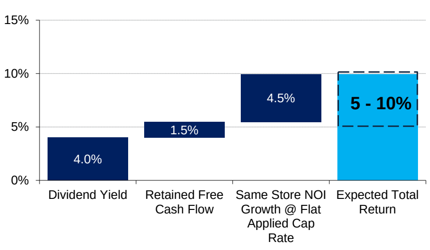
Source: Citi Research. Listed alphabetical.

Figure 2. How much of REITs performance is driven by a reduction in bond yields?

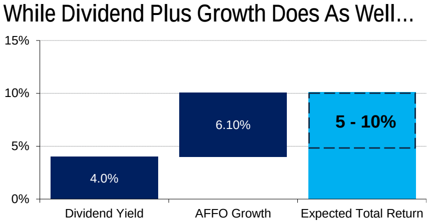


Source: Citi Research

Figure 3. NAV Growth Leads to 5-10% Total Returns...



While Dividend Plus Growth Does As Well...



Source: Citi Research, Citi coverage universe.

Red Rover, Red Rover, When Will Capital Come Over? That was the title of our 2014 REIT and Lodging Outlook in mid-December where we highlighted REITs' NAV discounts and noted that it should be just a matter of time for capital, both public and private, to "come back" to the REIT space. Since then, capital has come over as REITs have recovered ~12.5% since their mid-December lows and outperformed the broad market by ~820bps in the first quarter (up +10%) driven in part by the performance of the large cap stocks *(see pages 41-48 for a full performance review)*.

The question now facing investors in REITs is how much of the recent rise is attributable to the ~30bps decline in the 10-year Treasury to 2.7% (Figure 2) versus how much is due to a reduction in primary REIT equity issuance, better operating fundamentals, wide capital availability at still attractive all-in costs and strong private market asset pricing which had accentuated REITs discount to NAV.

While it is tough to ascertain the ultimate correlation, we believe the positive performance has been driven by a bit of each, especially when considering other yield oriented sectors outperformed in the first quarter (see page 44). At the same time, for REITs, the net lease and healthcare sectors which tend to be the most interest rate sensitive, were not the drivers of REITs solid performance in 1Q.

Overall, with the potential of rising interest rates over the near term, there is certainly the potential for headwinds for the continued outperformance by REITs. That being said, we still believe REITs can deliver **modest and positive returns** from here – even in the face of higher interest rates as a result of the continued positive impact that a strengthening economy can have on commercial real estate in the form of continued rent growth, higher demand for space and greater capital availability. New supply remains low helping to fuel growth in existing assets. In addition, the widespread availability of both debt and equity capital will continue to drive strong asset pricing which should provide clarity on the value of REIT portfolios and stock prices. As outlined herein, **our current forecast calls for 5% to 10% total return over the next 12 months**.

From a sector standpoint, we continue to be **overweight regional malls, multifamily, CBD office** and **lodging** and **underweight healthcare, net lease, suburban office, shopping centers** and **self-storage (see pages 8-10)**. Some of our key holdings in our REIT model portfolio are listed in Figure 1.

Building Blocks to REITs Total Return

Our 12-month total return forecast of 5-10% is supported by both NAV and earnings growth. Our forecast assumes share prices will *generally* follow NAVs which benefit from retained free cash flow and growth in same store NOI.

The high end of our forecast assumes REITs are able to deliver 10% total returns from the current and growing ~4% dividend yield and NAVs growing by about ~6%. The 6% NAV growth is predicated on ~1.5% from retained free cash flow and 4.5% from the growth in same store NOI assuming flat applied cap rates.

At the low end of our forecast, this would mean REITs would trade at a 6.2% implied cap rate in 12 months, up from 6.0% today given the aforementioned growth in NOI and retention of cash flow.

On a multiple basis, combining REIT's 4% dividend yield with 6.1% AFFO growth and some modest multiple contraction given we are later in the cycle, also results in a 5-10% outlook as shown in the charts on the left.

The Bull vs Bear Case For REITs

The Bull Case:

- **Stronger Economy Better for Real Estate** - A continued growing economy means better real estate fundamentals (i.e. stronger rent and occupancy growth) and greater availability of capital. Both of these are tailwinds and **positives** for real estate and could also mitigate the impact of higher interest rates.
- **Abundant Equity and Debt Capital Fuels Private Market** – Private market pricing continues to be strong driven by considerable debt and equity capital availability. Attractive private market pricing should help to support and act as a backstop to REIT share prices, and potentially could lead to privatizations in some cases, if discounts are wide.
- **Attractive Valuation to Bonds and Equities** - Higher interest rates seem to be reflected in public market pricing given the above-average spread between dividend yields and implied cap rates versus corporate bonds (pages 37-39), which have had over a 0.8 correlation over the last 15 years. After contracting the last couple of years, REITs' premium earnings multiples vs. the broad market have eroded.
- **New Supply Remains Low** - New supply continues to remain low by all historical standards, which should allow existing product to continue to see pricing power (page 36).
- **Strategic Restructurings / M&A** – While significant stock buyback activity is unlikely given the focus on balance sheets, companies can continue to pursue strategic restructurings or M&A. We have seen an acceleration in activity over the last few months.
- **Return of the Generalists** – As we have begun discussing for the last several months, generalist interest in the space has picked up, and we believe is one of the drivers of REITs recent outperformance. While ownership has likely increased, many generalist investors remain underweight REITs. A re-allocation of capital could prompt continued outperformance for the sector.

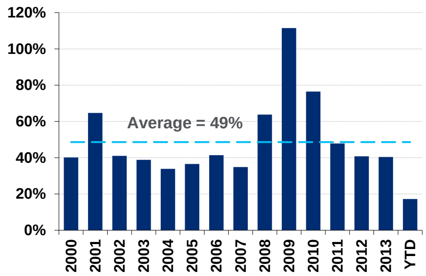
The Bear Case:

- **Retreat on Rising Rates** – The bear case is that the stocks' recent upward move is predominately driven by the ~30bps decline in the 10-year Treasury since the end of the year, and should rates start to move up, REITs will fall, and also underperform the broad market. It should be noted that while rates were down in 1Q, many of REIT sectors performed well, and the interest rate sensitive sectors such as Net Lease and Healthcare were not the drivers with both having 1Q performance below the REIT average. See pages 41-48 for a full quarterly performance review.
- **Even Faster Rise in Interest Rates** – In addition, beyond the current forecasted move in rates, interest rates could certainly move faster than current expectations – without additional growth – and be an added headwind.
- **Generalists Remain on the Sidelines** – After the recent outperformance, generalist investors may also simply look elsewhere for returns on the fear and perception of the impact of higher rates.
- **Ramp in Primary Equity Issuance, Negative Funds Flow, IPOs and Listing of Non Traded REITs** – REIT's primary equity issuance has been lighter than history in the first quarter, and any rise could add more "supply". In addition, given the concentration of REIT ownership, there is always the potential for negative funds flow be it the growing amount of assets it dedicated REIT ETFs and mutual funds, and still substantial US REIT holdings in dedicated real estate mutual funds in Japan (~8.5% of the sector). In addition, ramping IPO activity and/or listing on non-traded REITs could be headwinds.

REITs Are Not Just a Yield Play

REITs are not just *static* yield investments like bonds. REITs may have bond like characteristics that offer some defensive qualities, but importantly **offer growth** and have the potential **to create value** from the active management of their assets and balance sheet, even in the face of rising interest rates. REIT's portfolio cash flows are expected to continue to rise over the next few years, and REITs' low dividend payout ratios mean that companies are retaining significant free cash flow lifting NAVs.

Figure 4. Spread in Returns Between Top and Bottom Quartile of REITs

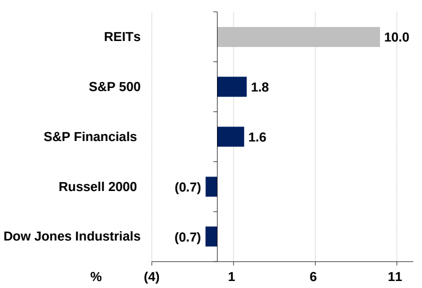


Source: Citi Research

As discussed herein, most REIT management teams can create growth and value through **improving operations**, **refinancing capital accretively**, **investing new capital wisely** and **harvesting value** when appropriate. Given that all REITs are not simply correlated to bonds, a company's management team, the quality and location of its assets and capital management decisions play a big part in relative performance.

As we have noted in the past, contrary to popular belief, there is a huge opportunity for alpha in the REIT space with a ~49 percentage point spread between the top and bottom quartiles of REITs over the last 14 years (Figure 4), and 17 percentage points already YTD in 2014 (see page 48 for a list of the top and bottom performing REITs YTD). While small caps were the big winners in 1Q13, it was the large cap REITs that stole the show in 1Q14, significantly outperforming their small cap REIT peers.

Figure 5. YTD REIT Return vs. Broad Market Indices



Source: Citi Research

REIT Implied Cap Rates Rise with NOI and Free Cash Flow

We estimate REITs implied cap rates will naturally rise by ~80bps to 6.8% over the next 3 years simply from the rise in net operating income (NOI) and retention of free cash flow. Recall REIT dividend payout ratios remain near all time lows at ~75%, which provides the companies cash to retain to either de-lever or invest.

The ~80bps rise in implied cap rates assumes REIT share prices are held constant with shareholders earning a ~4% going in annualized dividend yield that is also set to grow. The analysis does not assume any additional value is created from investing (ie - development, re-development or acquisitions) – either with REITs retained free cash flow or with new capital raised. Said another way, if investors view interest rates and implied cap rates perfectly correlated from here, REITs have the ability to overcome at least an 80bps rise in rates over the next 3 years. Remember, **bond yields are stagnant if prices are held constant.** The same is not true for REITs.

Cap Rate Compression Likely at Tail End

We do agree that the cap rate compression portion of the real estate cycle is likely over and that, longer term, cap rates may have an upward bias. This view is implicitly shared by some well-respected management teams — which have become net sellers of assets (i.e. BXP, VNO) — as well as the significant IPO activity that occurred last year. However, we also believe that current cap rates will be "sticky" for the foreseeable future, and that has certainly been the case since last May when rates started to rise. This should allow commercial real estate values to continue to move up, albeit at a slower pace than the last few years, as the benefits of an improving economy feed into results (i.e. higher rents, occupancies, development value creation, etc.). Looked at another way, we view the current environment as more akin to 2004 – when REITs were poised to benefit from an improving economy – than 1997 – when REITs were about to fall dramatically out of favor.

REIT Tailwinds and Sparks Remain

We believe the following factors remain "sparks" and tailwinds for the sector, and should help offset a rise in rates. These are summarized below, and discussed in more detail on pages 35-41:

- **Operating Fundamentals Remain Solid -** Operating fundamentals remain solid across most property sectors and we expect same store NOI growth of ~3.0-3.5% in 2014. Fourth quarter earnings showed leasing momentum and recent commentary at Citi's Global Property CEO Conference in March indicated that CEOs see 2015 equally as strong with ~3.5% expected rise in same store NOI.

- **Low Cost Capital -** REITs continue to have access to relatively low cost capital across the capital stack providing the companies the ability to refinance and invest accretively. All forms of capital appear available today – common, preferred and a myriad of debt options (unsecured, secured, term loan, convert, CMBS, etc). The average cost of REITs maturing debt over the next 2 years at approximately ~5% remains higher than current and forecasted rates and offers the ability to increase cash flows and refinance accretively.

- **External Growth Opportunities -** REITs continue to create value from external growth with redevelopment and development investment opportunities set to deliver solid returns for REITs over the next 24 months.

- **Active Private Market -** The private market remains very active, allowing companies to raise capital and take advantage of what are "stickier" cap rates. The active private market also helps to provide a floor and backstop to REIT share prices.

- **Supply Remains at Very Low Levels -** Supply – while off its lows – remains at very low levels and supportive of continued gains in occupancy and rental rates.

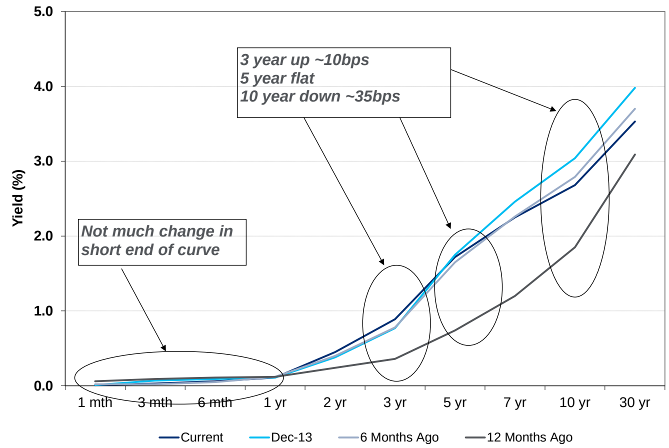
Interest Rates and REITs – Yes, REITs Can Still Work…

REITs have been sensitive to changes in interest rates. However, the key of course is what is driving rates higher. A strengthening economy would create several tailwinds that have the potential to exert downward pressure on cap rates. These include (1) stronger rent growth expectations and (2) easing commercial lending standards, with greater access to credit in the private market, higher leverage levels and narrower debt spreads. These developments would be consistent with an improving economy. Private buyers are alive and well, and capital is coming from multiple jurisdictions and by investor type. **Lower cap rates, narrowing spreads, together with growing NOI and dividends could more than offset a moderate rise in underlying corporate bonds and treasuries. This is the bull case for REITs and the thesis that we are inclined to subscribe to**.

At the same time, a more moderate growth environment with continued low rates would also be a good outcome for REITs. A scenario of moderate growth and high rates or a potential double dip recession would obviously be a bit more difficult for the sector.

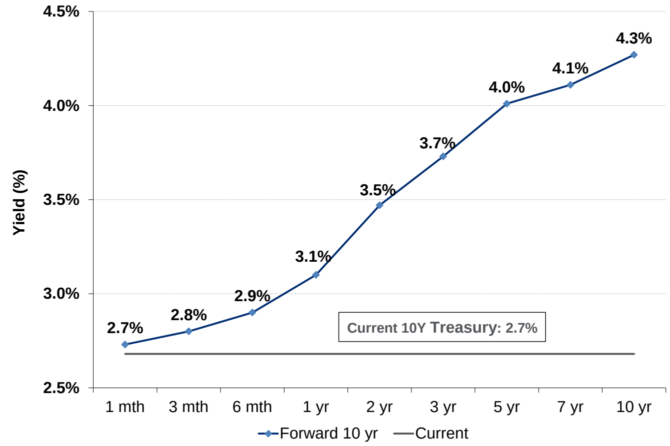
As shown on the following page, the current yield curve has flattened a bit over the last 6 months given the reduction on the long end of the curve (Figure 6). There has been an ever slight uptick in 3 year rates, while 5 year has remained flat. On a future basis, it is important to look at the implied futures curve which shows that the 10 year Treasury should remain at very low levels over the next several years (Figure 7)

Figure 6. Current Yield Rate Curve vs Last 12 months



Source: Citi Research and Factset

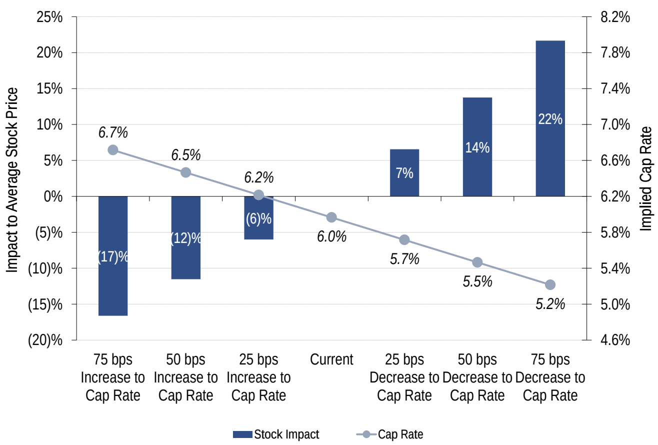
Figure 7. Current Implied 10-Year Treasury Rates on a Future Basis



Source: Citi Research and Factset

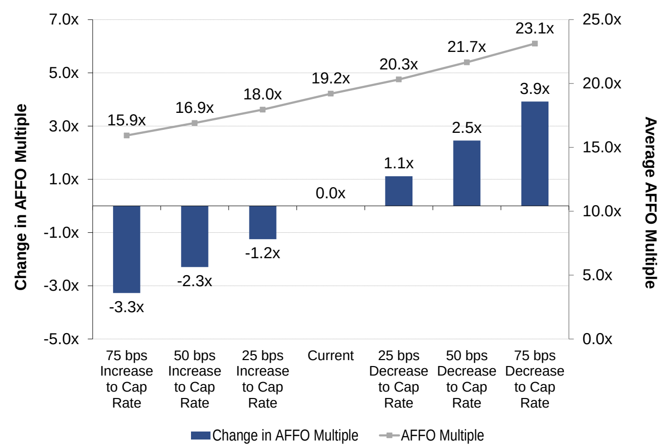
Overall, we are not trying to be Pollyanna-ish about the threat of rising interest rates. We fully acknowledge that rising interest rates are a potential headwind. The risk is that the needle is not threaded perfectly, as outlined above. If the economy were to stall and/or rates were to rise more rapidly than we anticipate, REIT shares would likely underperform more meaningfully. For sensitivity, as shown below, a 50bp change in cap rates would drive a 10-15% change in REIT share prices (Figure 8). Multiples would contract/expand by 2-2.5x multiple points (Figure 9).

Figure 8. Impact of a Change in Cap Rates on Stock Price



Source: Citi Research. Citi coverage universe.

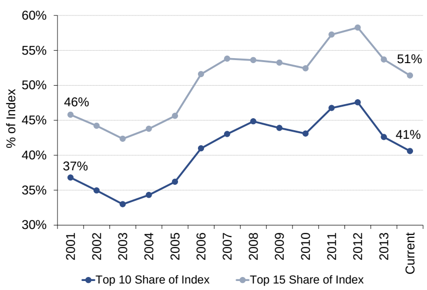
Figure 9. Impact of a Change in Cap Rates on Multiples



Source: Citi Research. Citi coverage universe.

Portfolio Positioning – Key Picks and Pans

Figure 10. Share of Largest 10 and 15 Companies as a % of REIT Index



Source: Citi Research, Bloomberg

Our investment strategy in our REIT model portfolio continues to place more emphasis on **stock picking** with some overriding sector preferences (ie – we like malls, apartments and lodging over strips, healthcare and net lease). From a stock perspective, we are generally overweight companies that we find trading at attractive absolute and/or relative valuations. Many of the key holdings in our model REIT portfolio have strong balance sheets, positive fundamentals and company specific catalysts, based on our analysis. We generally have sought to own companies that can increase earnings and NAV against a backdrop of higher rates, and also can grow without the need of substantial external capital. Our top overweight and underweights are listed in Figure 11 below.

From a property sector perspective, we are overweight malls/outlets, lodging, apartments and CBD office and underweight healthcare, net lease, suburban office, shopping centers and self storage as detailed on the following pages. Our remaining overweight positions fall in a number of the “specialty” sectors such as manufactured housing, student housing and lab space which offer stable and good internal growth and also solid external growth opportunities.

With the underperformance of the large cap REITs and significant IPO activity in 2013, the largest companies now make up a reduced share of the overall index, helping to generate additional alpha. The 10 largest companies now represent 41% of the index while the largest 15 make up 51%. This is down ~700bps from year-end 2012 where the top 10 were 48% and top 15 were 58% (Figure 10).

Figure 11. Top Citi REIT Model Portfolio Overweights / Underweights

Top 15 Overweights

Company	Ticker	Model Portfolio Weight	Index Weight	OW/(UW)
Host Hotels & Resorts	HST	5.1	2.6	2.5
Boston Prop.	BXP	5.4	3.1	2.4
Starwood Hotels	HOT	2.1	0.0	2.1
Douglas Emmett	DEI	2.7	0.6	2.1
Post Properties	PPS	2.3	0.5	1.8
LaSalle Hotel	LHO	2.3	0.6	1.7
AvalonBay	AVB	4.7	3.0	1.7
Simon Property	SPG	10.6	9.0	1.7
American Campus	ACC	2.1	0.7	1.4
General Growth	GGP	3.3	2.0	1.3
UDR	UDR	2.4	1.1	1.2
Vornado Realty	VNO	4.1	2.9	1.2
Equity Res	EQR	4.9	3.7	1.2
Liberty Prop.	LPT	2.1	1.0	1.1
HCP	HCP	4.4	3.3	1.0
Total		**58.3**	**34.1**	**24.2**

Top 15 Underweights

Company	Ticker	Model Portfolio Weight	Index Weight	OW/(UW)
Realty Income	O	0.0	1.6	(1.6)
Health Care REIT	HCN	1.6	3.1	(1.5)
Essex Property	ESS	0.0	1.1	(1.1)
Duke Realty	DRE	0.0	1.0	(1.0)
BRE Properties	BRE	0.0	0.9	(0.9)
Regency Centers	REG	0.0	0.8	(0.8)
AIMCO	AIV	0.0	0.8	(0.8)
CommonWealth REIT	CWH	0.0	0.5	(0.5)
Public Storage	PSA	3.7	4.2	(0.5)
Retail Prop. of America	RPAI	0.0	0.5	(0.5)
Sunstone Hotel	SHO	0.0	0.4	(0.4)
CubeSmart	CUBE	0.0	0.4	(0.4)
Diamondrock	DRH	0.0	0.4	(0.4)
Brandywine Rlty.	BDN	0.0	0.4	(0.4)
Sovran	SSS	0.0	0.4	(0.4)
Total		**5.4**	**16.6**	**(11.2)**

Source: Citi Research

Model Portfolio Performance

During 1Q, our REIT model portfolio returned 10.1%, just outperforming the 10.0% NAREIT return. The portfolio benefitted from key overweight positions in urban office landlords Douglas Emmett (**DEI**), Boston Properties (**BXP**) and Vornado (**VNO**) and a significant overweight in multifamily where Post (**PPS**), Home (**HME**), Avalonbay (**AVB**), Camden (**CPT**) and Equity Residential (**EQR**) were meaningful contributors. The portfolio also benefitted from a few niche plays in Equity Lifestyle (**ELS**), Alexandria (**ARE**) and American Campus (**ACC**). While these stocks drove almost 200bps of outperformance, our portfolio lagged from a significant overweight in the Lodging sector. While lodging performed very well in 2013, the stocks have lagged year to date alongside the broader market. Our model portfolio was also underweight self storage which outperformed in 1Q.

Property Sector Positioning

Below we highlight how our stock positions roll up by sector – with key overweights in malls, multifamily and CBD office and underweight healthcare, net lease, suburban office, shopping centers and self storage. Our remaining overweight positions fall in a number of the "specialty" sectors (data centers, student housing, manufactured housing). Refer to pages 11-34 for sector strategy detail.

- **Malls & Strip Centers (25.1% Model Weight / 22.4% Index Weight).** We view the Mall and Outlet REITs as attractive versus Strips today given meaningful discounts to NAV, which in our view continue to reflect a disconnect between perception and reality in regards to the drivers of demand for space and property values. We believe Class A mall and outlet landlords are in a position of strength and will continue to benefit from strong pricing power and re/development opportunities, and concerns over e-commerce, department store closings, and slowing sales are overblown and more relevant headwinds for Class B-/C malls. We believe market misperceptions should dissipate in 2014 as the REITs continue to execute on leasing and external growth initiatives. In the mall / outlet sector, we have Buy ratings on **SPG, GGP, SKT,** and **MAC**. In strips, we have Buy ratings on **WRI** and **KRG**.

- **Office & Mixed Office/Industrial (18.4% Model Weight / 15.9% Index Weight):** We are overweight the sector in our model portfolio. This reflects concentrated positions in **BXP, DEI** and **VNO**, as well as **LPT** and **HIW**. We are generally underweight the pure suburban office companies, based on weak trends and potential earnings declines.

- **Residential (16.5% Model Weight / 13.8% Index Weight):** We believe the multifamily sector is poised to continue to outperform given its attractive relative growth and discounted valuation. While we like most of the stocks in the sector, our portfolio strategy is to own value oriented names which could be attractive M&A targets (**PPS**). In addition, we are overweight the large cap stocks (**AVB, EQR, and UDR**). We are underweight **AIV** and **AEC** as we see more value in other stocks.

- **Lodging (10.4% Model Weight / 7.3% Index Weight):** We are overweight the Lodging stocks in our model portfolio. Strong fundamentals and reasonable valuations should help the stocks outperform over the next 12-months. Our key positions are **HOT** and **HLT** (out of index c-corp), **HST** and **LHO**.

- **Healthcare (9.7% Model Weight / 13.6% Index Weight):** The potential for external growth through acquisitions has slowed meaningfully following large deals completed in 2013. We continue to believe that there will be more competition for each deal, driving pricing lower, and ultimately fewer winners. We are concentrating our weight in **HCP** which presents an attractive relative valuation versus peers and **SBRA** which has the ability to move the needle with smaller deals.

- **Industrial (5.1% Model Weight / 5.1% Index Weight):** We are positive on the Industrial sector given a broad based recovery in fundamentals but we view the stocks as fully valued. We are market weight the sector reflecting a modest overweight in **DCT** and market weight positions in **PLD** and **EGP**.

- **Self-Storage (5.0% Model Weight / 6.1% Index Weight).** We remain Underweight the group and cautious on the stocks given rich valuations. The valuations are not as rich as we believed six months ago given meaningful cap rate compression and continued strong internal and external growth, but at 10-20% premiums to NAV have more than adequately priced in the positive trends. Additionally, we see longer-term risk associated with the eventual return of supply

growth. As such, we remain Neutral on the stocks and Underweight the group overall. We are slightly overweight **EXR**, slightly underweight **PSA** and underweight **CUBE** and **SSS**.

- **Data Centers (2.6% Model Weight/ 1.8% Index Weight):** The outlook for data center fundamentals remains positive as demand remains strong and signs of incremental leasing momentum have appeared, though leasing remains lumpy and the single most important driver of growth and performance. We are overweight **DFT** given attractive valuation and growth catalysts remaining and market weight both **COR** and **DLR**.

- **Net Lease (2.2% Model Weight / 6.7% Index Weight)**: We retain a selective overweight in **EPR** and market weight **NNN**, but are underweight **O** given its wide premium on implied cap rate relative to deals in the private market place and net asset value and more difficulty in finding large accretive deals. The industry will continue to see headwinds from increasing cost of capital combined with more expensive deals as competition remains high.

- **Lab Office (1.7% Model Weight / 1.7% Index Weight)**: The Labspace outlook remains good as personalized medicine and targeted therapies gain momentum and demand from biotech tenants remains strong. We continue to believe that development upside and rental growth will help drive performance, and all of our overweight is in Neutral-rated **ARE**.

Figure 12. Sector Weights & Comments

Sector	Position	Model Portfolio Weight	Index Weight	Diff	Commentary	Focus Stocks
Malls & Outlets	O/W	18.7	14.9	3.8	Overweight given embedded rent growth, redevelopment upside, and stocks trading at an NAV discount on average.	SPG, GGP, SKT, MAC
Office	O/W	16.3	13.2	3.1	Overweight mainly reflects concentraded CBD office overweights in BXP, VNO, and DEI offset by underweights in suburban office stocks where fundamentals are challenged.	BXP, DEI, VNO, HIW
Lodging	O/W	10.4	7.3	3.1	Overweight based on reasonable valuations and potential earnings growth.	HOT, HLT, LHO, HST
Apartments	O/W	16.5	13.8	2.7	Overweight given attractive valuation and solid operating fundamentals.	PPS, AVB, UDR
Student Housing	O/W	2.1	1.0	1.1	Overweight ACC given attractive valuation and growth opportunities.	ACC
Data Centers	O/W	2.6	1.8	0.8	Overweight. Data center fundamentals should be strong longer term but leasing lumpy near term. Company specific issues remain. Recent share price retreat helps valuations.	DFT
Manufactured Homes	O/W	1.4	0.9	0.5	Overweight ELS due to its stable and predictable cash flows with minimal economic risk	ELS
Lab Office	M/W	1.7	1.7	0.0	Overweight. Lab office should benefit from solid tenant and rental trends and development upside.	ARE
Industrial	M/W	5.1	5.1	0.0	Market weight based on a positive industrial outlook offset by firm valuations. Maintain overweight in DCT.	DCT
Mixed Office/Industrial	U/W	2.1	2.7	(0.7)	Modest underweight, based on soft suburban office fundamentals.	LPT
Storage	U/W	5.0	6.1	(1.1)	Internal growth remains higher than REIT averages, however valuations are elevated and internal growth is slowing.	EXR
Shopping Centers	U/W	6.4	7.5	(1.1)	Modest underweight. Remain on the sidelines given more limited external growth (vs. malls) and fair valuations.	WRI, KRG
Healthcare	U/W	9.7	13.6	(3.9)	Underweight given relative valuation, slowdown of accretive investing and government reimbursement exposure.	HCP, SBRA
Triple Nets	U/W	2.2	6.7	(4.5)	Underweight given wide premium on implied cap rate relative to private market deals and net asset value. Deals less accretive given rise in capital costs and increased competition.	EPR, NNN

Source: Citi Research

Data Centers

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'Cloudy' With a Chance for Upside

Data Center REITs continued to underperform REITs in 2014 on management changes (i.e. Mike Foust leaving DLR, DFT not yet filling the president role), continued concerns about tenant demand, an elongated sales cycle, lumpy lease signings, the short and long term impacts of cloud computing, potentially lower rental rates and development yields and increasingly difficult external growth. The data center REITs are up 5.6% YTD, mostly driven by DLR, which is up ~10% YTD, while DFT and COR are both down ~3%. Sentiment around the data center REIT stocks continues to be weak with short interest at or near peak levels (see Figure 14).

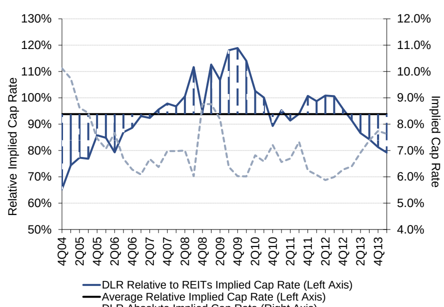
Leasing news continues to be the key to the stocks seeing a performance reversal and upside in shares. Until companies begin to exceed expectations and start to see acceleration in leasing and prices stabilizing, the shares likely lack a strong catalyst. While the discounted relative valuations provide an attractive entry point, as we have noted in the past – valuation in and of itself is not a catalyst for stock performance.

Fundamental trends remain fairly consistent across companies – all of whom speak of data center demands remaining strong and delayed leasing decisions starting to flow through. While demand has been there, supply and pricing have been under pressure. Demand from cloud and smaller colo users remain particularly solid. We continue to believe in the data center business model, given the persistent strength of underlying fundamentals.

Company Specific News

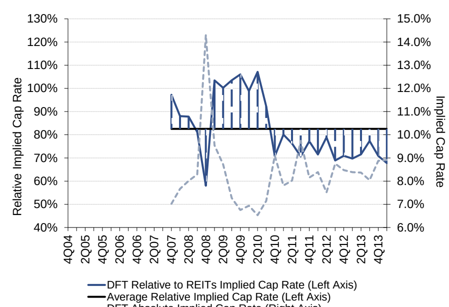
Key leasing wins, increased disclosure and action on recent disappointing performance helped turn around negative performance for **DLR**. News of Mike Foust being removed from the CEO role was also received positively. **COR** was down 3% in 1Q as the go-to-market strategy continues to take longer to stabilize and implement than expected and the results of the investment remain unclear. **DFT'**s shares experienced when Yahoo put their Ashburn facilities up for sublease. Ashburn remains one of the hottest data center markets in the country as we saw on our recent property tour, takeaways here: Northern Virginia Data Center Property Tour Takeaways - Positive Mood Even Amongst Some Headwinds. We believe that the impact of the subleasing to DFT and the data center market overall will be limited especially in the near term. DFT management remains confident in leasing the space at expiration and it is important to note that there is no impact to current earnings for DFT regardless of the outcome of subleasing.

Figure 13. DLR Relative Implied Cap Rate at a Discount



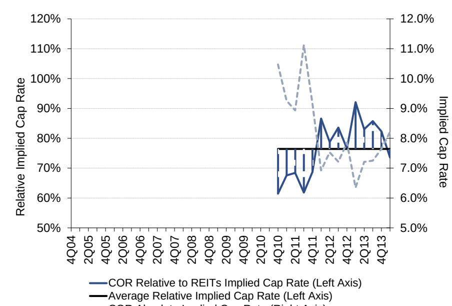
Source: Citi Research

Figure 14. DFT Relative Implied Cap Rate at a Discount



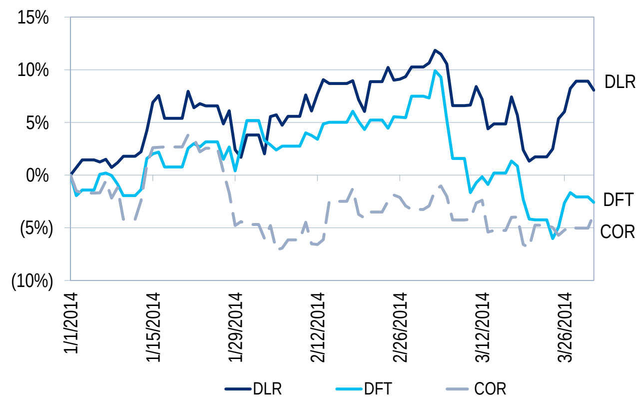
Source: Citi Research

Figure 15. COR Relative Implied Cap Rate at a Discount



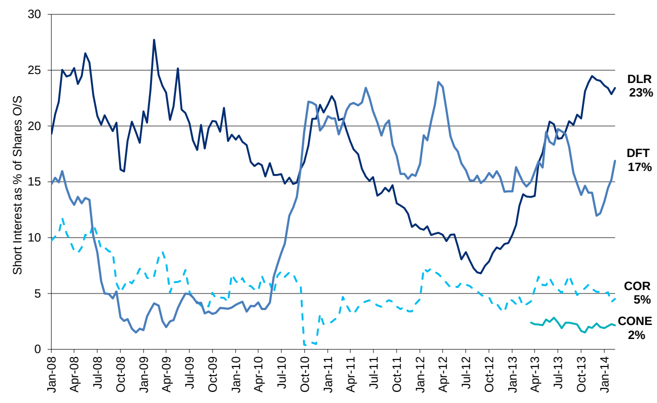
Source: Citi Research

Figure 16. Data Center Stock Performance YTD



Source: Citi Research

Figure 17. Data Centers – Short Interest



Source: Citi Research

Portfolio Positioning

- **DLR –** We are establishing a market weight position in DLR as attractive valuation at a 7.6% implied cap rate and 13.4x 2014 AFFO multiple creates a reasonable entry point and both industry and company specific trends appear to be moving in the right direction. Steps have been taken to right the ship with the removal of Mike Foust from the CEO role a positive and likely an impetus for other change. Big steps in improved communication and reporting are positives. High short interest at 23.4% will continue to be a significant headwind. We believe that given recent volatility in shares and several consecutive quarters of negative "results", investors remain willing to give up some upside until shares define a clearer floor and historical issues dissipate. *Time remains a key factor to this story.*

- **DFT –** We maintain our overweight position in our REIT model portfolio and Buy Rating given newly attractive relative valuation and remaining catalysts for growth, though these are somewhat offset by industry risks. We continue to believe that DFT shares provide an attractive entry point at a 9% implied cap rate and 10.3x 2014 AFFO following the recent selloff. Remaining leasing, advances on the Yahoo! Space, and external growth are key catalysts to the story. Short interest has come down from peak levels; though still remains high at ~16% and could be a catalyst if it reverses.

- **COR –** Our small overweight position in COR is supported by a strong management team, continued growth in colocation and interconnect revenues, and a solid balance sheet. Shares have lagged as the go-to-market strategy has taken longer to stabilize and implement than expected and the results of the investment are still unclear. The small portfolio should benefit from some external growth, such as the opening of the NY2 (Secaucus) facility, though like the other data center companies leasing remains the key driver.

Healthcare

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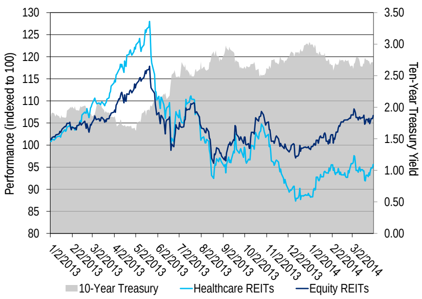
Rates and Deals Key; But Valuation Still Important

The healthcare REITs saw a rebound in performance up ~9% in 1Q, but continued to underperform REITs by ~60bps. The stocks were down ~9% in the 4th quarter vs. REITs down ~2%. An unexpected drop in the 10-year rate has driven some of the recovery in shares, but investors continue to be worried about external growth opportunities and accretion given higher anticipated costs of capital and more limited transactional flow.

Bifurcation in performance provides an opportunity as shares of HCP have significantly underperformed peers and we are increasing our model portfolio weight in HCP, lowering our weight in VTR, and remain underweight HCN based on valuation. Overall, we are underweight the healthcare REIT sector. The REITs were visibly missing in some larger recent health care real estate deals including the Brookdale/Emeritus merger and the recent $1bn JV between NorthStar Healthcare and Formation Capital, orchestrated by former HCP CEO Jay Flaherty.

The healthcare REITs do have the potential to outperform should rates continue to be low or if the macro environment proves to be weak, given the low leverage and exposure to mostly triple net leases and fundamentals that are less susceptible to economic slowdown. External growth prospects, with significant size requirements for impactful acquisitions for the large caps, are a concern, though the large health care REITs continue to remain confident in their ability to close on deals and speak of 'strong pipelines'.

Figure 18. The HC REITs' Performance has Tracked the 10-Year Yield



Source: Citi Research

Taking Advantage of Bifurcated Performance; Shifting Model Weight

Performance across healthcare REIT stocks was bifurcated ranging from 7% to 13% for the large caps and 3% to 19% for the smaller cap healthcare landlords. The gap in performance was driven by several factors including SNH's Fan Pier acquisition, continued noise following HCP's management change, M&A speculation, transaction flow and news, and wide performance in 4Q.

Figure 19. Our HC REIT Model Portfolio Weights

	Model Port (%)	Index (%)	Over/Under Weight (bps)
HCN	1.6	3.1	(150)
HCP	4.4	3.3	100
SBRA	0.3	0.2	10
VTR	3.5	3.5	0
Health Care	9.7	13.6	(390)
ARE	1.7	0.9	70
Lab Office	1.7	1.7	0

Source: Citi Research

- **HCP –** We are increasing our model weight in HCP. Shares of HCP have significantly lagged large cap peers by ~200 bps on average in 1Q, by almost 800 bps over the last 12 months, and by ~200 bps since Jay Flaherty was removed from the CEO post. Key upside catalysts include: a discounted valuation to peers on an implied cap rate as well as AFFO multiple basis (see below), the potential closing of the £550 (~$920m) HC-One deal in partnership with Formation Capital in the UK that was reported by *HealthInvestor* and the *Sunday Times*, increased comfort with Lauralee Martin in the CEO role, improving coverage at ManorCare, and potential M&A. That said, some headwinds remain including concerns at ManorCare (should coverages not improve), tenant concentration risk following the BKD/ESC merger, and BKD real estate purchase options that will be exercised over the next few years. The sell-side is currently fairly positive on the name with 3 Buy ratings, 11 Hold ratings, and just 2 Sell ratings.

- **VTR –** We continue to hold an overweight position in Ventas given a balanced portfolio, solid balance sheet, growth opportunities, and lower risk from government reimbursement relative to other names in the space. Ventas remains well-positioned for consolidation in the ownership of healthcare real estate with a history of moving quickly and efficiently on large deals. Ventas should also be able to leverage their internal knowledge and RIDEA ownership of operators to help improve acquisitions. However, shares trade at a significant premium to NAV

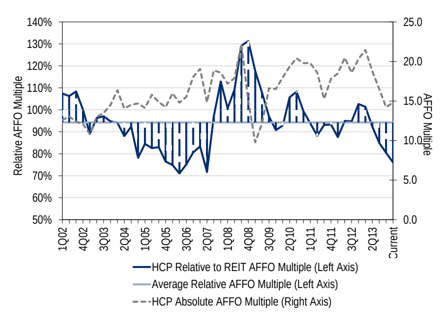
at a ~6.2% implied cap rate, and substantial deals are needed to move the needle. The sell-side is currently fairly positive on the name with 4 Buy ratings, 7 Hold ratings, and 3 Sell ratings.

- **HCN –** We remain underweight HCN in the model portfolio given recent outperformance and a valuation premium to peers. HCN's relationship driven model has provided a greater opportunity set than peers recently with $277.5m closed in 4Q13, however external growth would need to ramp significantly to justify a more stretched valuation. We do not expect any new large deals to be announced near term. HCN's high RIDEA exposure and recent completion of several large deals further drives our underweight in the name as we believe that it will take more time to integrate these platforms and are unsure of the long term performance of the RIDEA structure. The sell-side is currently fairly positive on the name with 6 Buy ratings, 9 Hold ratings, and 2 Sell ratings which could also provide a headwind for shares should any downgrades hit the tape.

Valuations Reliant on External Growth

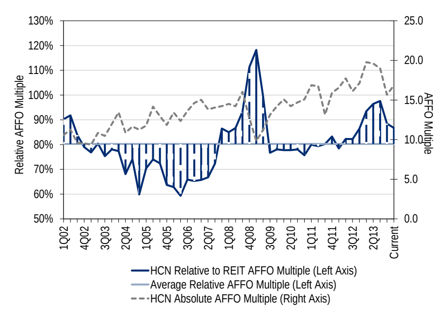
The large cap healthcare stocks continue to trade at premiums to NAV increasing the focus on growth, especially though external acquisitions and investments. In that light and in an environment with concerns over rising interest rates, healthcare REITs continue to be perceived to be highly susceptible to interest rate movements and could continue to underperform should rates increase more quickly than anticipated. Premiums to NAV have recently bounced back and remain stretched with HCP at an 21% premium to NAV, HCN at a 25% premium to NAV and VTR at a 25% NAV premium. On 2014 AFFO multiples, HCN looks rich at 17.1x, relative to the sector at 15.5x, while VTR looks in line at 15.5x and HCP looking relatively cheap at 15.2x. The sector still is relatively cheap to REITs that have a 19.7x 2014 AFFO multiple.

Figure 20. HCP Trades at a Historical Discount to REITs on AFFO



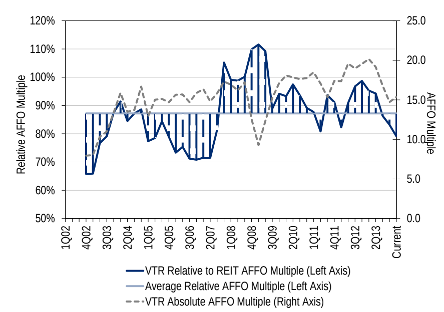
Source: Citi Research

Figure 21. HCN Trades at a Historical Premium to REITs on AFFO



Source: Citi Research

Figure 22. VTR Trades at a Historical Discount to REITs on AFFO



Source: Citi Research

Where were the REITs?

The three large Healthcare REITs all echoed support for the BKD/ESC merger at the Citi 2014 Global Property CEO conference in early March, highlighting the advantages to operators merging and predicted that there will be continued consolidation and dynamism across the subsectors of healthcare. The 'Big 3' argued that deal pipelines have not paused, but remain strong and opportunities remain abundant though investors are increasingly waiting for evidence of deal flow.

Internal Growth Remains a Bright Spot

We still believe in the underlying strength of healthcare real estate and expect the group to be able to continue to post good internal growth across asset classes. Senior Housing remains in an operational ‘sweet spot’ with improving occupancy and rental rate driven good NOI growth (RIDEA) or improving operator coverage ratios (triple net). The recent ‘doc fix’ bill appears to be getting closer to resolution and should avoid a sharp drop-off in Medicare payments as some had feared. It also appropriates more money to Medicare funding, lending more certainty to the reimbursement horizon, and should provide stability to the health care sector. SNF base rates would get cut by 2% starting in 2018 under the current bill, though top operators would be impacted less.

M&A Talk Continues to Come Up

There has been speculation around a merger amongst the ‘Big 3’ with share weakness and last year’s CEO shake-up at HCP potential catalysts for M&A. The merger would create a dominant player in the diversified healthcare real estate space, providing significant scale to continue the industry’s consolidation of large portfolios and operators without taking on too much concentration risk. Recent news reports do not seem to be evidenced on any new information but are inline with thoughts we expressed following the management change at HCP. For more insight, please refer to our note published in October 2013: Supersize Me: Exploring Healthcare M&A.

Lab Office Outperforms While Biotech Index Slows

The lab office REITs significantly outperformed REITs by ~500bps in the first quarter, a reversal in underperformance from 4Q. The NASDAQ Biotech index has seen some slowing though up only ~1% YTD, relative to being up 8% in 4Q and ~66% in 2013. Fundamentals for lab office remain healthy and the lab REIT stocks continue to offer embedded development value, upside in same store NOI and rent growth, as well as healthy demand across existing and prospective tenant base. We continue to like Alexandria (ARE) which should benefit from progress in executing on their development pipeline and rolling expiring leases higher and maintain our overweight position in our model portfolio though recently downgraded to Neutral (2), please see note: Alexandria Real Estate Equities, Inc (ARE) - Valuation Better Reflects Positives - Moving to Neutral

Lodging

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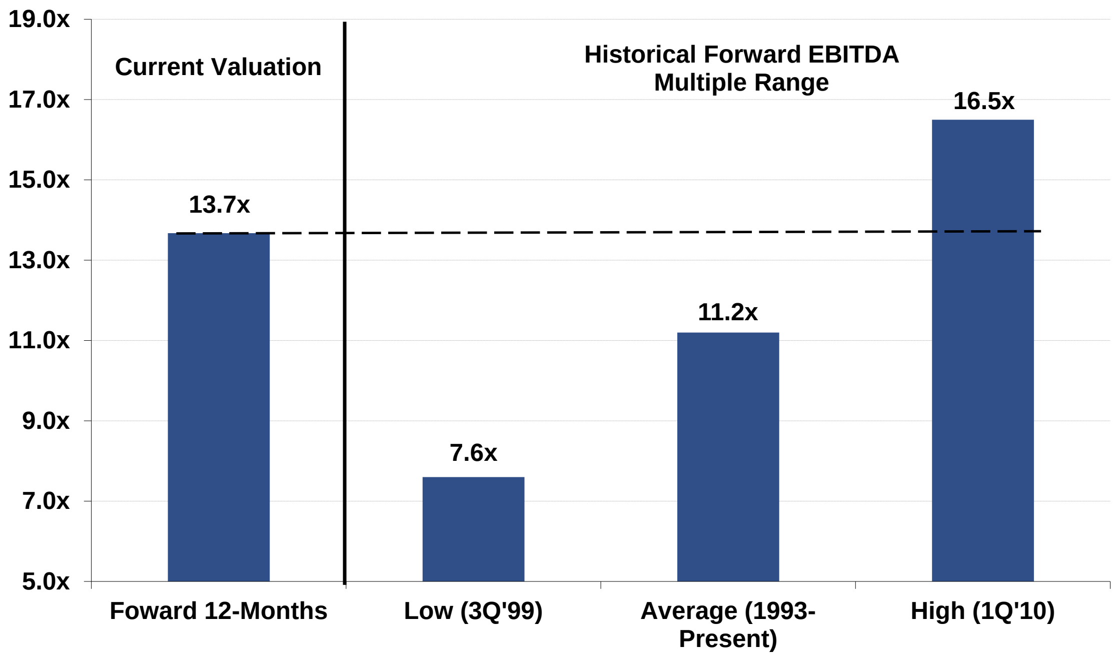
Mid-Cycle with Runway

We remain overweight the lodging stocks in our model portfolio, based on strong fundamentals and reasonable valuations. We see the sector as having the potential to outperform other areas of real estate in an improving economy. The ability to re-price rooms nightly enables hotels to grow cash flows quickly and offset the negative impact of higher interest rates. We see several potential catalysts this year, including upward estimate revisions and return of capital at the c-corps. Multiples are above the long-term average, but seem reasonable as the industry enters what could be a cyclical "sweet spot," with an improving economy and still low supply growth. We see group business, which has lagged so far, as a possible source of upside. Our key model portfolio overweight positions are **HST** (internal growth), **HOT** (return of capital), **LHO** (earnings ramp at Park Central) and **HLT** (de-leveraging story).

Group business may be a source of upside. This segment has been slower to recovery and an impediment to "breakout" levels of REVPAR and profit growth. Group tends to be later cycle and could be a source of upside as the industry enters what we view as the mid-cycle period. Transient demand remains strong, both corporate and leisure. Ultimately, a recovery of group business seems necessary for larger hotels to achieve prior peak levels of profitability due to high margin ancillary spend (i.e. catering) that is usually associated with group meetings. Acceleration in this area seems possible in an improving economy.

We believe risk to 2014 estimates is to the upside. REVPAR growth averaged 5.0-5.5% in 2013. Company guidance generally calls for same store growth in the 4-7% range this year. We see the potential for growth to come in toward the upper end of that range and have already seen some evidence of this in February/March.

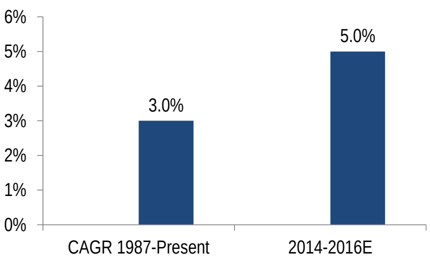
Figure 23. Lodging Stock Multiples of Forward 12-Month EBITDA and Historical Ranges



Source: Citi Research

Valuation is Reasonable in the Context of Growth

Figure 24. Excess REVPAR Growth 2014-16E



Source: Citi Research and Smith Travel Research

We find valuations are reasonable relative to growth potential. The group grades at ~13.7x forward EBITDA. This is above the long-term average of 11.2x, but seems reasonable given that the industry is poised to enter a cyclical "sweet spot." A combination of improving economic growth, which is the primary driver of lodging demand, and low supply, could set the stage for strong same store performance in 2014-15. Against this backdrop, we believe the risk to forward estimates is skewed to the upside for most companies, a dynamic that is supportive of above average trading multiples. Above average growth rates should allow companies to "burn through" their current multiple over the next few years. Since 1987, industry REVPAR growth has averaged ~3% annually. We project ~5% for 2014-16E and see the potential for some public companies to outperform.

Valuations are also supported by private market transactions. Deals involving well located, upper-upscale hotels that are similar to what the public companies own have consistently occurred at low double digit multiples, or higher. While higher future interest rates are a headwind, we see this as being more than offset in the lodging sector by the ability to increase pricing and grow cash flows. In prior cycles, multiples have held constant or expanded as rates tightened and the economy improved.

Lodging Does Well During Tightening Cycles

HST outperformed REITs and the S&P 500 in 6 of the last 8 tightening cycles. We view HST as a good proxy for the group. It is the largest lodging REIT and also the one with the longest operating history, being formed in 1993 and converting to a REIT in 1998. During the time periods examined, higher interest rates were accompanied by solid economic growth and we view this as a necessary ingredient for outperformance. Looked at another way, if interest rates were to rise without any acceleration of economic growth, relative performance of lodging stocks might lag vs. history. Since last May, when the Fed's tapering comments began, HST has outperformed REITs by ~1,500 bps, but underperformed the S&P 500.

Figure 25. HST Outperformed in 6 of Last 8 Tightening Cycles

	Period of Rising Interest Rates				
Period	**HST**	**REITs**	**Relative Performance vs. REITs**	**S&P 500**	**Relative Performance vs. S&P 500**
	(% Chg)	*(% Chg)*	*(bps)*	*(% Chg)*	*(bps)*
Oct 93 - Dec 94	65.0%	-10.9%	7,598	2.2%	6,287
Feb 96 - Sep 96	19.6%	10.1%	951	3.9%	1,565
Oct 98 - Feb 00	-16.9%	-6.5%	(1,045)	41.8%	(5,865)
Nov 01 - Apr 02	63.3%	15.2%	4,807	3.3%	5,995
Jun 03 - Jun 04	34.5%	21.5%	1,296	15.8%	1,870
Jun 05 - Jun 06	23.9%	19.7%	421	5.9%	1,800
Jan 09 - Jan 10	95.3%	50.1%	4,516	39.2%	5,608
Oct 10 - Apr 11	7.8%	9.0%	(123)	15.3%	(751)
Historical Average	**36.6%**	**13.5%**	**2,303**	**15.9%**	**2,064**
May 2nd - Current	12.7%	-2.3%	1,494	19.5%	(688)

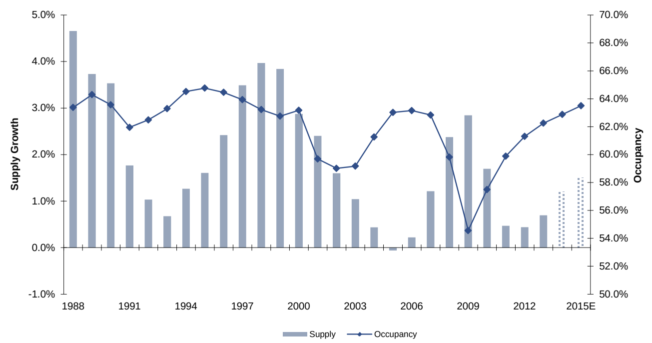
Source: Citi Research

Low Supply Remains a Tailwind

Supply/demand dynamics remain attractive in the lodging sector. Supply and construction activity remain at historically low levels. While the number of rooms under construction has increased 32% yr/yr from a very depressed base, the

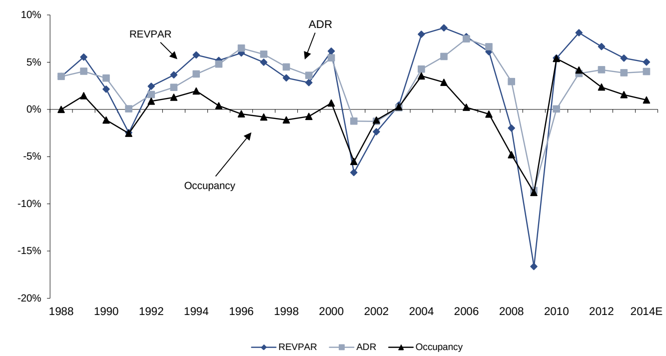
absolute level of activity is relatively benign. There are only ~98k rooms under construction in the US. This compares to a cyclical peak of >200k in late 2007 and a trough of ~50k in early 2011. Looked at another way, rooms under construction are ~2% of existing stock vs. ~5% at the end of 2007. This is moderately above the obsolescence rate of 0.5-1.0%. After factoring in obsolescence, as well as an average construction timetable of over 12-months, we expect supply growth to accelerate to 1.0-1.5% in 2014 from 0.9% in 2013. While more supply is never a good thing, overall levels should remain below the long term average of ~2% and the supply story should remain positive through at least 2015.

Figure 26. Supply Growth vs. Occupancy



Source: Citi Research and Smith Travel Research

Figure 27. REVPAR, ADR and Occupancy: Yr/Yr Percentage Change



Source: Citi Research and Smith Travel Research

Portfolio Positioning - Key Buy ratings and model portfolio overweight positions are HST, HOT and LHO.

- **HST**: Our positive view reflects HST's leverage to improving lodging fundamentals, and group business in particular, and reasonable relative value. We see room for guidance to move higher as the year progresses. Initial guidance assumes REVPAR growth of 5-6%, which implies almost no acceleration from 2013, despite an improving economy and the potential for group business to pick up. We saw this begin to occur in HST's portfolio in 4Q'13 (same store REVPAR +6.6%, total portfolio +7.2%). HST is close to achieving its long term balance sheet goals and stopped issuing ATM equity in 2H'13. We do not expect any equity issuance in the absence of significant acquisition volume.
- **HOT**: Our positive thesis reflects solid fundamentals, reasonable relative valuation and a return of capital story that should continue to get better. At ~14x 2014E EBITDA, valuation is roughly in-line with the group, with low balance sheet leverage, a high quality fee business and the potential for an acceleration of asset sales and return of capital.
- **LHO**: 2013 was a transition year for LHO, with the Park Central undergoing a major renovation. The asset should begin to ramp in 2014. While Washington DC remains a weak spot and large exposure for the company, this seems appropriately factored into guidance and estimates. LHO is trading roughly in-line with peers, despite above average asset quality and margin control.
- **HLT**: Hilton provides investors with (1) leverage to positive lodging industry dynamics, (2) global scale, (3) high quality underlying real estate and (4) an attractive unit growth profile. We see several potential catalysts for outperformance, including upward estimate revisions (HLT is leveraged to improving group business), execution of HLT's de-leveraging strategy and longer term real estate monetization.

Office/Industrial

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Sticking with our 2014 Picks

Office fundamentals have lagged and the sector's recovery is taking longer. This reflects sluggish employment growth, a secular trend toward greater efficiency and downsizings from 2008-09 that are still working through the system as long term leases expire. The office sector tends to be "later cycle" due to its reliance on employment. As such, we are seeing acceleration in some markets, particularly on the west coast and in some areas of Manhattan.

Our key overweight positions remain Buy-rated DEI, BXP and VNO. While these stocks have outperformed so far in 2014, they had previously gone through periods of underperformance and, to some extent, we view the moves as "catch up," particularly at BXP/DEI. Relative valuation remains reasonable and there remain potential catalysts on the horizon for each company, as discussed below. We maintain our Sell rating on **PKY** based on high valuation, which we think pairs up nicely against Sunbelt peer **HIW** (Neutral rated, model portfolio overweight). We remain intrigued by **CLI** and **OFC**, which trade at wide NAV discounts, but are not completely comfortable with the stories and therefore remain on the sidelines.

Key Overweights:

- **DEI**: Fundamentals in DEI's submarkets are clearly improving. We see the potential for strong (and accelerated) growth in 2015, based on 2014 occupancy guidance (+1.5-2.5%) and a positive rent environment. Leasing spreads should begin to improve this year as DEI begins rolling 5-year leases signed in weaker periods. Clarity on residential development yields should be accretive to our and Street NAV's, which seem to ascribe little value to these. Implied cap rate of 4.7% is low, but DEI has vacancy to lease and private market values are high. DEI is attractively valued on an AFFO basis (~22x), reflecting a low CAPEX operating model and limited non-income producing assets. Balance sheet leverage (~9.5x) is high and the main risk factor.

- **BXP**: We remain positive on BXP's medium and long term growth prospects, fueled by the core portfolio, opportunistic asset redevelopment/repositioning and an attractive new and shadow development pipeline (anchored by TransBay). Growth is well balanced by BXP's strong capital allocation philosophy, which centers on continuing to sell assets and harvest gains, keeping leverage low and mitigating development risk. At a 5.0% implied cap rate, BXP is trading close to our spot NAV, with the potential for above average NAV growth over time and no premium for what we view as best-in-class local market operating platforms. Senior management transition appears to be going well and the announcement of an anchor for TransBay (Salesforce?) could be a positive catalyst that is not fully priced into the shares yet.

- **VNO**: The shares trade near our spot NAV, but with no value for the company's significant vacancy in DC or potential NY retail rent roll up over time (~$10/share of undiscounted upside, or ~10%). The NY business is performing extremely well. Washington DC is soft and there is still some downside on the horizon, but VNO should have incurred the majority of the cash flow downside by the end of 2014. Investors are paying little for the DC vacancy or land bank today. A break up of the company is possible, but arguably not necessary given the rebound in the shares. A spin-off or sale of the company's shopping centers seems possible and would accelerate VNO's simplification – a strategy that has been well received by investors over the last 12-18 months.

Wide Discounts at CLI and OFC, but not Clean Stories

We remain intrigued by **CLI** and **OFC**, which trade at wide NAV discounts, of ~16% and ~13%, respectively, but we are not completely comfortable with the stories. Therefore, we remain on the sidelines with Neutral ratings and model portfolio underweight positions in both stocks.

- **CLI**: Expansion of the board to include Jon Litt – CEO of real estate hedge fund Land & Buildings and former sell-side analyst – could be positive for the shares. At the very least, we expect communication with investors could improve. At best, there could be a shift in strategy and a bolstering of senior management. At current prices, we think it would make sense to focus on leasing office space, selling non-core assets and buying back shares. Investors have shown clear lack of enthusiasm for CLI's shift into residential, which is dilutive to earnings. The market is also bracing for a likely dividend cut this spring, as alluded to on CLI's early January conference call.

- **OFC**: We are attracted to OFC's discounted valuation, but feel that exposure to weaker markets (i.e. suburban Maryland) could limit same store growth, particularly since this is where much of the company's vacancy is. Lease-up of COPT DC-6 (formerly PowerLoft) has been slow recently. Our sense is management would like to further reduce leverage though we acknowledge that 2014 development spend is already funded.

Selective in Suburban

We continue to be selective with our suburban and mixed office/industrial overweight positions. Fundamentals are mixed and several markets remain soft. We maintain overweight positions in **HIW** and **LPT** in our model portfolio, where we see the best relative value and dividend yields are attractive. We have underweight positions in the other suburban and mixed office/industrial stocks under our coverage (i.e. CLI, BDN, PKY, CWH, DRE, PSB and OFC). Our thesis on some of these stocks is presented below:

- **LPT (Neutral Rating, Model Portfolio Overweight)**: LPT is in the midst of repositioning its portfolio and, following the reinvestment of asset sale proceeds, should be >60% industrial heading into 2015. Dividend yield of 5.1% is attractive. While it may not be covered in the near-term, LPT has the liquidity to support the dividend as asset sale proceeds are reinvested. On a stabilized basis (2015), it should be covered again.

- **HIW (Neutral Rating, Model Portfolio Overweight)**: We see the potential for improving same store growth in both 2014 and 2015. HIW experienced several large vacates in 2013, which are atypical. We expect occupancy growth of ~150bp this year and solid momentum in to 2015 as some of this space is re-leased and overall market conditions improve. The company's development pipeline is growing and generating attractive initial cash yields of ~9%. The dividend (4.4%) is attractive and well covered with AFFO. HIW's implied cap rate of 6.5% seems fair and keeps us at Neutral vs. Buy.

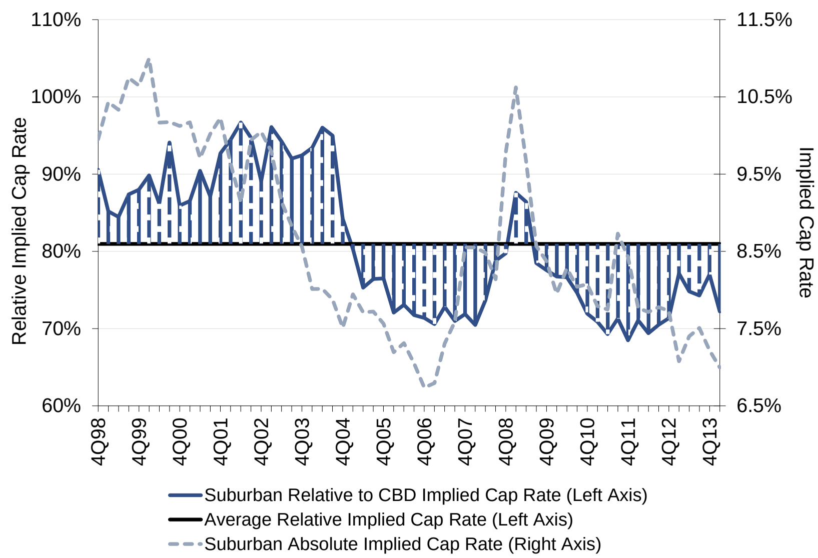
- **PKY (Sell Rating, Model Portfolio Underweight)**: The shares trade at a high valuation, despite share price underperformance year-to-date. While we do not see a negative catalyst on the horizon, we continue to view the risk/reward as skewed to the downside. It is our experience that expensive stocks need a lot of wood news to work and only minor disappointments to correct. At a ~6.1% implied cap rate, PKY is the most expensive suburban/metro office stock.

- **BDN (Neutral Rating, Model Portfolio Underweight)**: At a 7.2% implied cap, relative valuation is very reasonable. However, balance sheet leverage is above peers (~53% debt/GAV and ~8.5x debt/cash EBITDA) and operating targets supporting 2014 guidance seem aggressive. This keeps us on the sidelines.

Suburban Valuation Discount Seems Appropriate

Suburban office stocks trade historically wide to CBD, but this seems appropriate. Suburban fundamentals are weaker and the private market is less liquid, with higher cap rates. Suburban office stocks trade at a ~25% implied cap rate discount to CBD. This is wider than the historical average discount of ~20%. Suburban stocks trade at an average implied cap rate of 7.0% vs. CBD at 5.1%.

Figure 28. Suburban Office Discount Seems Appropriate



Source: Citi Research, FactSet

Industrial: Feeling the Love

We remain positive on the Industrial sector as the US continues to experience a broad based recovery. Demand trends are healthy with rents on the rise and vacancy low and trending down. Our sense is market rent growth may accelerate later this year. New supply is staying in check given limited construction financing and development is being absorbed where it is occurring. The sector is "feeling the love" by investors as shares have outperformed REITs by 140bps to date, following +550bps of outperformance in 2013. Our optimism for the sector is tempered by what we view as relatively full valuations. We outline our theses below:

- **PLD (Neutral Rating, Market Weight)**: Improving global industrial trends, monetization of the large land bank and a lower leverage profile are all tailwinds for shares. The focus is on the lease up of the development pipeline and putting excess proceeds to work. We see some risks surrounding capital requirements to satisfy a large and growing development platform while at the same time maintaining key leverage targets and earnings momentum. While PLD does have access to multiple forms of capital, including the eventual sell down of additional stake in their European fund with Norges, the timing and cost of capital could result in short term dilution. We maintain our view that valuation is full (~5.8% implied cap and ~28x cash flow).

- **EGP (Neutral Rating, Market Weight)**: We are attracted to EGP's concentration in strong US markets (i.e. Houston), clean balance sheet and potential value creation through development. EGP is neither land nor capital constrained. However, we are taking EGP from overweight to a market weight position in the model portfolio as valuation screens expensive to relative peers (5.7% implied cap and 13% premium to NAV).

- **DCT (Neutral Rating, Overweight)**: We continue to like DCT as management is focused on deepening their presence in its core markets by successfully sourcing external growth opportunities. Development starts could reach $200m this year which can be achieved monetizing the existing land bank. Management is accomplishing this growth on a leverage neutral basis by matching sources and uses through non-core assets sales and opportunistic equity issuances. DCT shares trade a slight discount to peers (5.9% implied cap) which seems appropriate given modestly higher leverage.

Residential

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Moving to a Larger Apartment Unit

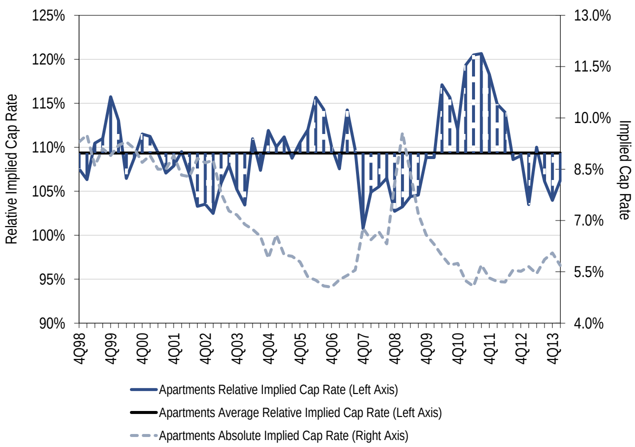
We believe the multifamily sector is poised to continue to outperform given its attractive relative growth and discounted valuation. We are overweight the sector in our model portfolio, and in addition to our top pick PPS, favor the larger cap stocks in the space (AVB, EQR, and UDR). While we do see risks to continued outperformance – namely increasing new supply – we believe the current tailwinds should prevail.

Multifamily growth continues to be strong, with expected AFFO growth of ~6% in 2014. AFFO growth is being driven internally by historically strong, but decelerating, same store performance. Externally, growth is primarily being driven by development, with initial yields ~125-200bps above transaction cap rates on the current pipeline, as many of the companies plan to be net sellers in 2014.

Relative and Absolute Valuations Are Attractive

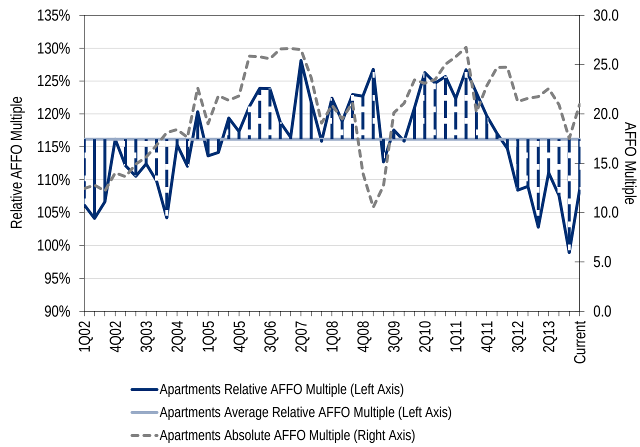
Relative to REITs, the multifamily sector screens attractive to its historical average. The multifamily sector has historically traded at a ~9% premium to REITs on an implied cap rate basis, but is only trading at a ~6% premium today (Figure 29). On an AFFO multiple basis, the multifamily sector trades at a ~8% premium to REITs, at a discount to its historical ~16% premium (Figure 30). Given the multifamily sector's better growth profile, we would expect the sector to trade at a premium to its historical average.

Figure 29. Apartments trade at a relative implied cap rate discount to their historical average vs. REITs…



Source: Citi Research

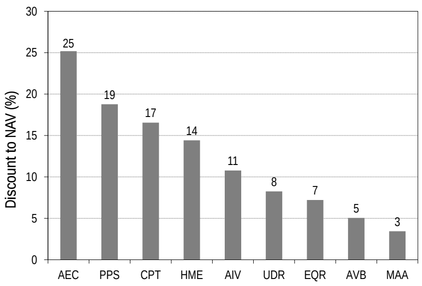
Figure 30. …and at a discount on an AFFO multiple basis



Source: Citi Research

In terms of absolute valuation, multifamily stocks appear attractive compared to transaction cap rates. The sector's current implied cap rate of ~5.6% is above transaction cap rates in core markets of ~5%. Transaction cap rates continue to be supported by strong private investor demand. Overall, the sector currently trades at a ~10% discount to our spot NAV, at a substantial discount to REITs which trade at an average ~4% premium.

Figure 31. Every Apartment REIT Trades at a Discount to NAV



Source: Citi Research

Tailwinds for Continued Outperformance

We see three potential absolute and relative tailwinds for the multifamily sector:

- **Growth Is Historically Strong:** While decelerating, multifamily same store growth remains solid and attractive on a relative basis to REITs. We expect same store NOI growth for the sector to be ~3.6% in 2014, above REITs at ~3.3% (which includes multifamily) and the multifamily historical average of ~3.5%. Furthermore, at our conference in early March, multifamily CEOs predicted 2015 same store NOI would be ~3.8% for the sector. We believe that relative attractive growth could be a catalyst, especially as year-over-year comps become easier.
- **Reversion to NAV:** Every apartment REIT currently trades at a discount to our NAV (Figure 31). While we acknowledge that stock prices may be leading indicators and that cap rates could expand, we do not believe this to be the case given the significant private interest in the sector. The transaction market today remains liquid and cap rates on A quality assets in good locations remain low. While there was a ~15-25bps movement in B/C quality assets last summer, they have remained steady since. While we think M&A has become less likely in the sector given NAV discounts have closed somewhat, there is continued room for that gap to close.
- **Relative Impact of Rising Rates:** The apartment sector should benefit on a relative basis to REITs in a rising interest rate environment. Apartments are a short lease duration sector, as they price new leases daily to reflect real economic growth or inflationary pressure. Furthermore, in place leases roll on average every year to reflect the new market rate. The apartment sector will also benefit from increased rental demand on the margin, as higher interest rates will result in higher mortgage rates, thus depressing move outs to purchase homes.

Potential Risks

We see three main risks to continued outperformance:

- **Increasing New Supply:** Apartment construction is increasing. However, occupancies are historically high and positive demographic trends will drive demand and help absorption rates. Furthermore, as forward growth rate assumptions return to more normalized levels and construction costs increase, new starts should decrease. It is important to remember that a significant percentage of the current development is coming from the public REITs. Though increased supply should bring rent growth down to more average levels in the future, the return on the public REIT's current development pipelines should be near historical highs given the large spread between development yields and acquisition cap rates in the current pipeline.
- **DC Remains Weaker than Expected:** The greater DC region accounts for ~20% of same store NOI for the 8 REITs with exposure. We recently toured DC and came away incrementally more negative on the DC region, as elevated supply and muted demand will likely result in operations continuing to be challenged at least through 2015. Indeed, 2015 may be even more challenging than 2014. However, we believe that DC remains a solid long term market and once the elevated supply and weak demand pass, we believe it will recover.
- **Cap Rates Expansion:** While we do not believe that transaction cap rates will meaningfully expand given the amount of capital currently chasing deals, we do acknowledge that this remains a risk. The bear case is that the stocks are leading indicators and are correctly pricing in a movement of cap rates. However, all indications are that the transaction market today remains liquid and cap rates remain low. GSE reform also remains a potential risk to cap rates. While almost all of the public REITs have reduced their reliance on GSE debt and moved towards unsecured debt, GSE lending does impact private market pricing.

Figure 32. Model Portfolio

	Model Port (%)	Index (%)	Over/Under Weight (bps)
AIV	-	0.8	(80)
AEC	-	0.2	(20)
AVB	4.7	3.0	170
CPT	1.7	1.0	70
EQR	4.9	3.7	120
HME	0.6	0.6	0
MAA	-	0.9	(90)
PPS	2.3	0.5	180
UDR	2.4	1.1	120
Apts	16.5	13.8	270
ELS	1.4	0.6	90
SUI	-	0.3	(30)
MH	1.4	0.9	50
ACC	2.1	0.7	140
CCG	-	0.1	(10)
EDR	-	0.2	(20)
Student	2.1	1.0	110

Source: Citi Research

We Favor PPS and Large Caps

We expect the multifamily sector to outperform and are 270bps overweight in our model portfolio. While we like most of the stocks in the sector, our portfolio strategy is to own value oriented names which could be attractive M&A targets (**PPS**). In addition, we are overweight the large cap stocks (**AVB, EQR, and UDR**). We are underweight **AIV** and **AEC** as we see more value in other stocks.

Top Pick

- **PPS:** Post is our top REIT pick given its identifiable catalysts and discounted valuation. PPS trades at a ~6% implied cap rate, at a substantial discount to transaction cap rates for such high quality assets. We believe that disappointing initial 2014 same store guidance will likely prove to be conservative – as PPS is already ahead of their budget in DC (their 3rd largest same store market). In addition, PPS has a fully funded accretive development pipeline and a strong balance sheet.

  PPS plans on selling ~$225m of assets in 2014, which should help highlight value, with proceeds likely used to repurchase stock. In 4Q13, PPS sold a lower quality asset at a ~5.4% cap rate, highlighting the stock's discount to NAV. We believe that further asset sales, especially if it involves an exit from the NYC market, should be a positive catalyst for the stock.

  Finally, we view PPS as one of the most likely M&A candidates among REITs and most likely in the residential sector given its size, current discount to NAV, and attractive high quality assets in growth markets. Overall, it feels like a binary outcome for PPS – either management is able to close the substantial discount through operations and highlighting value through dispositions/share repurchases, or a sale of the company will close it.

Large Caps

- **AVB, EQR and UDR:** AVB and EQR comprise ~50% of the multifamily index and therefore dictate much of the sector performance. While same store growth will be impacted by significant exposure to the weak DC market, we find current valuations attractive. Of the two, we prefer AVB given the value creation opportunity within their development pipeline. We are also overweight UDR, as we believe their growth will be above peers and their valuation is attractive.

Student Housing

- **ACC:** We favor ACC given it is the premier owner, operator, and developer in the student housing space. We believe that ACC's decision to not participate in the current acquisition market and instead focus on core operations and development is the right choice given its current discounted valuation and cost of equity. While ACC has outperformed in 2014, it still trades at an attractive valuation and we see further upside. TP increased to $42 from $36 as we believe ACC should trade up to NAV after putting 2013 operational issues behind.

Manufactured Housing

- **ELS:** While we continue to like ELS due to its stable and predictable cash flows with minimal economic risk and maintain an overweight in our model portfolio, we do not see enough absolute upside to justify a Buy rating.

Retail

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We Continue to Favor Malls Over Strips and Maintain a Quality Bias in Our Top Picks

We Are Overweight Class A Mall and Outlet REITs

While the Class A mall and outlet REITs have recovered modestly in 1Q14 as the rising tide has lifted all REITs, we continued to see attractive valuations in the sector as well as a persisting disconnect between perception and reality in regards to the fundamentals, and as such we remain overweight the group. Property-level fundamentals should remain very healthy over the next few years amid solid retailer demand for space. Following 3 years of strong sales growth, Class A/B+ mall landlords are in a position of strength in lease negotiations with high occupancy, low retailer occupancy costs, continued strong demand for space, and little new supply growth. The higher quality mall REITs are also spending billions of dollars in coming years on re/development, primarily at existing centers, which should ultimately prove highly accretive to both FFO and NAV and contribute to above-average growth in those metrics relative to the REIT average. While more supply growth exists in the outlet space, on the whole new supply remains in check and fundamentals remain strong driven by continued square footage growth among retailers in the distribution channel.

Top picks. Within the group, we have Buy ratings on Simon (SPG), General Growth (GGP), Tanger Outlets (SKT), and Macerich (MAC), and are Overweight each in our model portfolio. We expect market misperceptions will dissipate as the REITs continue to execute on internal and external growth strategies.

We're More Bearish on B/C Malls Despite NAV Discounts

Class B/C mall fundamentals are recovering more slowly, though occupancies and rents are improving, driving modest NOI growth. Additionally, many of the REITs are investing in acquisitions and re/development in an effort to drive external growth, as well as actively marketing for sale slower-growth, lower-productivity centers to improve portfolio quality. That said, and despite discounted valuations, we hesitate to become meaningfully more positive on the stocks as we believe that many of the broader macro concerns that have negatively impacted the mall REIT sector overall in 2013 are more directly applicable to the smaller, less productive (>$350psf), not as well-located Class B-/C malls in the U.S. We don't see as great of a risk/reward opportunity as we see among the A malls. From a fundamental standpoint in our view: 1) these malls are more at risk for department store closings (i.e. JC Penney & Sears), which could have a greater impact on the mall's longer term performance; 2) we believe e-commerce is more of a threat; and 3) given greater supply of space, slower sales could give retailers more leverage in lease negotiations. We've heard anecdotal evidence from retailers in recent months suggesting greater leverage in lease negotiations and a further pull-back from B/C locations over time.

CMBS concerns. Additionally, while cap rates have held up well given private market demand for malls and a lack of available product, enabling many of the mall REITs to dispose of non-core assets, some early-year indications in the CMBS market concern us. CMBS lenders have indicated recent push-back from bond buyers to reduce retail collateral in CMBS deals, as well as a greater focus on quality of properties. As a result, retail originations have fallen and retail collateral as a % of CMBS deals has declined from recent years. With a meaningful level of loans coming due in 2015-2017 (10-year deals written in 2005-2007), we see even more risk in the availability and cost of capital for lower quality assets. While we have no concerns about the ability for A malls to get lower-cost financing from life insurance companies, banks and the CMBS market, we have greater concerns as it relates to B/C malls and see much greater risk for upside in cap rates.

We Remain Slightly Underweight Strip Center REITs

Strip Center REIT operating performance has been solid, reflecting continued improvement in demand fundamentals amid a backdrop of no new supply growth. Occupancy has continued to rise and releasing spreads have continued to strengthen. Big box leasing has been strong with occupancy at close to peak levels and pricing power improving. Small shop has been slower to recover but tenant-driven fallout has decelerated meaningfully and the REITs are starting to make real improvement getting small shop occupancies higher. The strip center REITs have generally escaped recent negative perception around discretionary retail given exposure to more discount / value, needs-based and service-oriented retailers.

Big box concerns. While demand for big box has been strong, one potential risk is continued downsizing and store closings among at-risk categories that have seen greater impact from e-commerce (books, office supplies, electronics). That said, up until now, landlords have been able to easily absorb any space they get back due to strong demand, and many of those retailers have had success with omni-channel initiatives, resulting in a more gradual pace of square footage rationalization.

Top picks. Within the group, we have Buy ratings on Weingarten (WRI) and Kite (KRG) and are Overweight each in our model portfolio. In our model portfolio we are also Overweight DDR and FRT, and are Marketweight KIM and AKR.

Mall & Outlet Ratings and Weightings

Overweight: SPG, GGP, SKT, & MAC

Underweight: GRT & PEI

Figure 33. Mall Model Portfolio Weights

	Portfolio Weight %	Index Weight %	(Under)/ Over Weight (bps)
CBL	0.5	0.5	0
GGP	3.3	2.0	132
GRT	0.2	0.2	(0)
MAC	2.0	1.5	46
PEI	0.0	0.2	(23)
SPG	10.6	9.0	165
SKT	1.3	0.6	70
TCO	0.8	0.8	0
Malls & Outlets	18.7	14.9	379

Source: Citi Research

- **We are Overweight Simon Property Group (SPG).** We also have a Buy rating on the stock. We expect SPG's dominant mall and outlet platform will continue to generate solid NOI growth, which when coupled with meaningful re/development activity should result in strong AFFO and NAV growth as well. Additionally, we favor SPG's strong balance sheet and well-regarded management team. We are also bullish on the company's spin-off of its smaller malls and strip centers into Washington Prime, and see greater upside in the stock once the spin is complete and the market begins to value the higher-quality portfolio on a stand-alone basis. We view the valuation as attractive at a 7% discount to NAV and a 5.3% implied cap rate.

- **We are Overweight General Growth Properties (GGP).** We also have a Buy rating on the stock. GGP management has made good progress and continues to execute on stated initiatives to drive solid portfolio NOI growth and restructure the balance sheet (lowering costs and extending the maturity schedule). External growth is picking up as well through re/development (Ala Moana and Norwalk should be marquis projects in coming years). We see the stock as attractive today at a 5.6% implied cap rate and 11% NAV discount.

- **We are Overweight Tanger Factory Outlets (SKT).** We also have a Buy rating on the stock. We view Tanger as a pure-play in the outlet space, benefitting from strong demand for the distribution channel among retailers (which we expect will continue). The company is operating at close to ~100% occupancy, and has generated mid-double-digit releasing spreads in recent years given low relative occupancy costs. Additionally, we don't believe the market is giving Tanger appropriate credit for its sizeable development pipeline and the FFO and NAV growth it will ultimately create. We view the stock as attractive at a 6.0% implied cap rate (a 6% discount to NAV).

- **We are Overweight Macerich (MAC).** We also have a Buy rating on the stock. We favor MAC's continued upgrade in portfolio quality through targeted acquisitions (in recent years) and re/development, as well as through meaningful non-core asset sales. While near term dilutive, we see recent and further non-core asset sales as a positive as the company is taking advantage of a window in the private markets and will reinvest the capital in the redevelopment pipeline over time – so longer-term accretive to NAV. We view several high-profile projects in the pipeline as catalysts for the shares in coming years, though 2014 is expected to be a low-growth year due to asset sale dilution and Broadway Plaza coming offline. That said, Fashion Outlets of Chicago has exceeded expectations and may help to drive an uptick in percentage rents in 2014. We view MAC as attractive at a 5.9% implied cap rate and a 9% discount to NAV).

- **We are taking CBL & Associates (CBL) from Overweight to Marketweight.** We have a Neutral rating on the stock. We believe CBL could see a modest improvement in internal growth in 2014 as leases signed at decent spreads take occupancy and the same-store pool begins to reflect recent non-core asset sales and recently acquired / developed properties. However, we are concerned about the more measured pace that CBL is taking in regards to improving portfolio quality, and believe the private market demand for B/C malls could taper as fundamental performance remains subdued and the cost/availability of capital is at risk given aforementioned trends in the CMBS market. We also see greater risk to the shares from potential negative headlines. As such, despite a 21% NAV discount and 8.5% implied cap rate, we are Neutral and Marketweight CBL.

- **We are taking Taubman Centers (TCO) from Underweight to Marketweight.** We have a Neutral rating on the stock. We continue to see above-average risk associated with TCO's growing domestic ground-up development pipeline and have deeper concerns over the company's Asia strategy. That said, at a 18% discount to NAV and a 5.8% implied cap rate, much of the risk is priced in. The domestic portfolio is high quality and should continue to generate solid NOI growth on average. Additionally, the recent sale of Oyster Bay to SPG indicates a new and encouraging willingness of management to cut its losses. We would see an exit from Asia or perhaps even a large institutional JV partner in the region as a net positive, but beyond that we don't see a positive near term catalyst. In the meantime we see the potential for additional data points in Asia, which could add clarity to investment in the region.

- **We are taking Glimcher (GRT) to Marketweight from Underweight.** We have a Neutral rating on the stock. GRT has made progress improving portfolio quality through acquisitions, asset sales/hand backs, investing capex in the 'Outlet Collection,' and balance sheet de-levering. NOI has benefitted from improved leasing spreads and decent growth at Scottsdale Quarter. We see continued work ahead (re/development activity and further non-core asset sales) before REIT investors will begin to associate GRT with its higher quality mall peers, and the company needs to stay true to holding back on further acquisitions until further non-core dispositions are executed.

- **We are Underweight Pennsylvania REIT (PEI)**. We have a Neutral rating on the stock. While PEI trades at a 19% discount to NAV and an 8.2% implied cap rate, we don't see a near term positive catalyst that would close the valuation gap. The company continues to marginally improve the balance sheet and make progress on non-core asset sales, but core performance has lagged and management credibility took a recent hit with the poorly-perceived acquisition of Springfield Town Center from Vornado. Additionally, macro risks regarding B/C malls and expected asset sale dilution keep us on the sidelines.

Strip Center Ratings and Weightings

Overweight: WRI, KRG, DDR & FRT

Underweight: EQY, REG & RPAI

Figure 34. Strips Model Portfolio Weights

	Portfolio Weight %	Index Weight %	(Under)/ Over Weight (bps)
AKR	0.3	0.3	(0)
BRX	0.0	0.2	(16)
DDR	1.1	0.9	24
EQY	0.0	0.3	(25)
FRT	1.7	1.3	32
KIM	1.6	1.6	0
KRG	0.5	0.2	31
REG	0.0	0.8	(83)
RPAI	0.0	0.5	(47)
WRI	1.2	0.6	65
Shopping Centers	6.4	7.5	(114)

Source: Citi Research

- **We are Overweight Weingarten Realty (WRI).** We also have a Buy rating on the stock. We continue to view WRI as an attractive relative value play among the strip center REITs. We believe management has done a good job in recent years actively managing the tenant base, improving portfolio quality, de-leveraging the balance sheet, and changing the investment community's perception around the portfolio and the company. We expect solid internal growth, helped by improvement in portfolio quality, and believe WRI is well positioned to grow externally given a healthy balance sheet. We view the valuation as attractive at a 6.3% implied cap rate and a 6% discount to NAV.

- **We are Overweight Kite Realty (KRG).** We also have a Buy rating on the stock, and KRG remains our preferred small cap strip center REIT. The stock has been a meaningful underperformer YTD following the acquisition of Inland Diversified given concerns around retail investor rotation and a lower growth rate in the acquired portfolio. However we see concerns dissipating in coming months once the merger is closed as institutional interest in the stock helps to offset retail rotation and the growth trajectory of the combined entity is more clear. We view the shares as relatively attractive at a 6.8% implied cap rate.

- **We are Overweight DDR Corp. (DDR).** We have a Neutral rating on the stock. Management has made meaningful progress in recent years improving the overall quality of the portfolio through non-core asset sales and targeted acquisitions, and big box fundamentals remain solid. Additionally, the balance sheet continues to improve as the company continues to make gradual progress reducing leverage. The stock trades at a 6.8% implied cap rate and a 5% discount to NAV

- **We are Overweight Federal Realty (FRT).** We have a Neutral rating. As many strip center REITs see decelerating NOI growth in 2014 and 2015 (as occupancy gains contribute less to growth), FRT's NOI growth should remain elevated, driven primarily by rent growth (as leases are marked to market) – highlighting FRT's higher quality internal growth. Additionally, large-scale redevelopment projects should start to bear fruit in coming years, also highlighting the company's superior AFFO growth rate relative to peers. As such, we expect the implied cap rate spread relative to the peers to continue to widen out. FRT trades at a 4.8% implied cap and an 8% premium to NAV.

- **We are Underweight Equity One (EQY).** We have a Sell rating on the stock. While the stock has underperformed YTD, we see risk associated with Jeff Olson's departure and replacement. Valuation is still at a premium to the group and EQY's G&A load is high versus peers. In our view, management has done a good job improving the quality of the portfolio – selling non-core assets and selectively acquiring high quality centers – while not sacrificing the strength of the balance sheet, diluting earnings meaningfully or putting the dividend at risk. That said, we don't believe that the current 5.8% implied cap rate and ~21x AFFO multiple appropriately takes into account the lower quality assets that remain and have yet to be sold.

- **We are Underweight Regency Centers (REG).** We have a Neutral rating on the stock. We expect property-level NOI growth to remain solid, supplemented by re/development activity at the margin. REG also continues to make progress

sourcing high-quality acquisitions and disposing of non-core assets on a one-off basis. That said, we don't see a catalyst that would drive outperformance in the near term. As such, we do not own the stock in our model portfolio.

- **We are Underweight Retail Properties of America (RPAI)**. We have a Neutral rating on the stock. RPAI has made meaningful progress on de-leveraging the balance sheet and selling non-core assets. But as part of the future repositioning strategy, the company intends to sell a large portion of the existing portfolio and focus on the 10-15 key markets. We see risk in such an ambitious transformation attempt. That said, we view leasing initiatives and progress on capital recycling as positive catalysts. We view the shares as fairly valued trading at a 7.1% implied cap rate, a ~17x AFFO multiple.

Self Storage

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Rich Valuations Supported by Positive Fundamental Momentum

We are Modestly Underweight Self-Storage REITs

Fundamental growth is decelerating, but remains strong. We expect continued modest deceleration in property-level revenue and NOI growth as y/y occupancy deltas are narrowing and a greater portion of the growth is coming from rents. That said, internal growth could remain at elevated (well above REIT-average) levels for prolonged period of time as the REITs are having good success pushing rents. Asking rates are rising given less space to lease up, and while rents on existing customers are still rising at an 8-10% pace, more customers are getting those increases as lengths of stay increase (churn decreases). The REITs are also continuing to pull back on discounting. Additionally, we continue to see a secular shift in demand as the move toward more mobile searches has exacerbated the advantage of larger operators over small owners by limiting search results and driving more traffic to the dominant advertisers.

Acquisitions should further drive FFO growth. Acquisition activity among the REITs has ramped up meaningfully since 2H13. The threat of rising interest rates / cap rates, recent cap rate compression (i.e. the REITs' willingness to pay more), and continued loss of market share to larger operators with more sophisticated revenue management platforms and higher ad spend has prompted many smaller owners to sell. The general sense is that the opportunities will continue to surface throughout 2014 as the REITs take advantage of the disconnect between public and private market values and use their relatively low cost of capital to acquire assets. Cap rates for good quality, well-located stabilized properties have compressed by 75-100bps over the last year and are generally in the 5-6% range.

Supply Growth Should Remain Limited for the Foreseeable Future. Development is being done at the margins. PSA is doing some ground-up development and the other REITs are reportedly striking deals with developers to either manage or buy properties upon completion. That said, construction activity is not expected to ramp materially, as the economics still don't work. The amount of time and risk associated with entitlements, construction, and a 3-4 year lease-up timeframe to get to an 8% yield does not make sense relative to acquisition cap rates. As such, the potential for a meaningful ramp in new supply growth is limited, though it could become an issue over the next 1-3 years.

However, the valuations price in very little risk. We remain Underweight the group and cautious on the stocks given rich valuations. The valuations are not as rich as we believed six months ago given meaningful cap rate compression and continued strong internal and external growth, but at 10-20% premiums to NAV have more than adequately priced in the positive trends. Additionally, we see longer-term risk associated with the eventual return of supply growth. As such, we remain Neutral on the stocks and Underweight the group overall.

Top Picks. We rate all four REITs Neutral. But within the sector, we are Overweight EXR in our model portfolio, we have a slight Underweight on PSA, and we are Underweight SSS and CUBE.

Ratings and Weightings

Figure 35. Self Storage Model Portfolio Weights

	Model Port (%)	Index (%)	Over/Under Weight (bps)
CUBE	-	0.4	(40)
EXR	1.2	1.0	20
PSA	3.7	4.2	(50)
SSS	-	0.4	(40)
Storage	5.0	6.1	(110)

Source: Citi Research

- **We are Slightly Overweight Extra Space Storage (EXR).** We have a Neutral rating on the stock. EXR is the only self-storage REIT where we have an overweight. We think the company is at the leading edge of self-storage technology, including revenue management and web platform, and we believe it helps to drive above-average NOI growth over time. Additionally, cash flow growth is still benefitting from lease-up properties and acquisition activity. Our Neutral rating reflects our view of a fair valuation at a 5.0% implied cap rate.

- **We have a Slight Underweight on Public Storage (PSA).** We have a Neutral rating on the stock. We expect PSA to continue to drive NOI growth through rent increases and the company should see a benefit to FFO from recent acquisition activity. But the stock has outperformed REITs by 350bps YTD and the external growth trajectory is uncertain from here. Additionally, the stock is not cheap at a 4.5% implied cap and ~22x 2014 AFFO.

- **We are Underweight CubeSmart (CUBE).** We have a Neutral rating on the stock. We believe the management team has done a good job improving portfolio quality, de-levering the balance sheet, and improving internal revenue management systems. Additionally, we see further upside in occupancy and rents, which should help to further drive NOI growth. But comps will continue to get tougher as occupancy gains slow and the company's ability to push street rents is unclear. At a 5.8% implied cap, we don't see a reason to own the stock in the near term.

- **We are Underweight Sovran Self Storage (SSS).** We have a Neutral rating on the stock. We think SSS could see good fundamental performance in 2014, having been successful in raising rents with still some occupancy upside. But similar to CUBE, we see tougher comps as we progress through 2014 and valuation is fair at a 6.3% implied cap rate. As such, we remain on the sidelines for now.

Triple Lease

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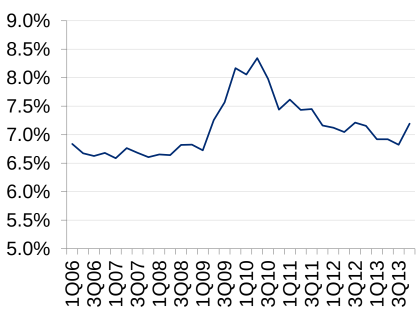
Dropping Interest Rates Boost Triple Nets

Stocks across the triple net sector outperformed the REIT index in 1Q as lower than expected interest rates provided a tailwind following mixed 4Q13 performance. Acquisition prospects remain robust and lower costs of capital are helping to maintain healthy investment spreads. The stocks do continue to trade at large premiums to NAV (O at +59%, NNN at +47%) and we believe that the stocks will gravitate toward NAV in the absence of outsized earnings or portfolio growth drivers eventually. We are already significantly underweight the net lease space in our model REIT portfolio as we believe that rates will increase into year end and drive an underperformance trend into next year.

Figure 36. RCA Single Tenant Cap Rates



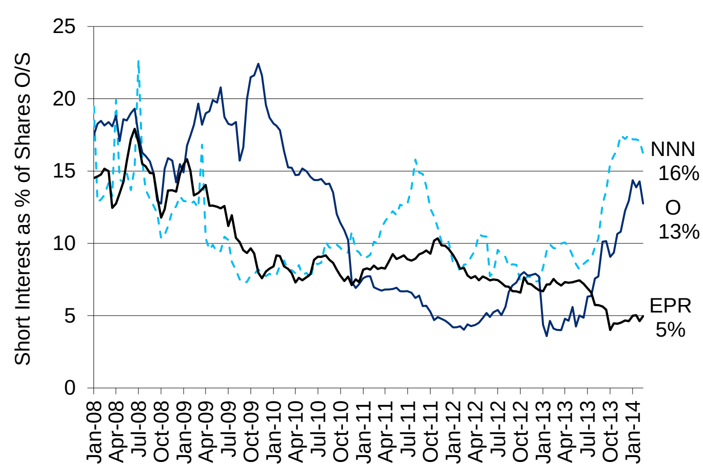
Source: Citi Research, RCA

Competition for asset deals continues to intensify and portfolio deals have been trading at even richer cap rates given the desire to grow portfolios and companies more quickly than is possible with single asset transactions. The compression of investment spreads has resulted in lower accretion from each incremental deal and been a major driver in the slowdown of future growth. That said, large pipelines of deals continue to hold up into 2014, though it is unclear if the public REITs will end up being the ultimate buyers. Healthy covered dividend yields are a tailwind for shares.

We reiterate our overweight position in Buy-rated **EPR** on attractive relative valuation, solid dividend, and several growth avenues. We maintain a market weight in **NNN** given more competition for their target asset type. We remain underweight Sell-rated **O** on relatively rich valuation and difficulty finding accretive deals to satisfy growth of their large portfolio.

Short Interest for the group is moving upward slightly and remains at close to peak levels NNN at 16%, O at 13%, and EPR at 5%. Continued short selling will be a headwind to stock performance.

Figure 37. Triple Net Short Interest as a % of Shares Outstanding



Source: Citi Research

- We have an overweight position in **Entertainment Properties (EPR),** driven by reasonable valuation and an above average, covered dividend yield. Solid deal flow should continue into 2014 with management's $500-550m target implying ~27% growth over 2013 and largely from more profitable development projects. Plans have been submitted for Adelaar (formerly Concord) and could be a boost

if chosen to receive full casino approval. We believe EPR remains well positioned from a liquidity standpoint to do more deals, but investors remain wary of acquisitions outside of the company's core competencies.

- We maintain a market weight position in **National Retail (NNN)** given likely slower deal flow at lower cap rates than over history. Management has done a good job of sticking to their business strategy of owning smaller single tenant retail locations with good underwriting real estate, however growth expectations are conservative. The company's balance sheet remains strong. NNN remains focused on cultivating deep tenant relationships, providing the opportunity for repeat business and off-market transactions, at cap rates above fully marketed deals but we remain concerned about continued competition for assets especially from now larger public and private competitors.

- We retain our underweight in Sell rated **Realty Income (O),** driven by a premium valuation relative to the private market as well as a slight premium to peers. The portfolio and management team are strong and deal flow expectations are robust. O remains in a strong balance sheet and capital position to capitalize on acquisition opportunities. With a larger base of assets future growth is increasingly reliant on completing large deals which could slow growth and come at higher prices in the current environment.

REITs' Internal and External Growth Drivers

REITs are more than just a collection of static assets. REITs may have bond like characteristics that offer some defensive qualities, but importantly **offer growth** and have the potential **to create value** from the active management of their assets and balance sheet, even in the face of rising interest rates.

Most REIT management teams can create growth and value through **improving operations**, **refinancing capital accretively**, **investing new capital wisely** and **harvesting value** when appropriate. REIT's portfolio cash flows are expected to continue to rise over the next few years, and REITs' low dividend payout ratios mean that companies are retaining significant free cash flow lifting NAVs.

REITs should benefit from:

(1) **Positive internal growth** with continue gains in rent and occupancies, with our expectations for same store NOI growth of ~3.0 – 3.5% in 2014, and management teams at Citi's Global Property CEO Conference in March indicating that 2015 should be equally as strong at ~3.5%. Supply, while off its lows, remains at extremely low levels and supportive of continued gains in occupancy and rental rates.

(2) **Access to relatively low cost capital** across the capital stack providing REITs the ability to refinance and invest accretively. All forms of capital appear available today – common, preferred and a myriad of debt options (unsecured, secured, term loan, convert, CMBS, etc). The average cost of REITs maturing debt over the next 2 years at approximately ~5% remains higher than current and forecasted rates and offers the ability to increase cash flows and refinance accretively.

(3) **Attractive valuation relative to the broad market and bonds** even as REITs have rallied while the broad market has been flat.

(4) **An active private market with continued low cap rates** helping to provide a floor and backstop to REIT share prices and also allowing companies to raise capital to take advantage of what are "stickier" low cap rates.

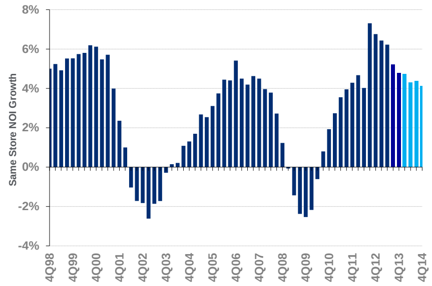
(5) **External growth opportunities** through redevelopment, new development and acquisitions.

(1) Solid Fundamentals Driving Internal Growth

Positive internal growth is being driven by rising occupancies and rents with a backdrop of positive demand and low new supply. We forecast same store NOI growth will be up 3.0-3.5% in 2014 (Figure 38), while management teams at Citi's Global Property CEO Conference in March indicated that 2015 should be equally as strong at ~3.5%. Assuming constant cap rates, the 3-3.5% growth in NOI should lead to a 5-7% increase in NAV. Same store NOI for REITs have actually been remarkably resilient in the face of two recessions over the last decade, average ~2.9% growth since 1998.

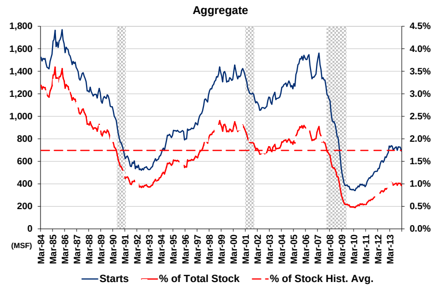
Overall new supply, while rising off the bottom, remains at extremely low levels at only 1% of stock which should keep fundamentals in check.

Figure 38. Same Store NOI Growth Positive



Source: Citi Research, Company Reports

Figure 39. Construction Remains Low



Source: Citi Research, CBRE

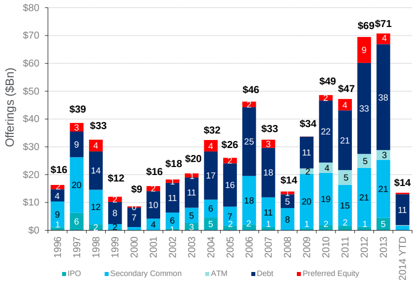
(2) Capital Widely Available – Modestly Higher Cost But Still Historically Low

While the cost of capital is up off the lows, REITs maintain considerable access to the capital markets across the capital stack – at still attractive and historically low all in costs. All forms of capital appear available today – common, preferred and a myriad of debt options (unsecured, secured, term loan, convert, etc). This access to low cost capital provides REITs with a unique opportunity to continue to term out balance sheets accretively and execute on external growth in an accretive manner.

Notably, REITs' current in-place cost of debt averages about ~5%, with ~16% of that debt currently floating rate. REITs have ~17% of their debt maturing over the next 2 years and even with a continued rise in rates – there still would be net accretion from refinancing depending on duration. Current indicative spreads on new 10-year unsecured REIT debt would be ~100-200bps over, implying all in costs of 3.7-4.7%. Shorter durations would be meaningfully less. Preferred would likely range between 6.25-7.50% depending on credit.

As shown in Figure 40, overall, the capital environment continues to be supportive for REITs. After raising a record ~$71 billion of equity, debt and preferred in 2014, REITs have slowed down the capital pace – only issuing $14 billion in the first quarter – driven predominately by debt offerings. Primary equity only amounted to $1.68 billion – the lightest quarter since 1Q10 ($1.62bn). REITs have been averaging ~$5.2bn a quarter in new equity through marketed secondaries and ATMs – outside IPOs.

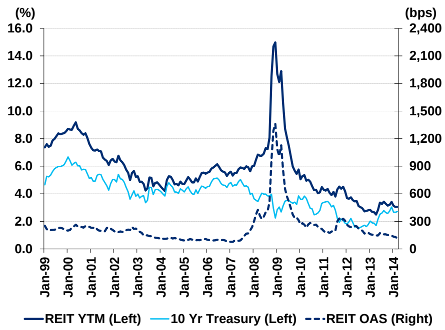
Figure 40. Capital Markets Open...



Source: Citi Research, SNL

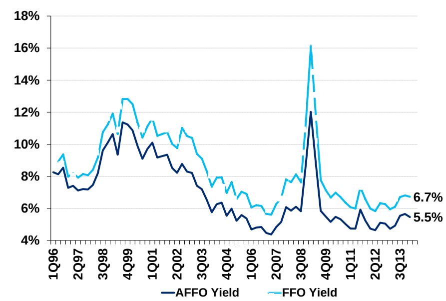
Debt capital is still being priced near its all-time lows (Figure 41) and implied equity costs are also toward – but off the lows (Figure 42). All components of the debt markets are open – unsecured, secured, bank term loan, life company, CMBS etc. There have been increased flows to core real estate funds, and active investment by private equity. Ultimately REITs' greatest advantage has also shown to be its greatest risk, with potential credit spread and capital costs widening.

Figure 41. REIT Unsecured Yields Near All-Time Lows…



Source: Citi Research, Citi YieldBook

Figure 42. …While REIT FFO & AFFO Yields Also Near All-Time Lows

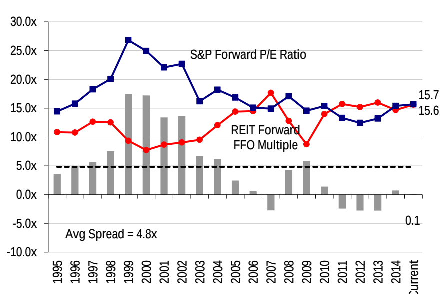


Source: Citi Research, FactSet

(3) Valuation to Equities and Bonds Remains Attractive

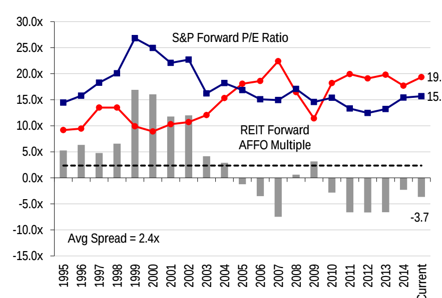
REITs' forward earnings multiples have recently ticked back down, just below the broad market (Figure 43). AFFO or cash flow multiples do remain above vs the broad market (Figure 44). Importantly, REIT multiples **should be high** given the continued low cap rate environment (low cap rates = high multiples), and the growing amount of non-income producing assets such as construction in progress, land and cash on REITs balance sheets which are valued in NAV but do not have much earnings contribution. While we do not think in-line equity multiples vs the broad market is a necessarily catalyst for REIT stocks, it does weaken one argument against the sector from the discussion.

Figure 43. The REIT Forward FFO Multiple Is Now Below the S&P 500 P/E Multiple…



Source: Citi Research, Citi YieldBook

Figure 44. …While the AFFO Multiples Remain Modestly Higher as Cap Rates Remain Low



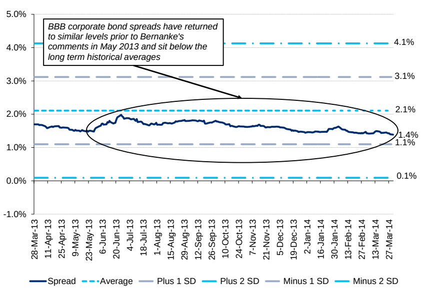
Source: Citi Research, FactSet

For 2015, REITs are set to deliver earnings growth of 8.2% versus the broad market of 8.9%. While REITs' growth rate has always been negatively impacted by its relatively longer lease duration, REITs' earnings are also more secure and durable, another consideration when making comparisons to the broad market.

Separate from earnings multiples, we have always viewed implied cap rate and NAV as the most important valuation metrics for REITs. As portfolios of real estate assets – for which there is a large, transparent and active private market – these are the value "inputs". Multiples are somewhat more the "output." This distinction helps to explain how one investor might view a stock as cheap (vs. underlying asset value) and another as expensive (based on multiple and growth). While multiples shouldn't be ignored – NAV and cap rates provide the context. Over time, REITs should have a gravitational pull toward NAV, unless there are impediments to achieving it.

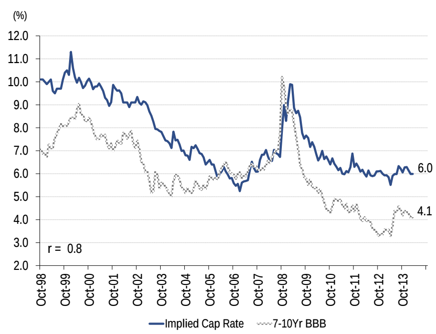
Over the long term, REITs have been highly correlated to corporate bond yields with a 0.8 correlation. As shown in Figure 46, with REITs current implied cap rates at 6.0% and corporate bond yields at 4.1%, the current 190bps spread **is above** ~150bps long term historical average. REITs would need to rise by ~11% to bring the spread back to its historical average. Bond yields could also increase by ~40bps with REITs being flat. After rising after Bernanke's testimony last May, corporate bond spreads have narrowed back to ~140bps, where they were last May (Figure 45).

Figure 45. Corporate BBB Yield Spread To Underlying Treasuries Since Start of 2Q



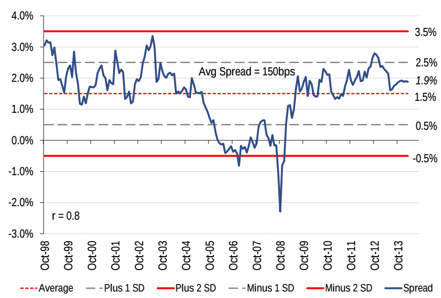
Source: Citi Research, FactSet, Citi YieldBook

Figure 46. REIT Implied Cap Rates and Corporate Bond Yields Over the Long Term



Source: Citi Research, FactSet, Citi YieldBook

Figure 47. Spread Between REIT Implied Cap Rates & Corporate Bond Over the Long Term

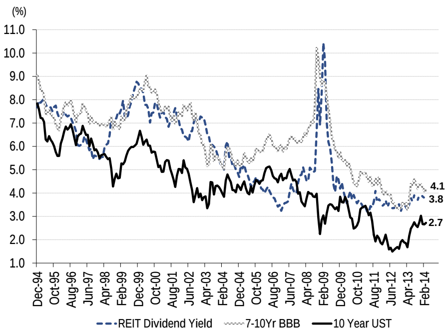


Source: Citi Research, FactSet, Citi YieldBook

While the 40bps spread to the historical average between REIT implied cap rates and corporate bonds provides some cushion to REITs, notably, REITs' spread to bonds narrowed considerably throughout 2005 to 2007 and could compress further. This inversion in 2005-07 reflected expectations for robust future rental rate growth, increasing leverage and takeout activity. This illustrates that, while REITs are interest rate sensitive, the ***driver of interest rates*** is equally important and REITs have the ability to perform well in a strengthening economy.

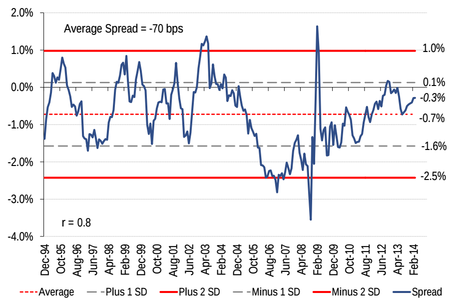
REITs' dividend yield also screens well to both corporate bonds and to treasuries. As shown on the following page, the REIT sector's ~3.8% dividend yield is just below that of the 4.1% BBB corporate yield, and 110bps above the 10-year Treasury yield. This is relative to historically being at 70bps discount to bonds and 120bps premium to Treasuries, respectively (Figures 48-50). Importantly, as noted below, REIT dividends continue to grow and dividend payout ratios remain towards their lows which means REITs are retaining more free cash flow for growth and also to de-lever – which makes the valuation more compelling, in our view.

Figure 48. REIT Dividend Yield vs. BBB Corporate Yields and 10 Year UST Yield



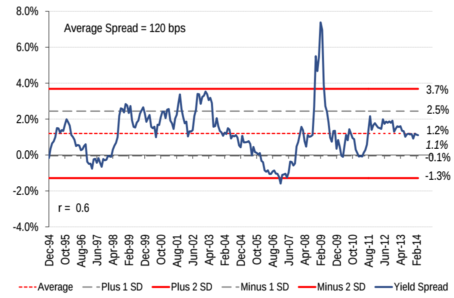
Source: Citi Research, Citi YieldBook

Figure 49. Spread Between REIT Dividend Yield vs. BBB Corporate Yield (7-10 Year)



Source: Citi Research, Citi YieldBook

Figure 50. Spread Between REIT Dividend vs. 10 Year UST Yield



Source: Citi Research, Citi YieldBook

As shown below, since Bernanke's comments last May, REIT implied cap rates and bond yields have moved in relative lockstep.

Figure 51. REIT Implied Cap Rates and Corporate BBB Yields Since Start of 2Q13

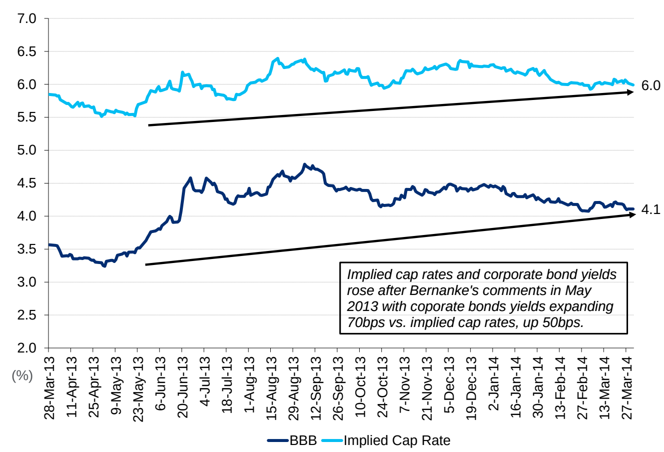
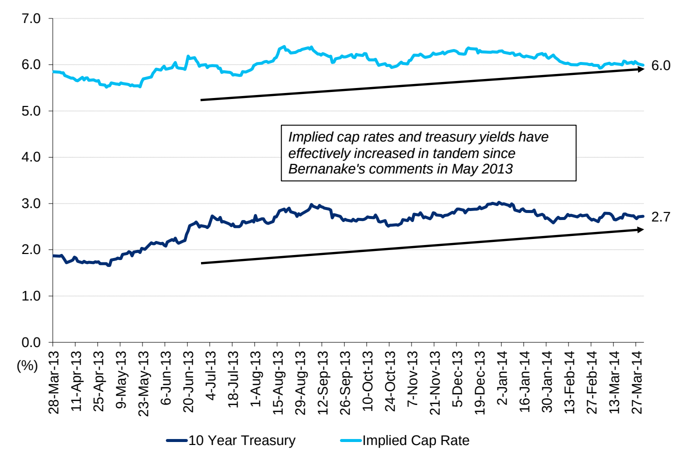


Figure 52. REIT Implied Cap Rates and 10 Year Treasury Yields Since Start of 2Q13



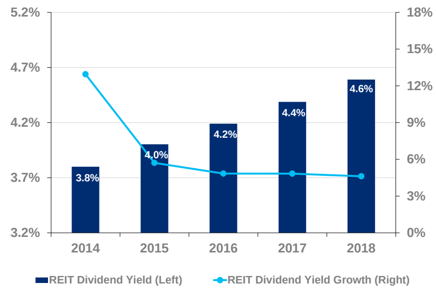
Source: Citi Research, FactSet, Citi YieldBook

Source: Citi Research, FactSet, Citi YieldBook

(4) Reasonable and Growing Dividend Yields

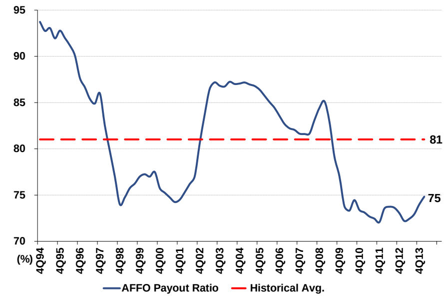
The REIT sector currently carries a ~3.8% dividend yield which is not only secure given that the dividends are supported by very low payouts relative to cash flows (Figure 54) – but the yield also has room for growth. After growing ~10% in 2013, we estimate dividends will grow a further 8-10% in 2014 based on a number of recent dividend increases and then continue to conservatively grow at least 4-5% per year thereafter. This would lift the sector's in-place yields by ~30-40 bps rising to about 4.2% by 2016, assuming flat prices.

Figure 53. REIT Dividend Growth Continues



Source: Citi Research

Figure 54. REIT Dividend Payout Ratios Are Towards Their Lows

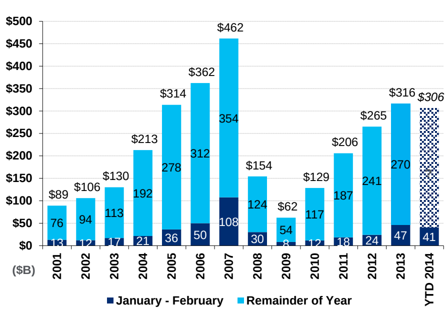


Source: Citi Research

(5) Leveraging Portfolios for External Growth

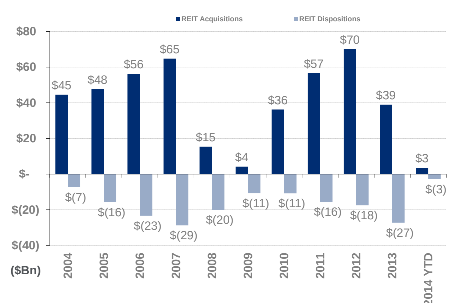
REITs also have the opportunity for external growth through acquisitions, redevelopment and selective new development. On the direct side, overall transaction activity has continued to rise over the last few years coming out of the Great Recession reaching $265 billion in 2012, $316bn in 2013 and already $41bn of deals in January and February of this year (Figure 55). REITs have participated in the growth in assets coming to market with $70 billion of deals in 2012 and $39bn of acquisitions in 2013, as REITs remain disciplined in a low cap rate environment. REITs have also continued to be active sellers with ~$27bn of dispositions in 2013, in part driven by the de-leveraging sales by Equity Residential and AvalonBay following last year's large acquisition of Archstone. This alone made up almost a quarter of the REIT disposition activity in 2013. We estimate FFO growth will be enhanced further if REITs continue to acquire at a positive spread. Lastly, while overall supply continues to be muted, REITs' development pipelines have been rising (Figure 57) and should be another source of growth. Current pipelines stand at $35bn – largest since coming out of the Great Recession.

Figure 55. Annual Transaction Volume



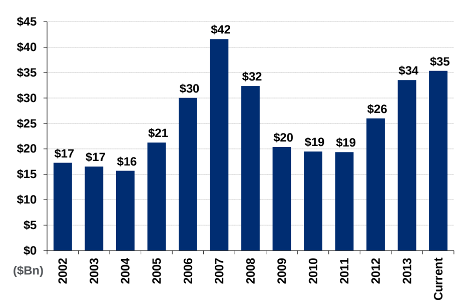
Source: Citi Research, RCA

Figure 56. REIT Acquisition Activity



Source: Citi Research, SNL

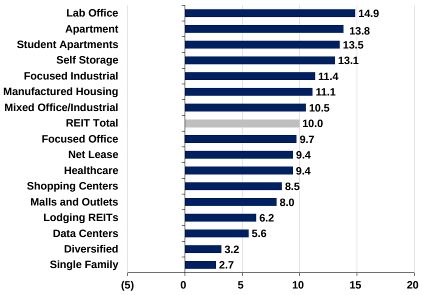
Figure 57. REIT Development on the Rise



Source: Citi Research, Company Reports

First Quarter Performance Review

Figure 58. REITs vs. S&P Sectors YTD

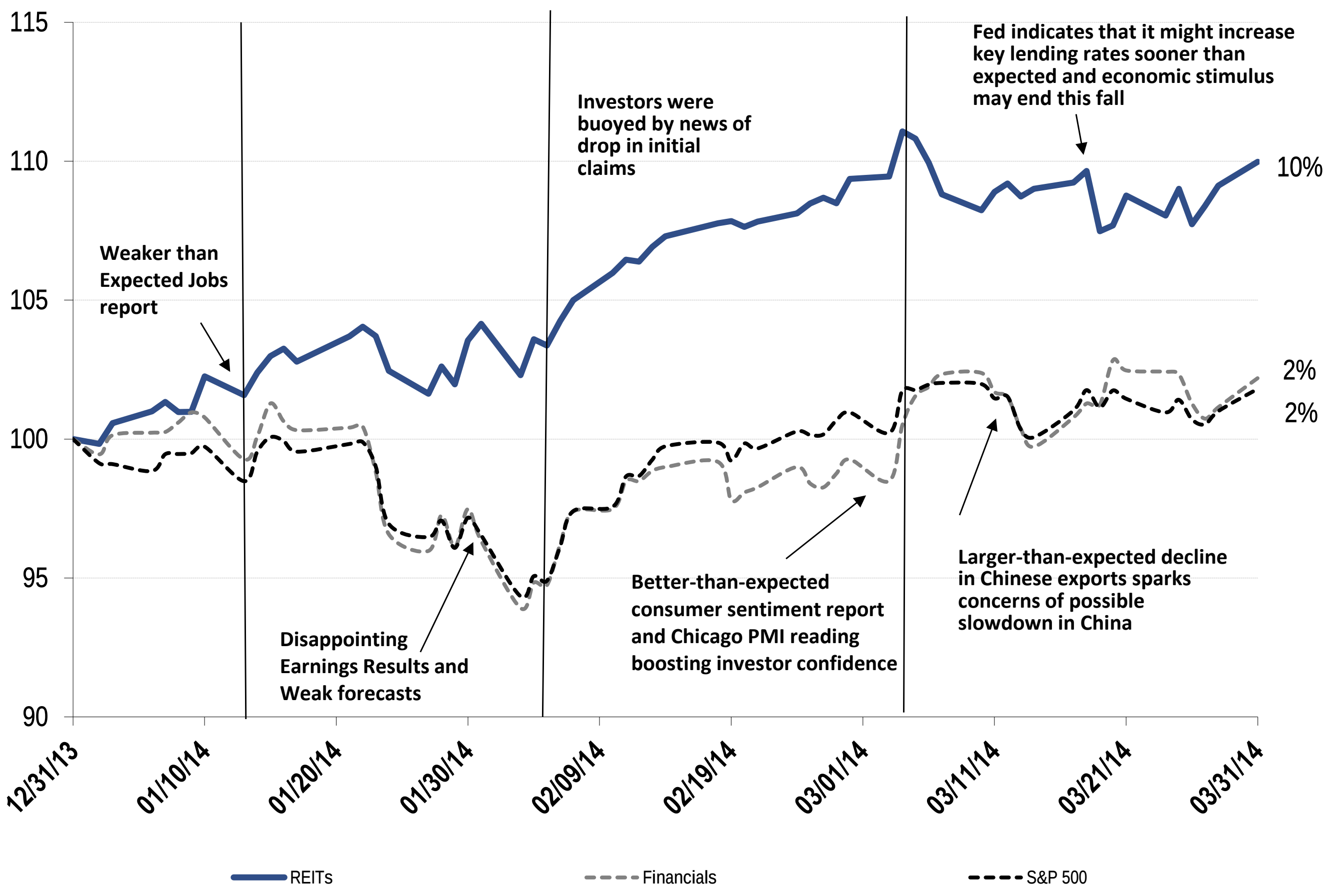


Source: Citi Research, FactSet, Citi YieldBook

REITs have posted a total return of +10.0% year to date as of 3/31/14, significantly outperforming the S&P 500 which is up ~2% over the same time period (Figure 58). The outperformance began on the heels of Bernanke's tapering comments in May – and accelerated any time bond yields moved up, or tapering expectations came clearer into view.

Relative to the REIT index, Lab Office, Apartments, Storage, Industrial, Manufactured Housing and Mixed Office/Industrial outperformed whereas Office, Healthcare, Net Lease, Strips, Malls, Data Centers, Lodging, and Single Family underperformed in 1Q14.

Figure 59. 2014 Year in Review



Source: Citi Research (pricing as of 3/31/14)

Property Sector Performance in 1Q14

Sectors that outperformed in 2014

- **Lab Space (+14.9%) -** The lab office REITs significantly outperformed REITs by ~500bps in the first quarter, a reversal in underperformance from 4Q. Fundamentals for lab office remain healthy and the lab REIT stocks continue to offer embedded development value, upside in same store NOI and rent growth, as well as healthy demand across existing and prospective tenant base.

- **Apartments (+13.8%)** – Apartments outperformed in 1Q, after underperforming since 3Q 2011, as the focus was on the sector's solid growth at discounted valuations. We believe the multifamily sector is poised to continue to outperform given its attractive relative growth and discounted valuation.

- **Student Housing (+13.5%)** -– The student housing sector outperformed in 1Q led by ACC (+15.3%). ACC's 2014 outperformance follows substantial underperformance in 2013 and coincides with their renewed focus on core operations. For CCG, the combination of disappointing results and too many non-core activities has driven underperformance.

- **Self Storage (+13.1%)** – The self-storage REITs outperformed the REIT sector in 1Q, bouncing back from underperformance in 4Q. Year-to-date, the best performer has been EXR (+16%), followed by PSA and SSS at +13% and +14%, respectively. CUBE has underperformed REITs with a +8.5% return relative to REITs at +10%.

- **Industrial (+11.4%)** – Industrial REITs outperformed in 1Q with strong performance from most stocks in the sector as fundamentals continue to improve in the context of an improving economy. Mixed Office/Industrial (+10.5%) – Mixed Office REIT performance was effectively in-line with the REIT average. DRE outperformed while PSB and LRY were in-line. Performance is likely supported by investors looking for industrial exposure given elevated industrial REIT valuations.Sectors that underperformed in 2014

- **Office (+9.7%)** – The office stocks slightly underperformed, but there was significant variation within the group. Performance seemed to be stock specific. West coast office REITs, DEI and KRC, were the top performers in the sector given improving fundamentals for DEI and both strong fundamentals and attractive development opportunities for KRC. PKY and CLI were the worst performing office stocks. Investors have not embraced CLI's strategic shift to residential and PKY shares unperformed following +42% total return in 2013. CWH outperformed on shareholder activism. BXP outperformed due in part to better fundamentals in San Fran, which has positive implications for its TransBay development, and greater clarity on the shadow development pipeline. **Triple Nets (+9.4%)** – The triple nets underperformed REITs as investors continue to prefer names with greater fundamental and operating upside. Large acquisition activity was somewhat limited.

- **Healthcare (+9.4%)** – The Healthcare REIT sector witnessed another quarter of underperformance as fears of slowing external growth mounted as costs of capital began to tick up. Healthcare REITs saw a rebound in performance, mostly driven by the unexpected drop in the 10-year rate. Investors remain wary of acquisition pipeline sizes and quality.

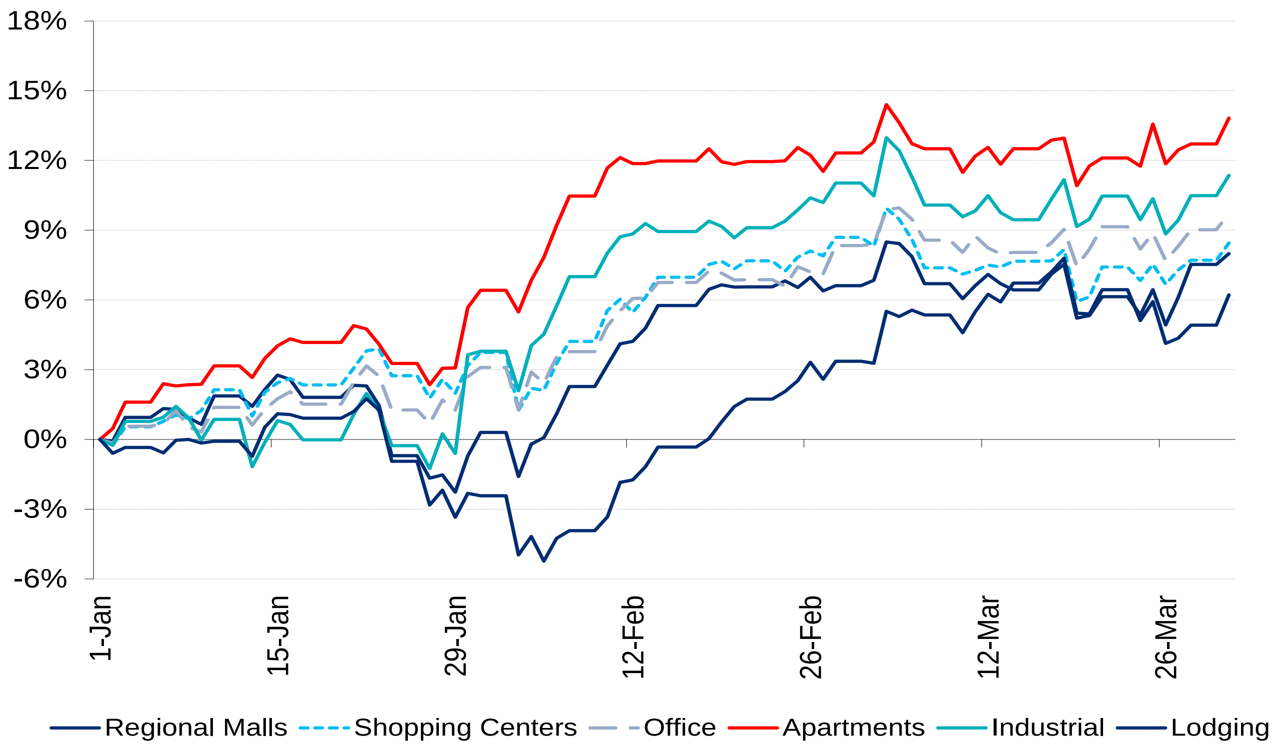
- **Strip Centers (+8.5%)** – The strip center REITs were up +8.5% in 1Q14, modestly underperforming the REIT sector overall up +10.0%. FRT, REG, and WRI were the top 3 performers in the Strip Center category, up 13.9%, 11.3% and 10.6% respectively.

- **Malls and Outlets (+8.0%)** – The regional mall and outlet REITs also underperformed the REIT sector in 1Q14, up 8.0%, though the sector is tracking ahead of last year's muted performance (+2.3%). TCO and SKT led the pack, up 11.6% and 10.0% respectively, while uncovered company RSE was the clear laggard, down 21.7% YTD.

- **Lodging REITs (+6.2%)** – Lodging REITs were up ~6% in 1Q14, underperforming the REIT sector overall up ~10%. Group REVPAR continues to lag the industry average. We point out that the industry is poised to enter a cyclical 'sweet spot' as a combination of improving economic growth and low supply could set the stage for strong same store performance. We also point out that interest rates are less of a headwind, reflecting shorter lease duration and the ability to re-price rooms nightly in an improving demand environment.

- **Data Centers (+5.6%)** – Data Center REITs continued to underperform REITs in 1Q'14 on continued concerns about tenant demand, management shuffles, an elongated sales cycle, lumpy lease signings, the short and long term impacts of cloud computing, potentially lower rental rates and development yields and increasingly difficult external growth.

Figure 60. Year To Date Sector Performance



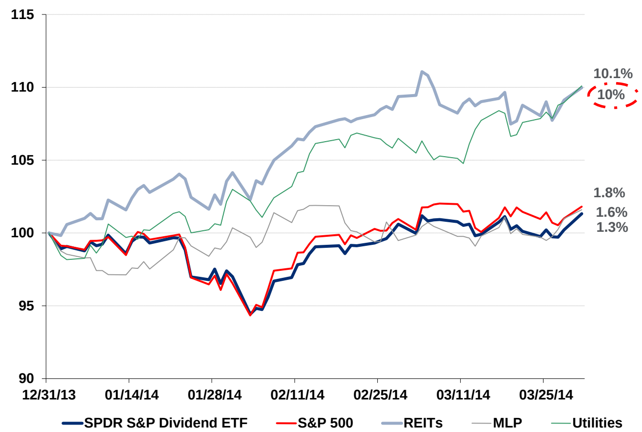
Source: Citi Research

REITs vs. Other Yield Oriented Sectors

When comparing REITs to other yield oriented sectors and ETFs, REITs have underperformed and were the worst performing sectors on a 24 and 36 month basis. On a 24 month basis, REITs total return was behind the utilities sector by ~800bps and MLPs by ~1300bps and S&P Dividend ETF by ~1000bps. 36 month total returns for REITs also fell behind MLPs by ~1600bps and broad S&P utilities sector by ~1200bps.

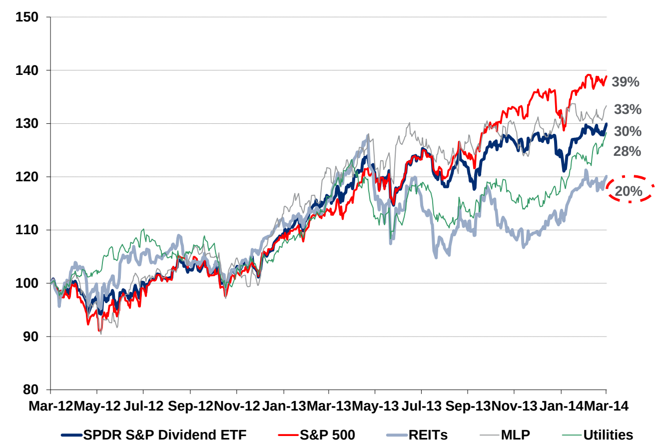
On a QTD basis, REITs outperformed, only falling short of Utilities by ~10bps. During this time period, REITs outperformed the S&P Dividend ETF by ~900bps and the broad S&P market and MLPs by ~800bps. Looking at performance since Bernanke's comments on May 21st, REITs were the worst performing sector with total return behind the utilities sector by ~1300bps and MLPs by ~1100bps and S&P Dividend ETF by ~1100bps.

Figure 61. QTD Indexed Yield Focused Sector Returns



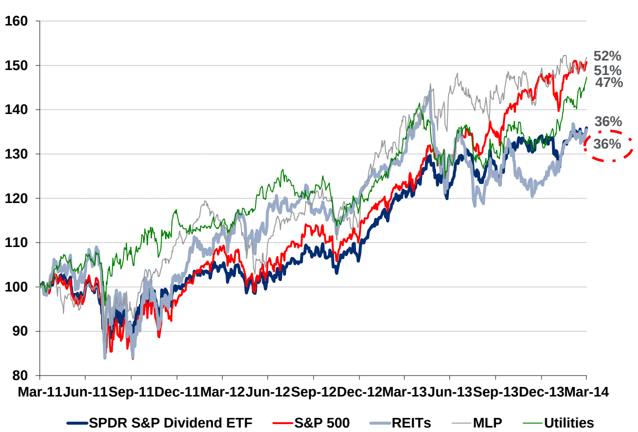
Source: Citi Research

Figure 62. 24 month Indexed Yield Focused Sector Returns



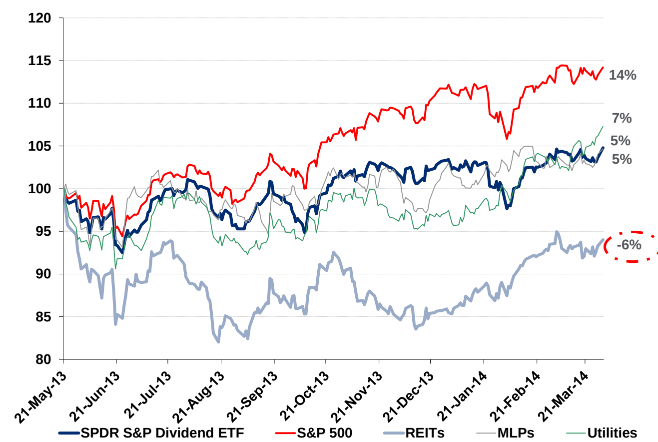
Source: Citi Research

Figure 63. 36 month Indexed Yield Focused Sector Returns



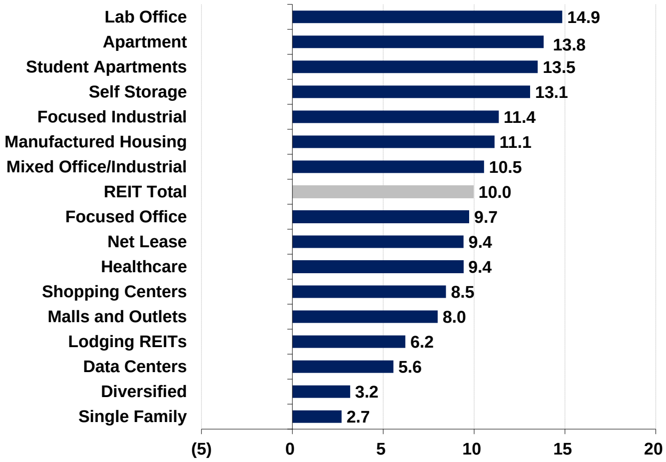
Source: Citi Research

Figure 64. Since Bernanke's Comments



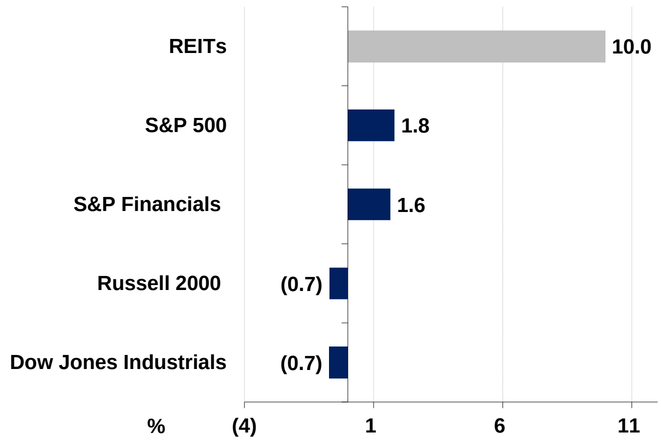
Source: Citi Research

Figure 65. 1Q14 REIT Sector Total Returns (As of 3/31/14)



Source: Citi Research

Figure 66. 1Q14 Total Return vs. Broad Market Indices (As of 3/31/14)



Source: Citi Research

Performance Trends – Large Cap, Low Leverage Outperform in 1Q14

Figure 67. Larger REITs with lower leverage outperformed in 1Q14

Which Outperformed?	2014 YTD	4Q13
FFO Growth Outperformed by (bps)	Low 190 bps	High 40 bps
AFFO Growth Outperformed by (bps)	Low 320 bps	Low 130 bps
Dividend Yield Outperformed by (bps)	Low 180 bps	Low 720 bps
Debt to GAV Outperformed by (bps)	Low 280 bps	High 350 bps
Market Cap Outperformed by (bps)	Large 680 bps	Small 270 bps
FFO Multiple Outperformed by (bps)	High 610 bps	High 80 bps
AFFO Multiple Outperformed by (bps)	High 450 bps	High 30 bps

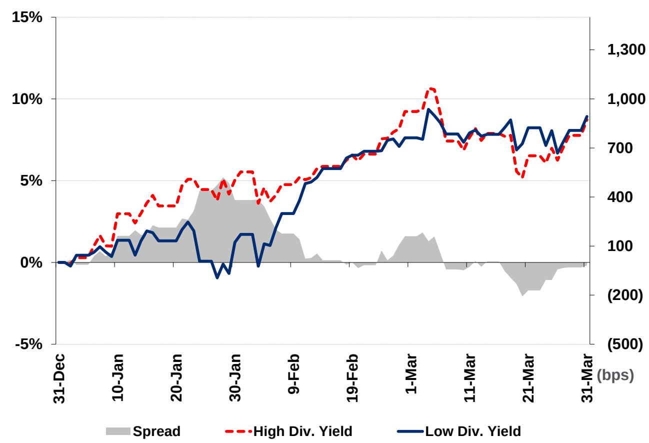
Source: Citi Research based on returns through 3/31/14

Large cap REITs with lower leverage outperformed in 2014 YTD, reversing the trend in 2013, which saw high levered, small-cap names significantly outperform. Low Debt/GAV REITs outperformed their high-levered counterparts by 280bps while the larger market cap companies outperformed the smaller peers by 680 bps.

During 2014:

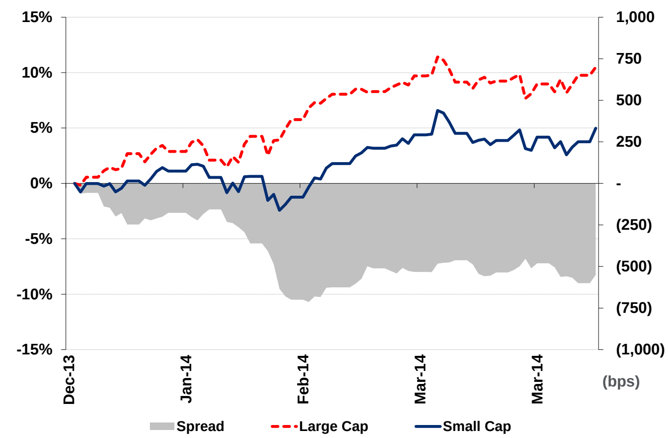
- **Lower Leverage** REITs outperformed higher leverage REITs by 280 bps.
- **Larger market cap** REITs outperformed smaller cap by 680 bps.
- **Lower dividend yield** REITs outperformed higher dividend yield REITs by 180 bps.
- **REITs with higher multiples** outperformed lower multiples by 610 bps on FFO and 450 bps on AFFO.

Figure 68. YTD Performance by Dividend Yield – Low Modestly Beats High



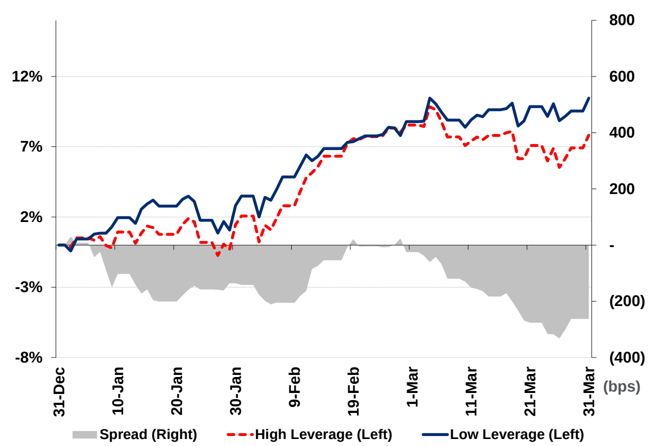
Source: Citi Research

Figure 69. YTD Performance by Market Cap – Large Beats Small



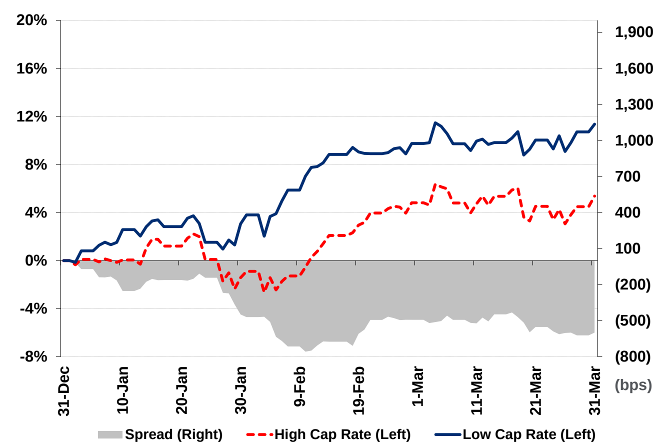
Source: Citi Research

Figure 70. YTD Performance by Leverage – Low Beats High



Source: Citi Research

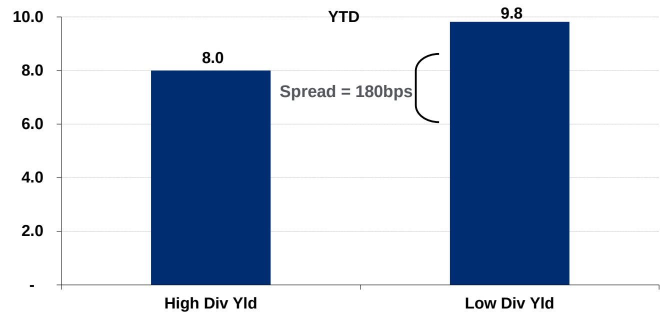
Figure 71. YTD Performance by Implied Cap – Low Cap Beats High Cap



Source: Citi Research

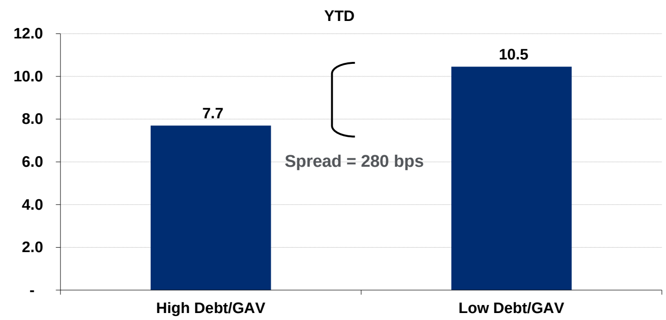
Performance Trends

Figure 72. Lower dividend yield REITs underperformed in 1Q14…



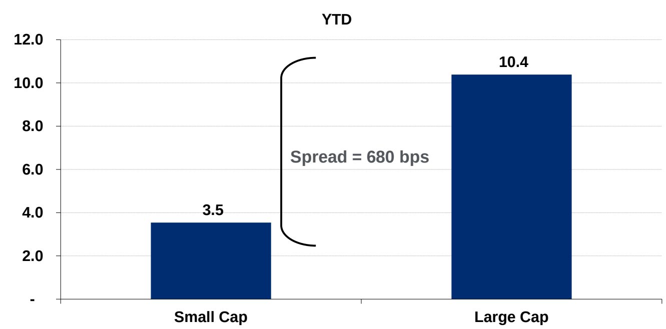
Source: Citi Research, FactSet

Figure 73. Lower leverage REITs outperformed in 1Q14



Source: Citi Research, FactSet

Figure 74. Large Cap REITs outperformed in 1Q14…



Source: Citi Research, FactSet

Top 10 and Bottom 10 Performers in 1Q14

Figure 75. Top Bottom 10 Performers in 1Q14

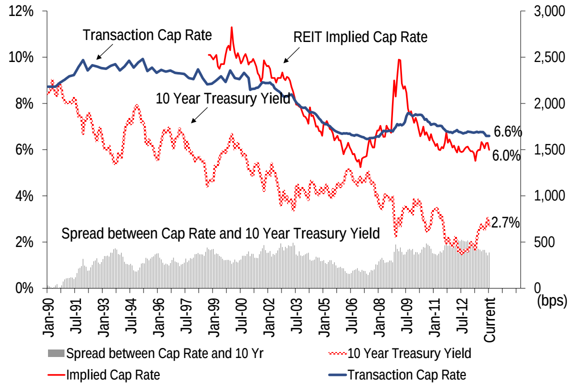
			1Q14							
Company Name	**Ticker**	**Rating**	**1Q14 Total Return**	**2015E FFO Multiple**	**2015E AFFO Multiple**	**Implied Cap Rate**	**Fixed Cov. Ratio**	**Debt/ GAV**	**Div. Yld.**	**Mkt Cap**
			(%)	*(x)*	*(x)*	*(%)*	*(%)*	*(%)*	*(%)*	*($'000)*
Ashford Hospitality Trust	AHT	NR	37.6	9.0	12.9	N/A	1.3	64.3	3.9	814
STAG Industrial	STAG	NR	19.7	14.8	15.4	N/A	2.8	32.4	5.3	900
Camden Prop	CPT	2	19.5	15.2	18.7	6.4	3.7	26.7	3.9	4,999
Essex Property	ESS	NR	19.3	18.5	21.0	4.8	3.1	32.2	2.8	5,356
Healthcare Trust of Americ	HTA	NR	18.8	14.8	16.8	N/A	3.8	33.3	5.1	2,331
AIMCO	AIV	2	17.6	14.1	17.6	6.8	2.2	44.6	3.4	3,766
Kilroy Realty	KRC	2	17.4	19.2	38.7	5.3	2.0	31.6	2.4	4,120
Douglas Emmett	DEI	1	17.4	16.4	19.8	4.7	2.9	40.3	2.7	3,314
American Campus	ACC	1	17.1	15.7	18.6	5.9	3.6	36.7	3.9	3,375
Extra Space Storage	EXR	2	16.1	19.5	20.9	5.0	5.0	32.9	3.3	4,682
10 Highest 1Q14 Performance - Wtd Avg			**18.5**	**16.7**	**21.4**	**5.5**	**3.2**	**34.9**	**3.4**	**33,658**
10 Highest 1Q14 Performance - Avg			**20.1**	**15.7**	**20.0**	**5.6**	**3.0**	**37.5**	**3.7**	

Company Name	**Ticker**	**Rating**	**1Q14 Total Return**	**2015E FFO Multiple**	**2015E AFFO Multiple**	**Implied Cap Rate**	**Fixed Cov. Ratio**	**Debt/ GAV**	**Div. Yld.**	**Mkt Cap**
			(%)	*(x)*	*(x)*	*(%)*	*(%)*	*(%)*	*(%)*	*($'000)*
Rouse Properties	RSE	NR	(21.7)	N/A	N/A	N/A	N/A	N/A	3.0	1,102
Kite Realty Group	KRG	1	(7.8)	11.4	14.1	6.8	1.8	51.2	4.3	616
Campus Crest	CCG	2H	(6.0)	10.5	11.1	7.0	2.6	47.2	7.6	600
CyrusOne	CONE	NR	(5.7)	11.1	12.4	N/A	N/A	25.8	4.0	491
Parkway Prop.	PKY	3	(4.4)	13.0	21.0	6.1	N/A	46.3	3.3	1,790
Pennsylvania REIT	PEI	2H	(3.8)	8.7	12.7	8.2	2.1	51.0	4.4	1,294
Silver Bay Realty Trust	SBY	NR	(2.8)	N/A	N/A	N/A	N/A	19.1	0.5	621
Coresite Realty	COR	2	(2.6)	12.8	16.1	8.1	5.7	12.9	4.5	689
DuPont Fabros Tech.	DFT	1	(2.6)	10.0	10.4	9.0	3.0	24.7	5.8	1,599
Corrections Corp.	CXW	NR	(2.3)	11.6	12.2	N/A	N/A	N/A	6.1	3,715
10 Lowest 1Q14 Performance - Wtd Avg			**(5.1)**	**11.2**	**13.8**	**7.6**	**2.9**	**36.6**	**4.8**	**12,517**
10 Lowest 1Q14 Performance - Avg			**(6.0)**	**11.1**	**13.7**	**7.5**	**3.0**	**34.8**	**4.4**	

Source: Citi Research

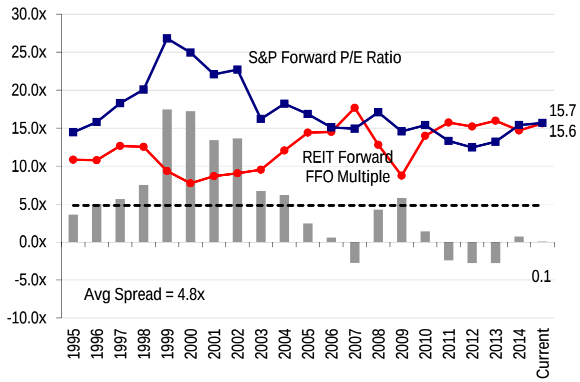
REIT Valuation — Implied Cap Rates

Figure 76. Implied Cap Rates Are Current ~100bps Above Previous Peak Levels in February 2007



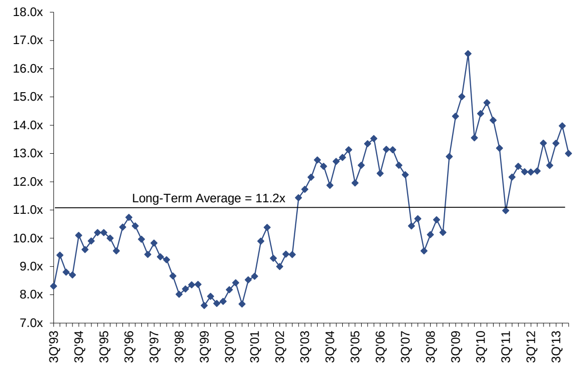
Source: Citi Research, FactSet, RCA, and Company Reports

Figure 77. The REIT Forward FFO Multiple Is Just Below the S&P 500 P/E Multiple



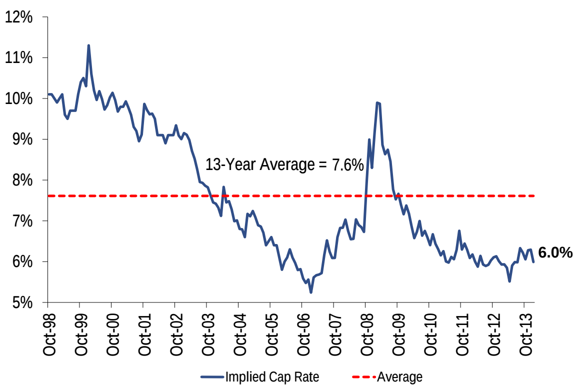
Source: Citi Research and FactSet

Figure 78. Lodging Stocks Valuation: TEV/12-Month Forward EBITDA – Above Avg Multiples But EBITDA with Upside



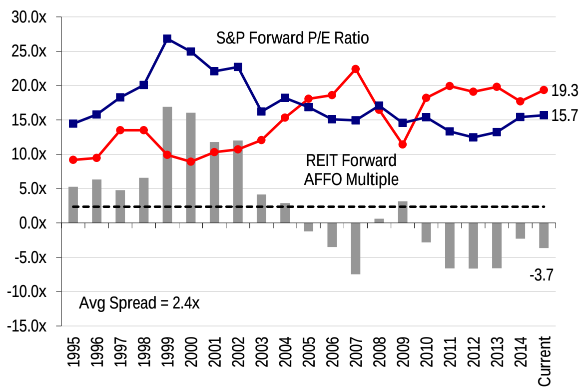
Source: Citi Research and FactSet

Figure 79. The 13-Year Average REIT Implied Cap Rates is Currently at 7.6%



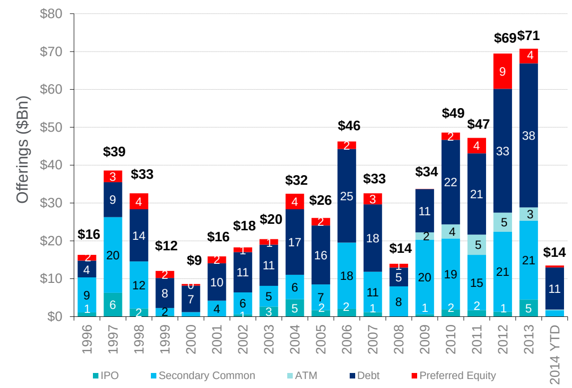
Source: Citi Research, FactSet, and Company Reports

Figure 80. The REIT Forward AFFO Multiple is Above the S&P 500 P/E Multiple



Source: Citi Research and FactSet

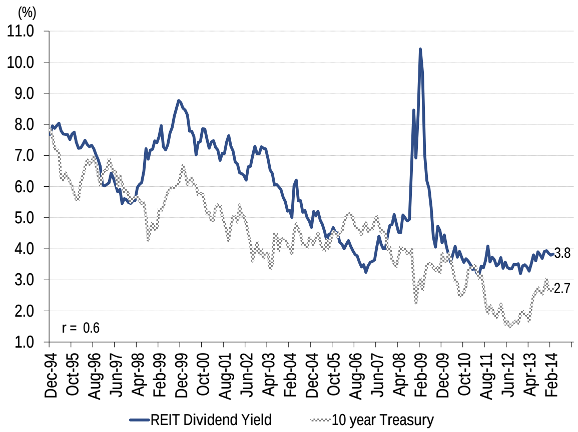
Figure 81. Historical REIT Capital Offerings By Year and By Type



Source: Citi Research and SNL

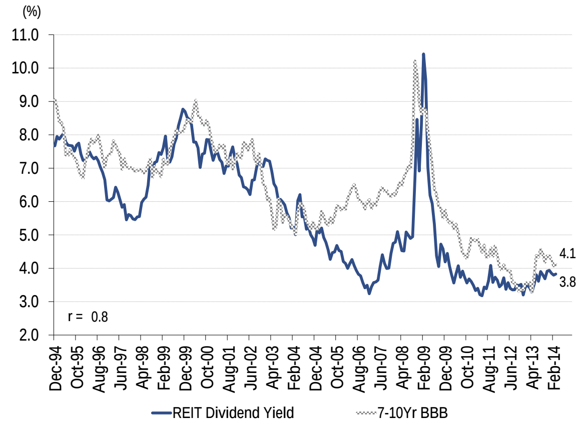
Dividend Yield Spreads

Figure 82. The REIT Dividend Yield vs. 10-Year U.S. Treasury Yield



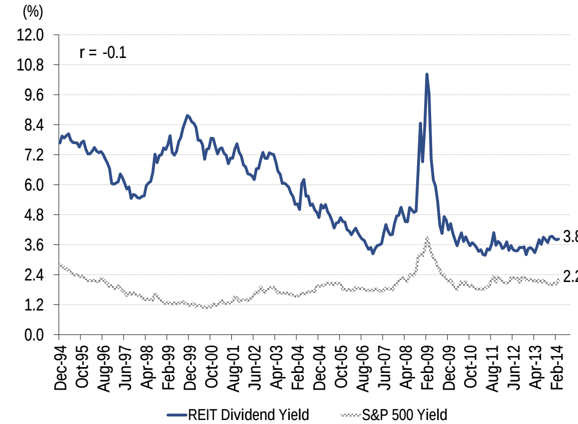
Source: Citi Research, FactSet and YieldBook

Figure 83. REIT Dividend Yield vs. BBB Corporate Yield (7-10 Year)



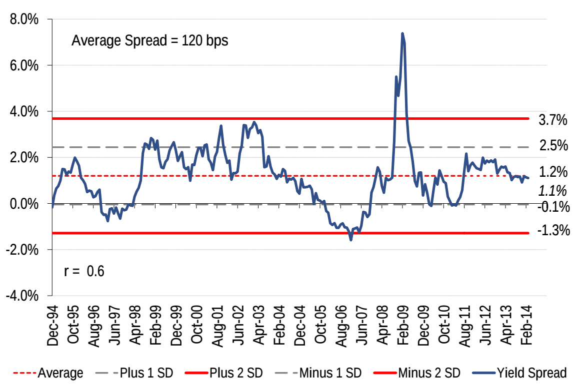
Source: Citi Research, FactSet and YieldBook

Figure 84. REIT Dividend Yield vs. S&P 500 Yield



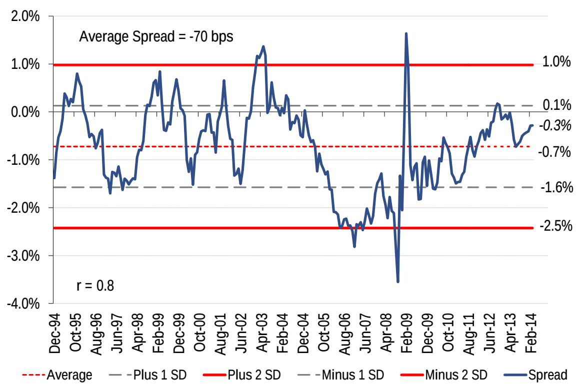
Source: Citi Research, FactSet and YieldBook

Figure 85. Spread Between REIT Dividend Yield and 10-Year U.S. Treasury Yield



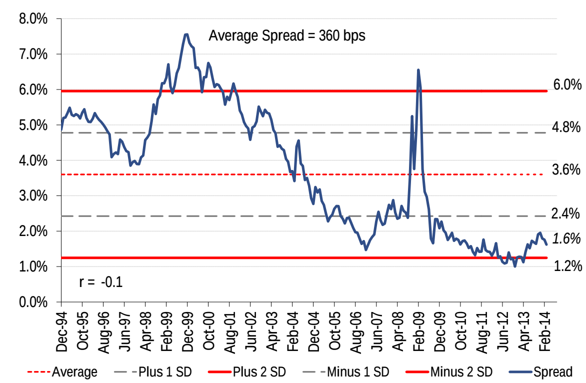
Source: Citi Research, FactSet and YieldBook

Figure 86. Spread Between REIT Dividend Yield and BBB Corporate Yield (7-10 Year)



Source: Citi Research, FactSet and YieldBook

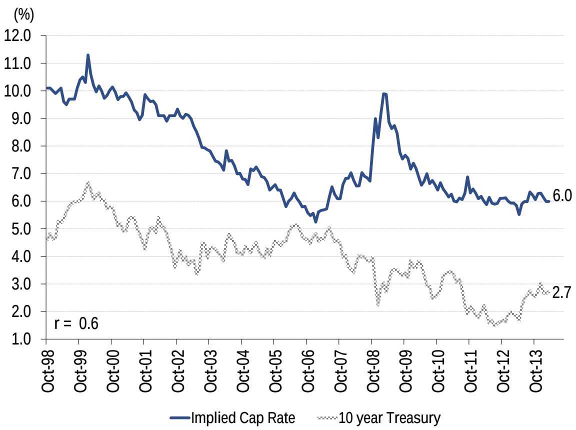
Figure 87. Spread Between REIT Dividend Yield and S&P 500 Yield



Source: Citi Research, FactSet and YieldBook

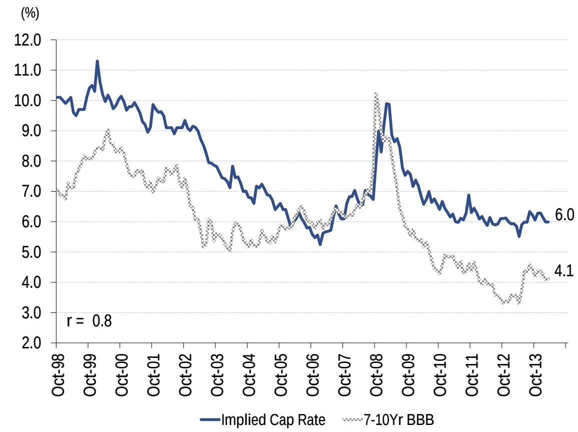
Implied Cap Rates Spreads

Figure 88. REIT Implied Cap Rate vs. 10-Year U.S. Treasury Yield



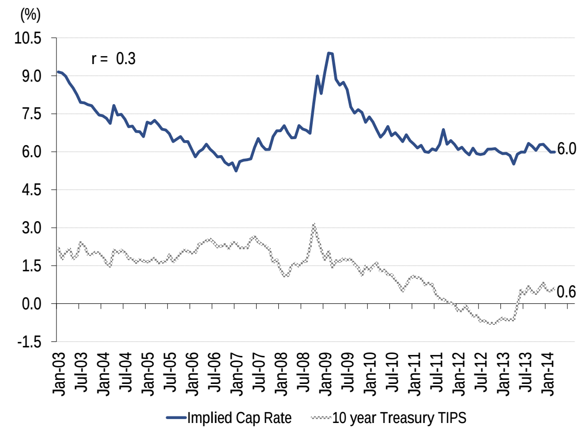
Source: Citi Research, FactSet and YieldBook

Figure 89. REIT Implied Cap Rate vs. BBB Corporate Yield (7-10 Year)



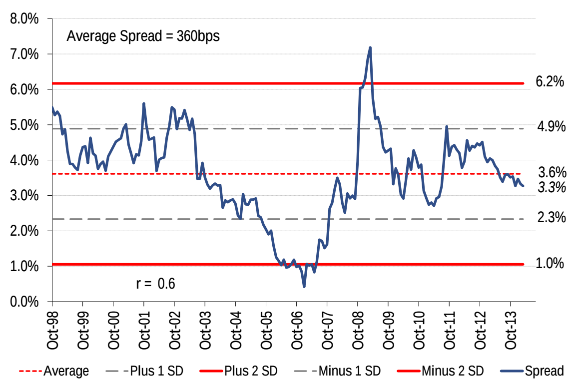
Source: Citi Research, FactSet and YieldBook

Figure 90. REIT Implied Cap Rate vs. TIPS (10 Year)



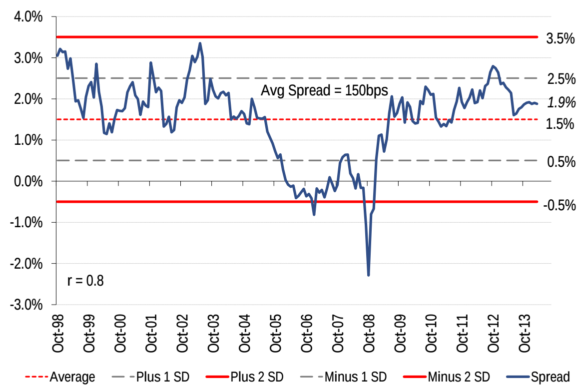
Source: Citi Research, FactSet and YieldBook

Figure 91. Spread Between Implied Cap Rate vs. 10-Year U.S. Treasury Yield



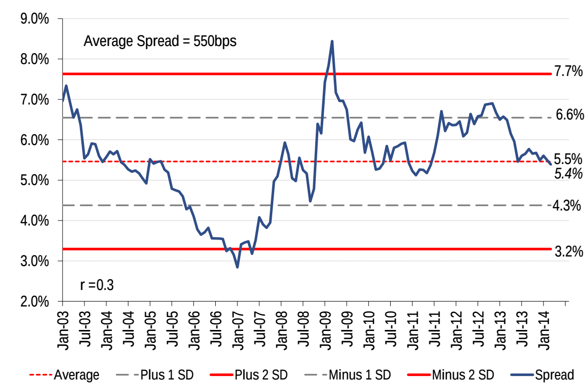
Source: Citi Research, FactSet and YieldBook

Figure 92. Spread Between Implied Cap Rate vs. BBB Corporate Yield (7-10 Year)



Source: Citi Research, FactSet and YieldBook

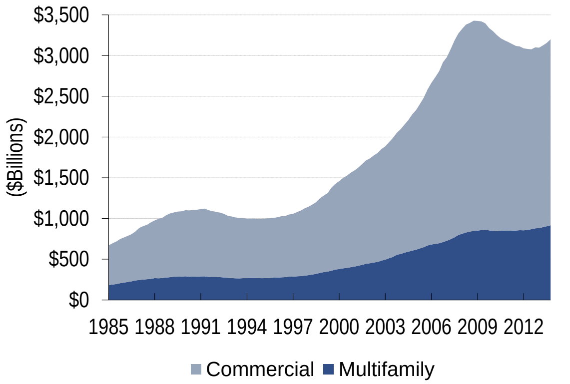
Figure 93. Spread Between Implied Cap Rate vs. TIPS (10 Year)



Source: Citi Research, FactSet and YieldBook

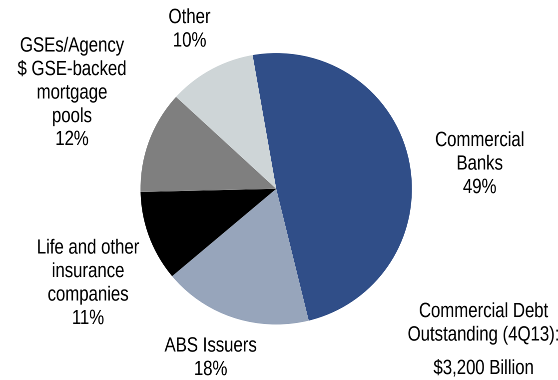
Outstanding Commercial Real Estate Mortgage Loans

Figure 94. Significant Growth in Commercial Real Estate Debt Outstanding



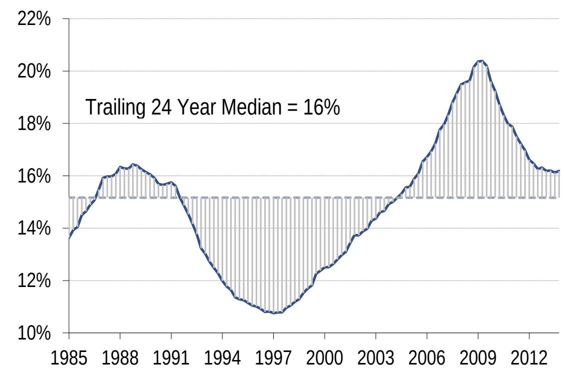
Source: Citi Research and Federal Reserve

Figure 95. Commercial Mortgage Debt Outstanding (as of 4Q13)



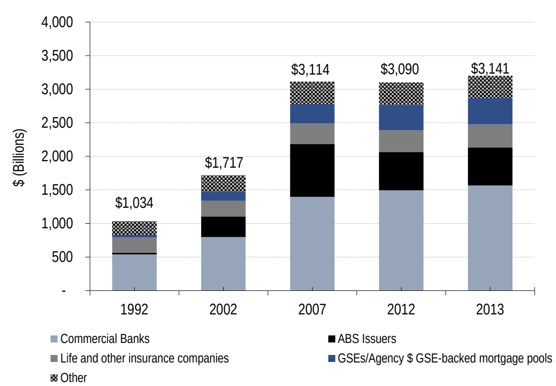
Source: Citi Research and Federal Reserve

Figure 96. Real Estate Debt as a Percentage of GDP Remains Elevated



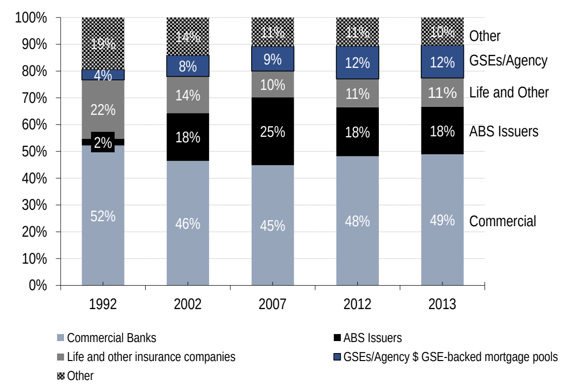
Source: Citi Research and Federal Reserve

Figure 97. Breakdown of Commercial Mortgage Loans ($ Billions)



Source: Citi Research and Federal Reserve

Figure 98. Composition of Commercial Mortgage Debt Outstanding (%)



Source: Citi Research and Federal Reserve

Figure 99. Composition of Commercial Mortgage Debt outstanding ($ Billion)

	1992	2002	2007	2012	2013
Commercial Banks	$106	$94	$168	$255	$285
ABS Issuers	7	59	125	81	75
Life and other insurance companies	27	37	48	51	53
GSEs/Agency $ GSE-backed mortgage pools	40	136	287	379	391
Other	92	90	118	113	113
Multifamily Total	$271	$416	$747	$879	$917

	1992	2002	2007	2012	2013
Commercial Banks	$434	$704	$1,228	$1,241	$1,281
ABS Issuers	19	248	663	486	492
Life and other insurance companies	200	197	257	277	290
Other	109	152	218	218	219
Commercial Total	$763	$1,301	$2,367	$2,221	$2,282

	1992	2002	2007	2012	2013
Commercial Banks	$540	$798	$1,397	$1,496	$1,566
ABS Issuers	26	307	788	567	567
Life and other insurance companies	227	234	305	328	343
GSEs/Agency $ GSE-backed mortgage pools	40	136	287	379	391
Other	201	242	336	332	332
Combined Total	$1,034	$1,717	$3,114	$3,101	$3,200

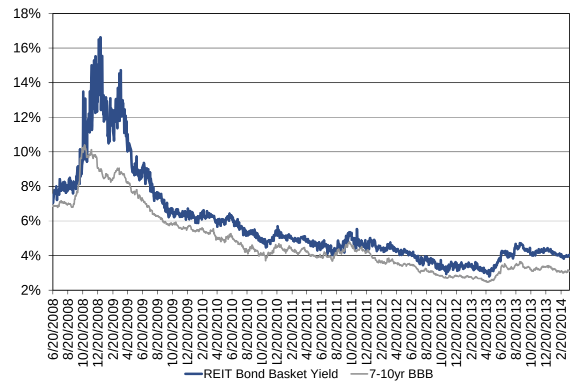
Source: Citi Research and Federal Reserve

REIT Unsecured Debt and CDS Spreads

Figure 100. REIT Unsecured Debt Yields

Source: Citi Research and Bloomberg

Figure 101. REIT Unsecured Debt Yields vs. BBB Corporate Yields

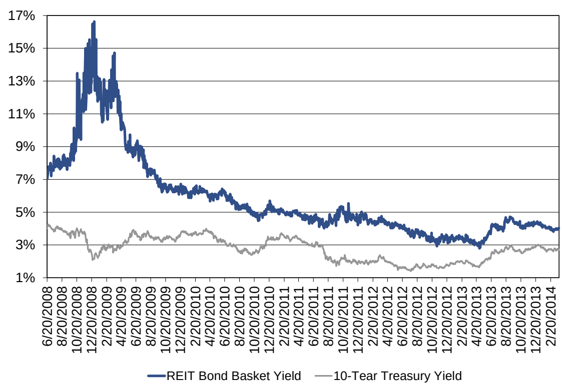


Source: Citi Research and Bloomberg

Figure 102. REIT CDS Spreads (5 Years)

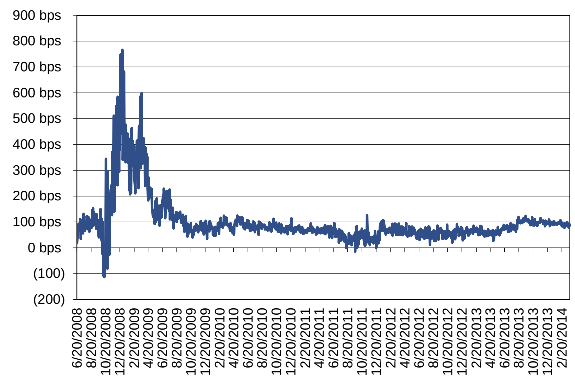
Source: Citi Research and Bloomberg

Figure 103. REIT Unsecured Debt Spreads to Underlying Treasuries



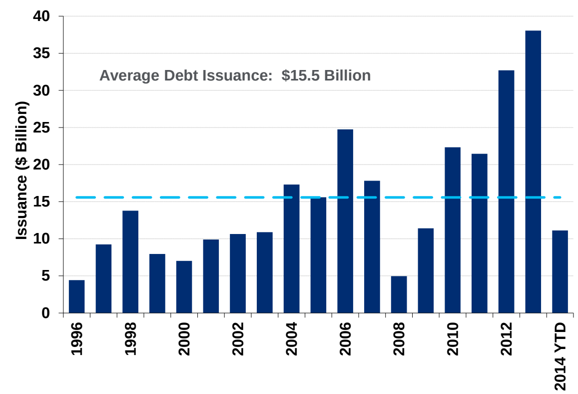
Source: Citi Research and Bloomberg

Figure 104. REIT Unsecured Debt Spreads to BBB Corporate Yields



Source: Citi Research and Bloomberg

Figure 105. Historical REIT Debt Issuance

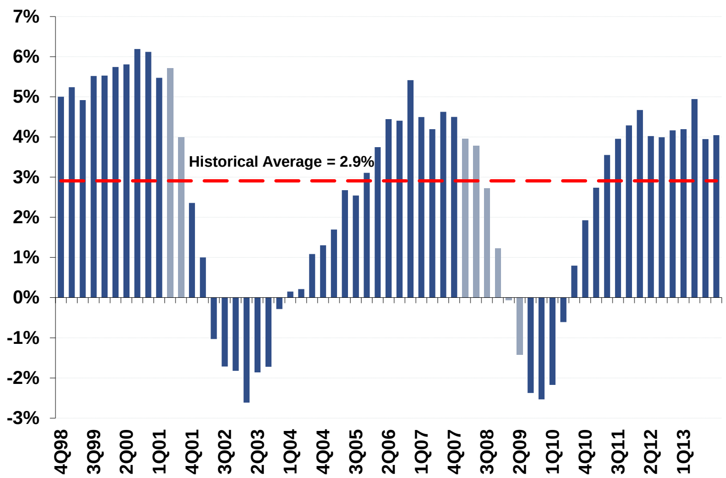


Source: Citi Research and SNL

Figures 30-34: Basket comprised of ~7-10 yr maturity notes issued by ACC, AMB, AMT, ARE, AVB, BMR, BXP, CLI, CPT, CUBE, CXW, DDR, DLR. DRE, EPR, EQR, FCH, FRT, HCN, HCP, HIW, HPT, HST, HTH, KIM, KRC, LRY, MPW, NNN, O, PLD, PST, REG, SBRA, SKT, SLG, SNH, SPG, SSS, UDR, VNO, VTR, WRE, WYN.

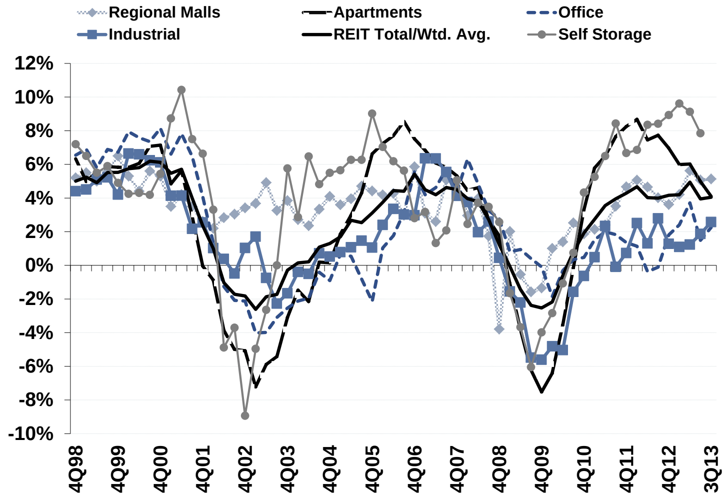
REIT Fundamentals — NOI Growth Rebounds

Figure 106. REIT Same-Store NOI Growth Positive in 4Q13



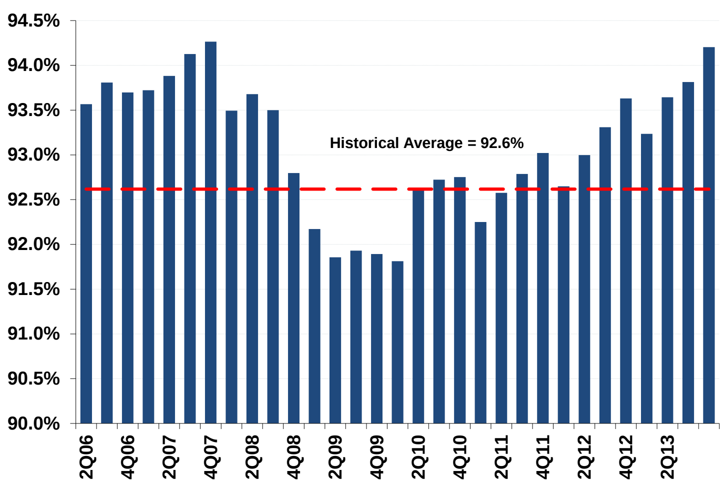
Source: Company Reports Citi Research, as of 12/31/2013

Figure 107. Same Store NOI Improvement has Been Broad Based Across Sectors



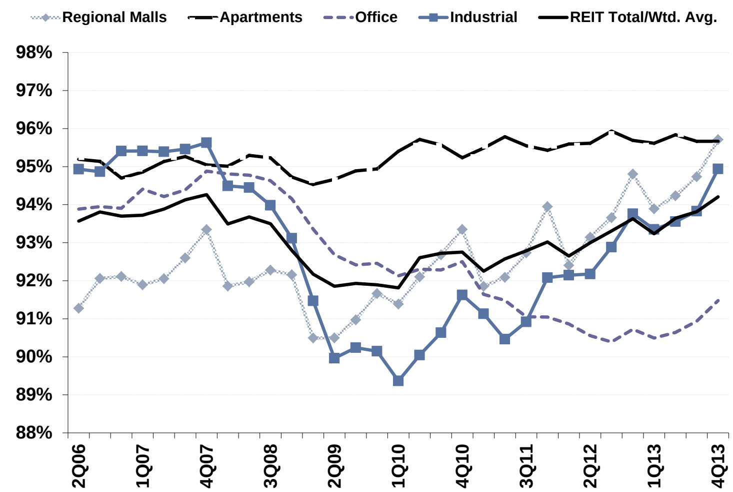
Source: Company Reports Citi Research, as of 12/31/2013

Figure 108. REIT Occupancy is Improving



Source: Company Reports Citi Research, as of 12/31/2013

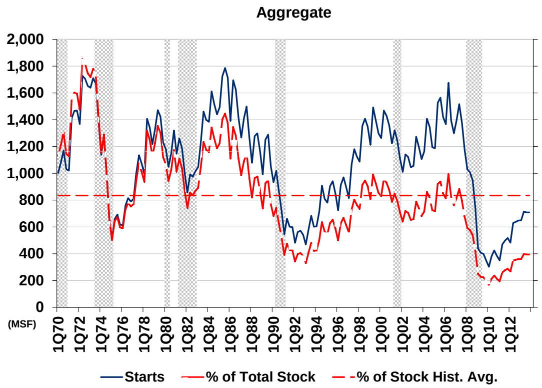
Figure 109. Regional Mall REITs Have Seen the Biggest Acceleration in Occupancy



Source: Company Reports Citi Research, as of 12/31/2013

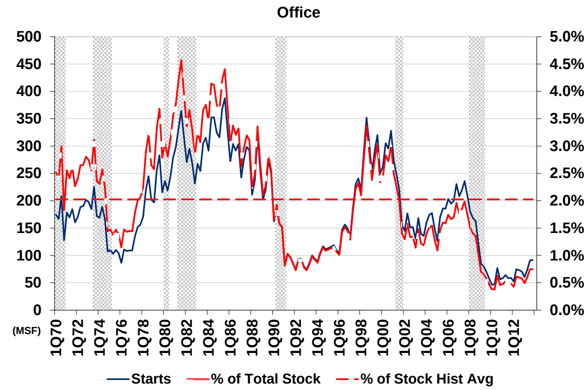
Construction Starts – New Supply Comes Off the Bottom Led by Multifamily

Figure 110. Aggregate Construction Remain at Very Low



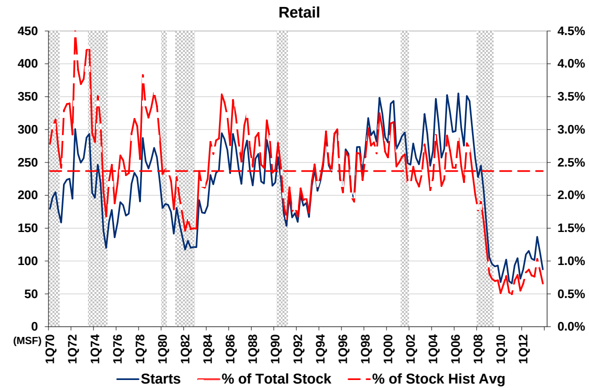
Source: CBRE and Citi Research

Figure 111. Office Sector Construction Starts (Annualized)



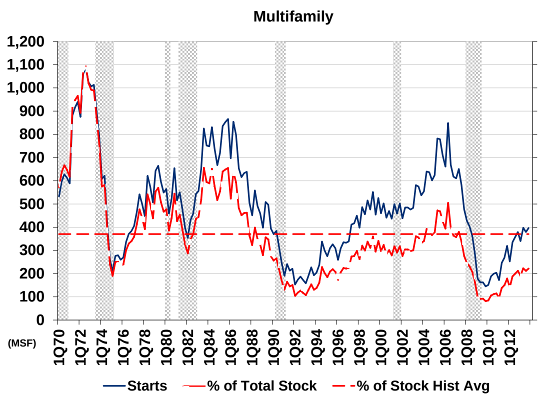
Source: CBRE and Citi Research

Figure 112. Retail Sector Construction Starts (Annualized)



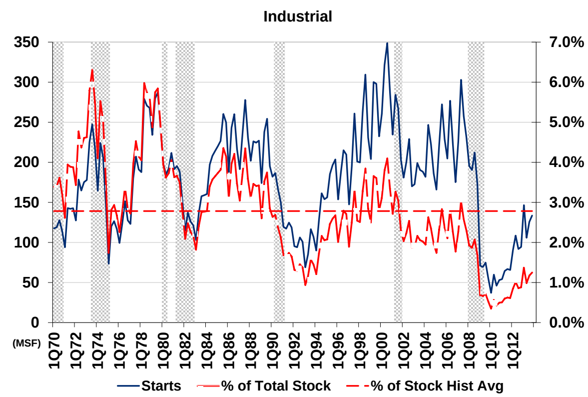
Source: CBRE and Citi Research

Figure 113. Multifamily Sector Construction Starts (Annualized)



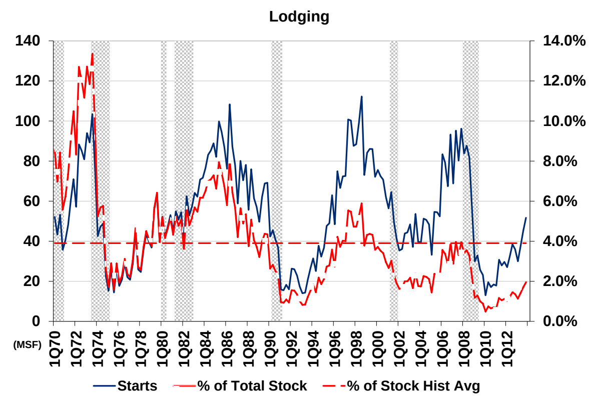
Source: CBRE and Citi Research

Figure 114. Industrial Sector Construction Starts (Annualized)



Source: CBRE and Citi Research

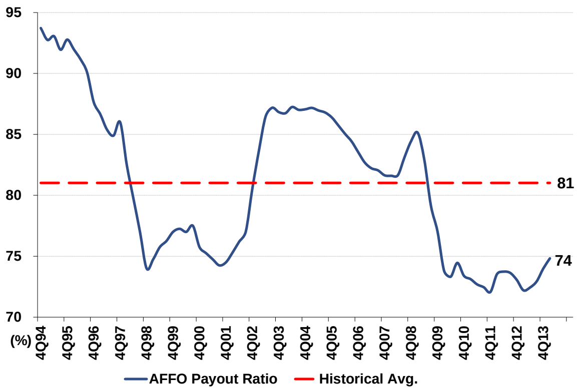
Figure 115. Lodging Sector Construction Starts (Annualized)



Source: CBRE and Citi Research

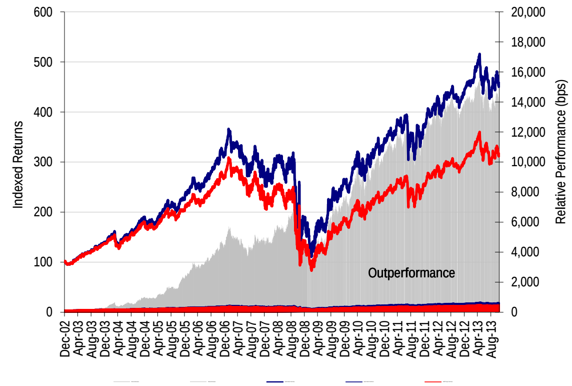
Dividend Payout Ratios New Lows, Short Interest Ticks Down and M&A

Figure 116. Dividend Payout Ratios Near Historical Low



Source: Citi Research and Company Reports

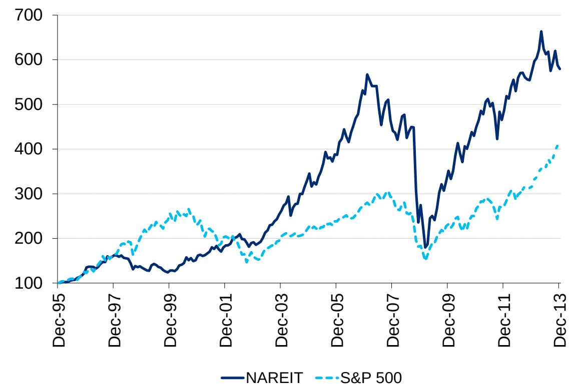
Figure 117. The Citi Model Portfolio (U.S. Only) Continues to Outperform the NAREIT Equity Index



Note: Past performance is no guarantee of future results. Returns are gross of management and transaction fees. A full history of changes to our portfolio is available on request.

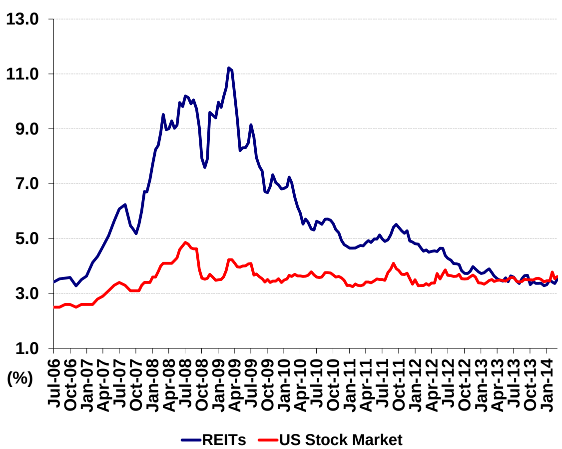
Source: Citi Research

Figure 118. REIT Returns vs. the S&P 500 Index



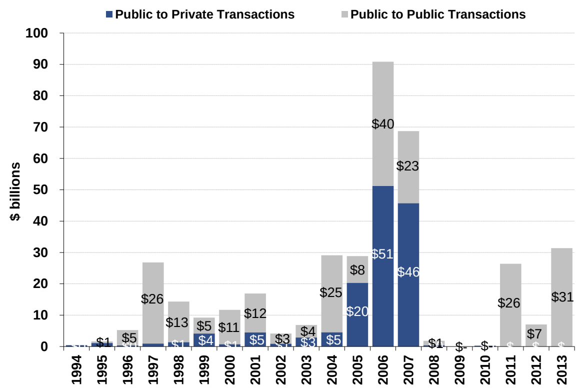
Source: Citi Research and Bloomberg

Figure 119. Short Interest to Shares Outstanding Ratio, July 30, 2006 to March 15, 2014



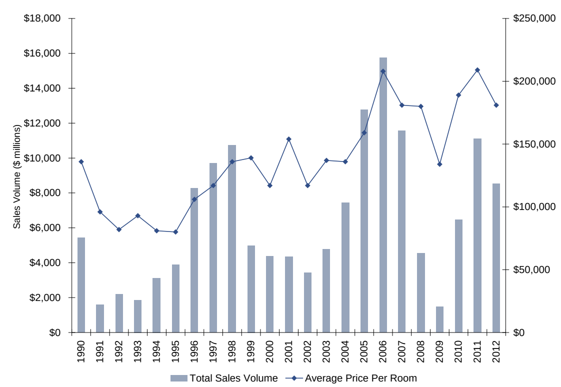
Source: Citi Research and Bloomberg

Figure 120. M&A Returned to REIT Sector in 2013, After Being Dormant Since Late 2007



Source: Citi Research and Company Reports

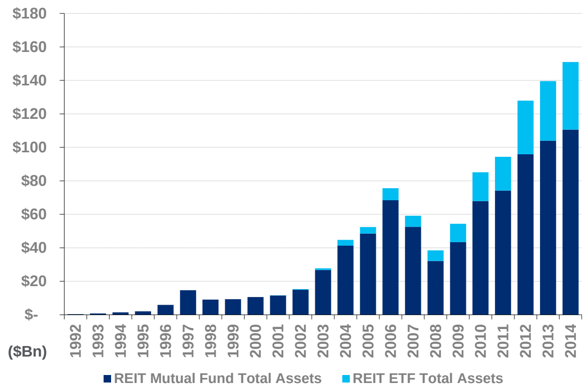
Figure 121. Major Private US Hotel Transactions (>$10m)



Source: Citi Research and HVS International (www.hvs.com)

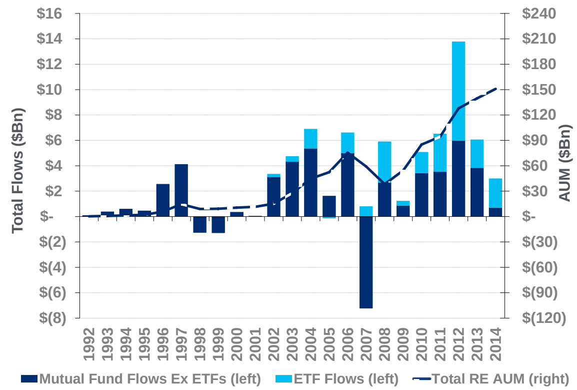
Mutual Fund Flow Pace Remains Choppy

Figure 122. US Registered REIT Mutual Fund and ETF Total Assets Under Management (in $M)



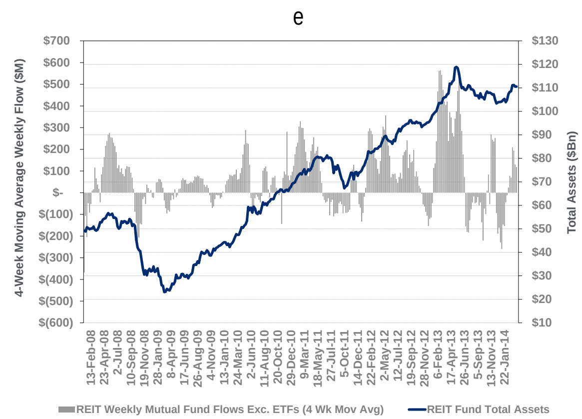
Source: Citi Research and Lipper as of 3/27/14

Figure 123. US Registered Annual REIT Mutual Fund and ETF Flows and Total Assets Under Management (in $M)



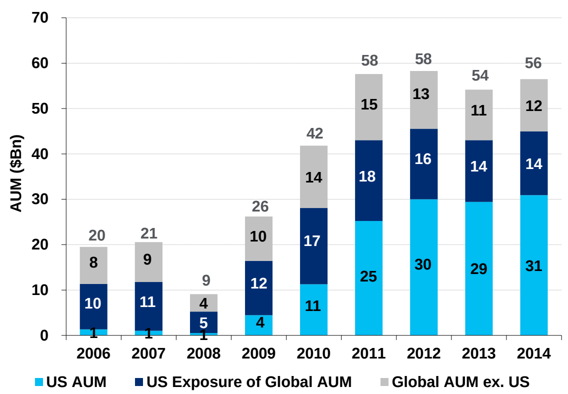
Source: Citi Research and Lipper as of 3/27/14

Figure 124. Registered Weekly REIT Mutual Fund Flows and Total Assets Under Management (in $M)



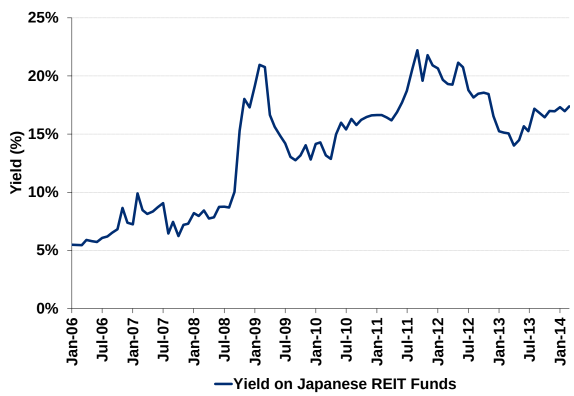
Source: Citi Research and Lipper as of 3/27/14

Figure 125. Japanese Registered REIT Mutual Fund Total Assets Under Management (in $M)



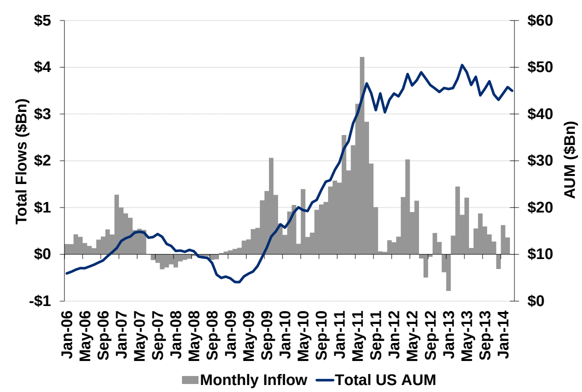
Source: Citi Research and Bloomberg

Figure 126. Japan Registered Mutual Funds Annualized Dividend Yield



Source: Citi Research and Bloomberg

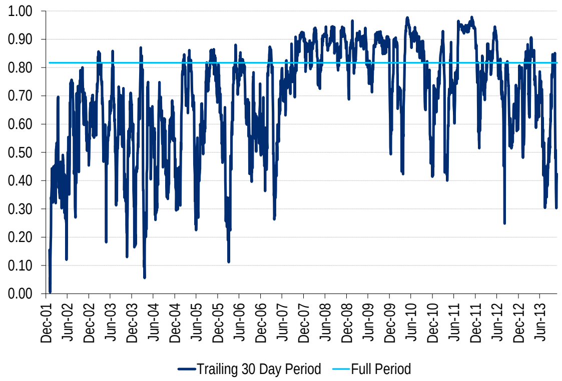
Figure 127. Japanese Registered Monthly REIT Mutual US Fund Flows and Total Assets Under Management (in $M)



Source: Citi Research and Bloomberg

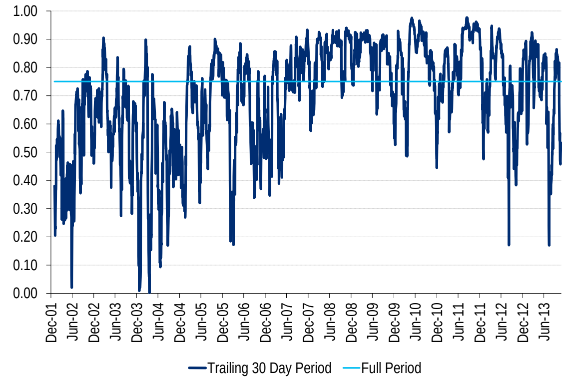
Correlations Remain High; Volatility at the Lows; Large Caps Reduce Their Weight

Figure 128. REITs Correlation with Financials Since December 2001



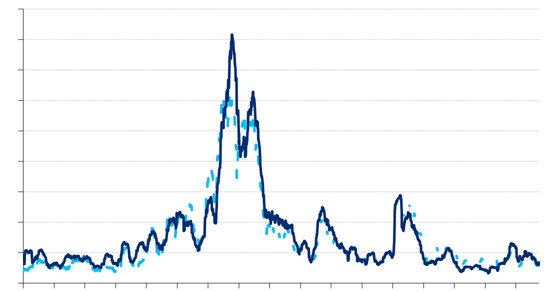
Source: Citi Research and FactSet

Figure 129. REITs Correlation with S&P 500 Since December 2001



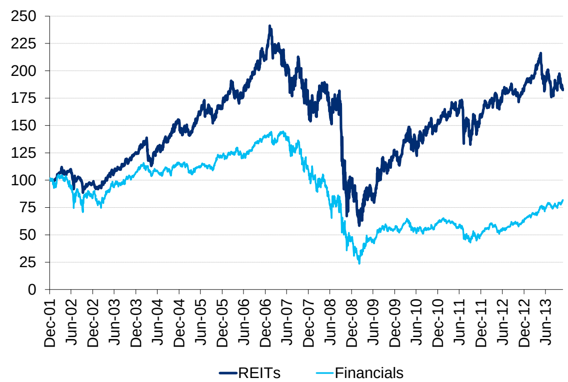
Source: Citi Research and FactSet

Figure 130. 30-Day Volatility for REITs and Financials



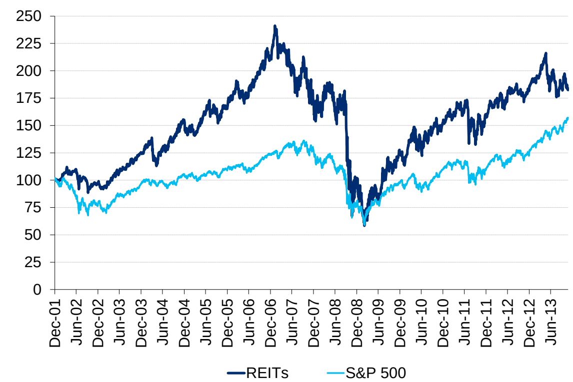
Source: Citi Research and Bloomberg

Figure 131. REITs vs. Financials Performance – Since December 2001



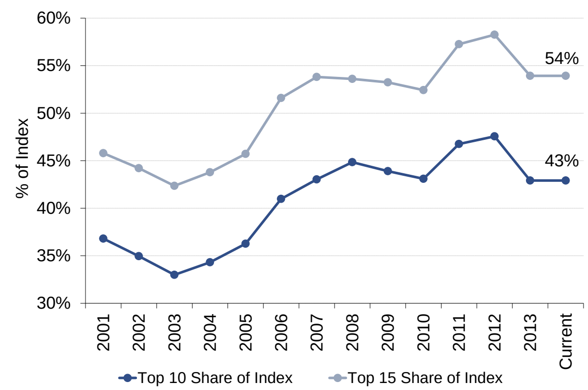
Source: Citi Research and FactSet

Figure 132. REITs vs. S&P 500 Performance – Since December 2001



Source: Citi Research and FactSet

Figure 133. Largest Companies Share of REIT Index



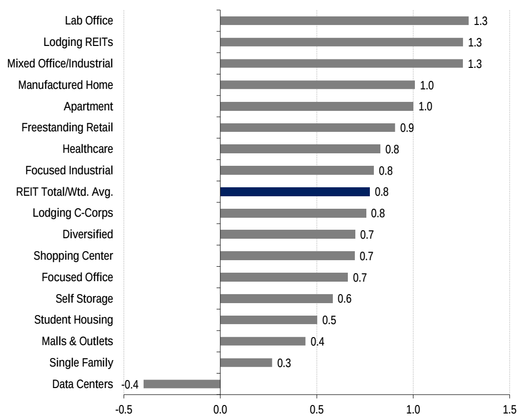
Source: Citi Research and Bloomberg

Figure 134. REIT Property Sectors Are Trading at Higher FFO Multiples than Have Been Observed Historically

Property Sector	WTD Price Return	YTD Total Return	Div Yield	2014E FFO Growth	2014E FFO Multiple	2014E AFFO Growth	2014E AFFO Multiple	TEV/ EBITDA Multiple	Implied Cap Rate	Prem/ (Disc) to Spot NAV	Model Portfolio Weight	REIT Index Weight
	(%)	(%)	(%)	(%)	(x)	(%)	(x)	(x)	(%)	(%)	(%)	(%)
Apartment	1.0	13.8	3.6	6.9	16.6	7.6	19.2	21.0	5.6	(7.1)	16.5	13.8
Data Centers	(0.4)	5.6	5.9	7.2	10.4	8.8	12.2	14.8	7.9	(7.4)	2.6	1.8
Diversified	0.7	3.2	4.1	6.4	12.3	7.7	13.1	17.7	N/A	(14.2)	0.0	2.0
Freestanding Retail	0.9	9.4	5.6	4.5	13.1	4.7	14.3	18.5	6.4	23.4	2.2	6.7
Focused Industrial	0.8	11.4	3.2	9.5	19.1	11.3	23.7	19.4	5.8	9.0	5.1	5.1
Focused Office	0.7	9.7	3.0	5.9	17.0	10.2	28.1	18.1	5.5	1.5	16.3	13.2
Healthcare	0.8	9.4	5.3	4.8	13.1	5.2	14.6	16.6	6.3	23.5	9.7	13.6
Lab Office	1.3	14.9	4.2	7.3	13.8	14.0	15.7	19.7	6.1	0.4	1.7	1.7
Lodging C-Corps	0.8	2.6	1.0	14.7	32.1	N/A	N/A	10.7	N/A	N/A	3.0	0.0
Lodging REITs	1.3	6.2	3.2	12.7	11.5	13.1	14.4	15.7	8.1	(5.5)	7.4	7.3
Malls & Outlets	0.4	8.0	3.2	7.5	15.2	8.4	18.2	18.0	5.7	(9.2)	18.7	14.9
Manufactured Home	1.0	11.1	4.0	4.3	13.9	4.5	16.1	16.5	6.5	1.7	1.4	0.9
Mixed Office/Industrial	1.3	10.5	4.5	4.4	13.9	5.8	17.7	18.4	6.7	1.5	2.1	2.7
Self Storage	0.6	13.1	3.3	4.3	19.5	4.6	20.4	21.3	4.8	38.3	5.0	6.1
Shopping Center	0.7	8.5	3.9	6.4	14.8	8.3	18.4	17.2	6.3	(2.5)	6.4	7.5
Single Family	0.3	2.7	1.3	N/A	17.8	N/A	23.3	N/A	N/A	(3.5)	0.0	0.3
Student Housing	0.5	13.5	4.3	6.6	14.5	7.5	17.3	20.7	6.1	(10.4)	2.1	1.0
REIT Total/Wtd. Avg.	0.8	10.0	3.8	6.6	14.9	8.2	18.3	18.6	6.0	3.8	100	98

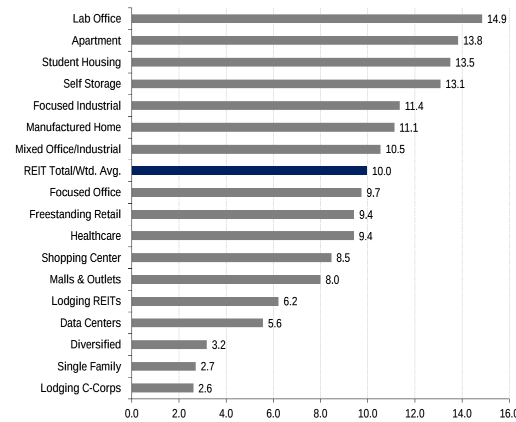
Source: Citi Research and FactSet

Figure 135. Week-to-Date Real Estate and Lodging Price Returns (%)



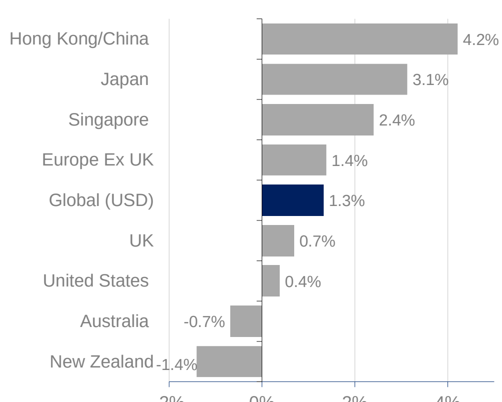
Source: Citi Research

Figure 136. Year-to-Date Real Estate and Lodging Total Return (%)



Source: Citi Research

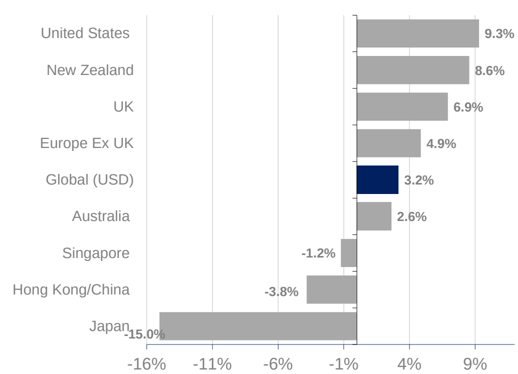
Figure 137. Week-to-Date Global Real Estate Return (%)



Source: Bloomberg and Citi

Note: Total returns calculated based on local currency, except for Global; Source: Bloomberg and Citi Research; performance as of 3/28/14.

Figure 138. Year-to-Date Global Real Estate Returns (%)

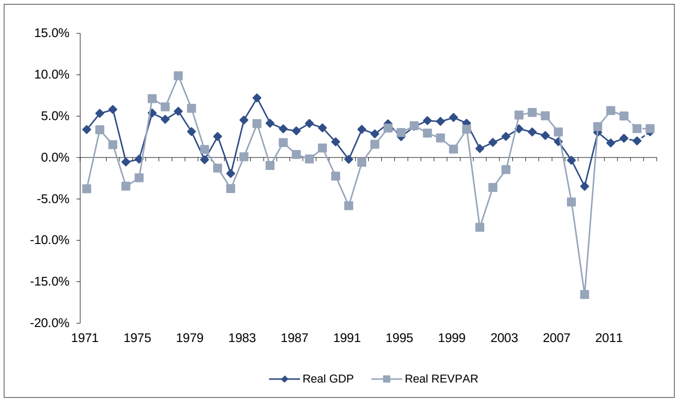


Source: Bloomberg and Citi

Note: Total returns calculated based on local currency, except for Global; Source: Bloomberg and Citi Research; performance as of 3/28/14.

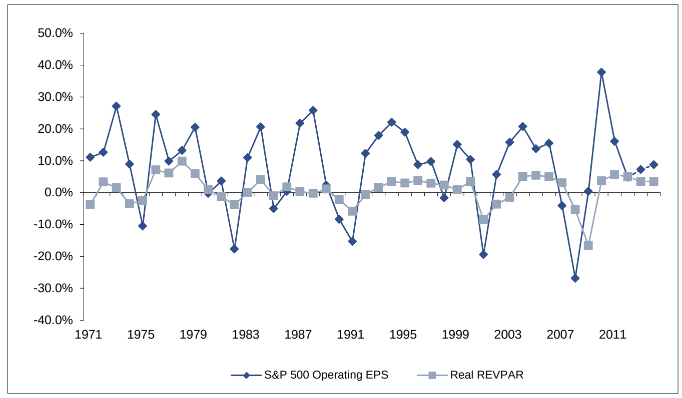
Lodging Industry Charts

Figure 139. US Real GDP vs. US Real REVPAR



Source: Citi Research, Smith Travel Research and Haver Analytics

Figure 140. S&P Operating EPS vs. US Real REVPAR



Source: Citi Research, Smith Travel Research and Haver Analytics

Figure 141. Citi Research Lodging Industry Forecasts

Year	Occupancy Rate	% Chg.	Room Rate % Chg.	RevPAR % Chg.	"Real" Rm Rate % Chg. (a)	"Real" RevPAR % Change	Annual Room Supply (Rooms 000's) Total Rooms		% Chg.
1970-87 Average	66.9%	0.0%	7.7%	7.7%	1.7%	1.7%	---		---
1987	63.5	-0.5	3.6	4.1	-0.1	0.4	3,003		3.8%
1988	63.6	0.1	3.7	3.8	-0.3	-0.2	3,135		4.4%
1989	64.5	1.4	4.1	5.5	-0.3	1.1	3,245		3.5%
1990	63.8	-1.0	3.3	2.2	-1.2	-2.2	3,345		3.1%
1991	62.1	-2.7	0.2	-2.4	-3.3	-5.8	3,384		1.2%
1992	62.7	1.0	1.4	2.4	-1.5	-0.6	3,412		0.8%
1993	63.6	1.4	2.4	3.8	0.2	1.6	3,444		0.9%
1994	64.7	1.8	3.7	5.7	1.6	3.5	3,491		1.3%
1995	65.0	0.4	4.8	5.3	2.6	3.0	3,554		1.8%
1996	64.8	-0.3	6.4	6.1	4.2	3.8	3,661		3.0%
1997	64.2	-0.7	5.8	4.9	3.8	2.9	3,806		4.0%
1998	63.4	-1.3	4.5	3.2	3.5	2.4	3,956		3.9%
1999	63.0	-0.7	3.5	2.6	1.8	1.0	4,092		3.4%
2000	63.4	0.8	5.3	6.0	2.7	3.4	4,203		2.7%
2001	60.0	-5.6	-1.5	-7.0	-3.4	-8.4	4,285		2.0%
2002	59.3	-1.2	-1.5	-2.7	-2.6	-3.6	4,349		1.5%
2003	59.4	0.3	0.2	0.5	-1.8	-1.5	4,383		0.8%
2004	61.5	3.5	4.2	7.8	1.5	5.1	4,385		0.0%
2005	63.3	2.9	5.6	8.6	2.5	5.4	4,378		-0.2%
2006	63.4	0.3	7.6	7.9	4.7	5.0	4,412		0.8%
2007	63.1	-0.5	6.4	5.8	3.6	3.1	4,486		1.7%
2008	60.0	-5.0	2.9	-2.2	-0.5	-5.4	4,623		3.1%
2009	54.7	-8.8	-8.4	-16.4	-8.6	-16.6	4,743		2.6%
2010	57.8	5.6	-0.2	5.4	-1.8	3.7	4,783		0.8%
2011	60.3	4.5	3.7	8.3	1.2	5.7	4,806		0.5%
2012	61.9	2.6	4.2	6.8	2.4	5.0	4,816		0.5%
2013E	62.5	1.0	4.0	5.0	2.5	3.5	4,855	(b)	0.8%
2014E	63.1	1.0	4.0	5.0	2.5	3.5	4,913	(b)	1.2%
2015E	63.7	1.0	4.0	5.0	2.5	3.5	4,987	(b)	1.5%

Notes: Historical data before 1990 from the now-defunct Laventhal firm and data since 1990 are from Smith Travel Research; but 1987-1990 data are "transition" years, averaging the two sources.

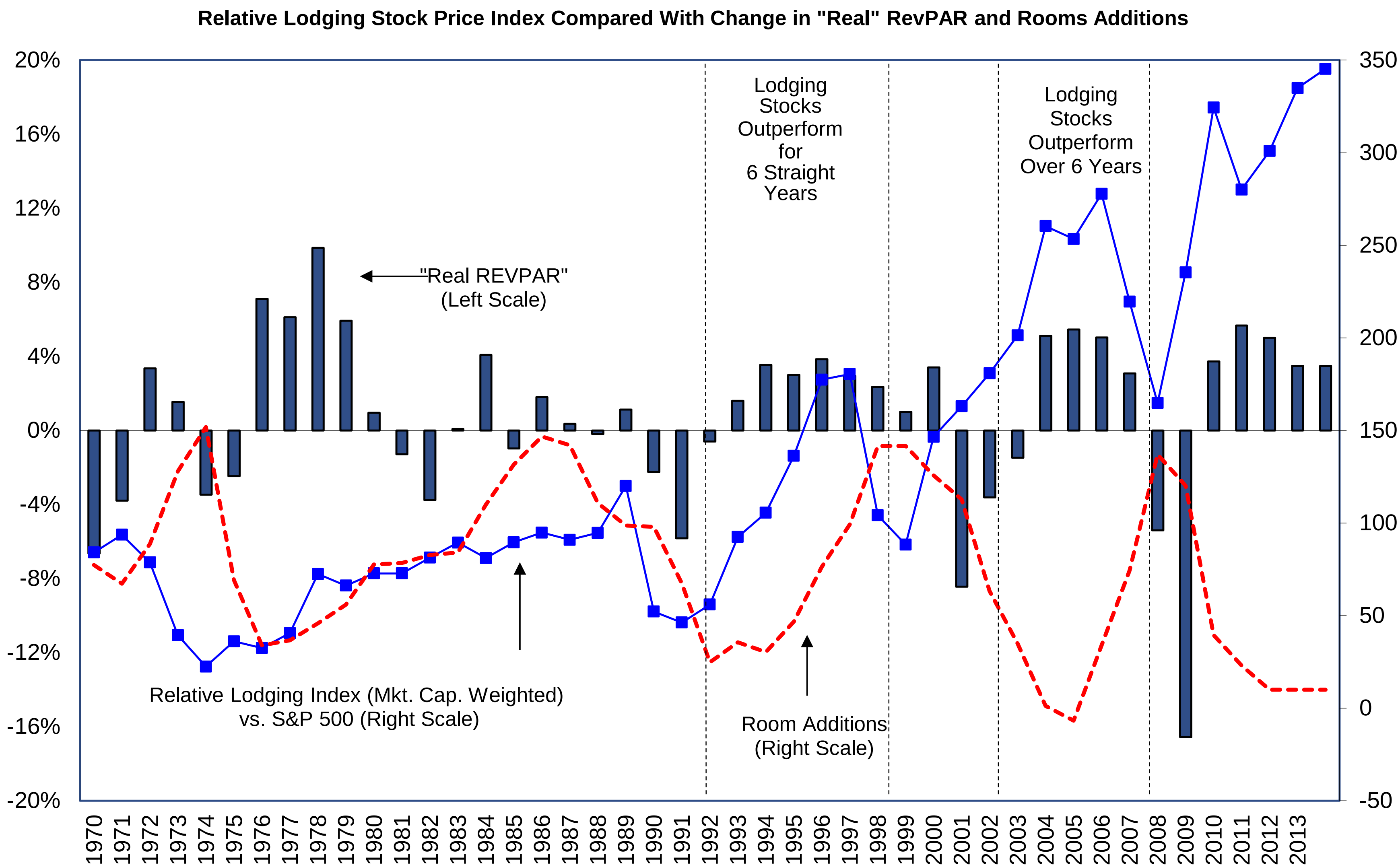
(a) Deflated by the personal consumption deflator.

(b) Citi Investment Research estimates 2013-2015E.

(c) Room supply is total rooms at year end. Supply growth measures the yr/yr change in room nights available, which adjusts for openings throughout the year.

Source: Citi Research and Smith Travel Research

Figure 142. Relative Lodging Stock Price Performance vs. Changes in Real REVPAR and Room Additions



Stock index data is through February 28, 2014

Source: Citi Research

Recommended Lists for Investment Strategies — Blue Chip, Mid Cap, Small Cap and Yield

Citi Research Blue Chip List

Company Name	Ticker	Rating	Price	Spot NAV	Implied Cap Rate	Prem/ (Disc) to Spot NAV	Price Change WTD	Price Change QTD	YTD Total Return	Div. Yld.	14 AFFO Payout Ratio	2014E FFO Growth	2014E FFO Mult.	2014E AFFO Growth	2014E AFFO Mult.	TEV/ EBITDA Mult.	Debt/ GAV	Fixed Cov. Ratio	Public Float	4Q13 SS NOI	Model Port Weight	REIT Index Weight
			($)	*($)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(x)*	*(%)*	*(x)*	*(x)*	*(%)*	*(x)*	*($ mil)*	*(%)*	*(%)*	*(%)*
AvalonBay	AVB	2	131.32	138.31	5.1	(5.1)	0.9	11.1	12.1	3.5	82	9.6	17.7	10.1	21.1	23.7	26	3.5	16,995	2.9	4.7	3.0
Boston Prop.	BXP	1	114.53	114.80	5.0	(0.2)	0.6	14.1	14.8	2.3	69	6.8	20.3	8.4	27.9	17.3	33	2.9	17,521	5.9	5.4	3.1
Federal Realty	FRT	2	114.72	106.36	4.8	7.9	1.0	13.1	13.9	2.7	82	9.4	21.4	12.1	27.0	22.5	25	4.8	7,640	4.3	1.7	1.3
General Growth	GGP	1	22.00	24.68	5.6	(10.9)	0.5	9.6	9.6	2.7	53	9.3	15.4	9.8	17.8	19.3	45	2.3	20,515	6.2	3.3	2.0
Host Hotels & Resorts	HST	1	20.24	22.72	8.2	(10.9)	1.5	4.1	4.8	2.8	55	10.8	12.9	13.2	17.7	15.7	19	5.2	15,277	N/A	5.1	2.6
Simon Property	SPG	1	164.00	176.15	5.3	(6.9)	0.1	7.8	8.6	3.0	63	7.0	16.0	7.9	19.0	18.3	32	3.2	50,911	5.5	10.6	9.0
Ventas	VTR	2	60.57	48.56	6.2	24.7	0.3	5.7	7.0	4.4	69	6.1	13.1	6.7	14.5	17.0	39	4.5	17,819	N/A	3.5	3.5
Vornado Realty	VNO	1	98.56	95.19	5.2	3.5	0.5	11.0	11.8	3.0	145	2.7	22.9	4.0	47.0	21.6	31	2.2	19,638	1.0	4.1	2.9
Blue Chip/Wtd. Avg.					5.6	(1.6)	0.5	9.1	9.8	3.1	75	7.4	17.0	8.5	23.1	19.1	33	3.4	166,316	3.7	38.3	27.3
Blue Chip/Str. Avg.					5.7	0.3	0.7	9.6	10.3	3.1	77	7.7	17.5	9.0	24.0	19.4	31	3.6	166,316	4.3		
REIT Total/Wtd. Avg.					6.0	3.8	0.8	8.9	10.0	3.8	77	6.6	14.9	8.2	18.3	18.6	35	3.1	602,805	4.1		

Citi Research REIT Mid Cap List

Company Name	Ticker	Rating	Price	Spot NAV	Implied Cap Rate	Prem/ (Disc) to Spot NAV	Price Change WTD	Price Change QTD	YTD Total Return	Div. Yld.	14 AFFO Payout Ratio	2014E FFO Growth	2014E FFO Mult.	2014E AFFO Growth	2014E AFFO Mult.	TEV/ EBITDA Mult.	Debt/ GAV	Fixed Cov. Ratio	Public Float	4Q13 SS NOI	Model Port Weight	REIT Index Weight
			($)	*($)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(x)*	*(%)*	*(x)*	*(x)*	*(%)*	*(x)*	*($ mil)*	*(%)*	*(%)*	*(%)*
Alexandria R.E.	ARE	1	72.56	70.84	6.1	2.4	0.7	14.1	15.2	3.9	74	8.0	14.2	17.4	16.3	21.0	36	2.4	5,164	1.4	1.7	0.9
American Campus	ACC	1	37.35	41.83	5.9	(10.7)	0.5	16.0	17.1	3.9	74	3.2	15.7	3.5	18.6	19.7	37	3.6	3,909	0.8	2.1	0.7
Douglas Emmett	DEI	1	27.14	29.47	4.7	(7.9)	(0.1)	16.5	17.4	2.7	57	3.9	16.4	8.6	19.8	21.9	40	2.9	3,880	0.3	2.7	0.6
Equity Lifestyle	ELS	2	40.65	39.15	6.2	3.8	0.8	12.2	13.1	3.2	57	3.8	14.6	4.0	17.2	16.8	37	2.8	3,387	3.7	1.4	0.6
LaSalle Hotel	LHO	1	31.31	31.84	8.5	(1.7)	(0.1)	1.5	2.4	3.6	53	11.7	11.3	13.5	13.1	15.2	26	4.1	3,197	N/A	2.3	0.6
Tanger Factory	SKT	1	35.00	37.08	6.0	(5.6)	0.7	9.3	10.0	2.6	51	8.0	16.4	8.2	18.2	21.1	28	4.2	3,308	3.5	1.3	0.6
Weingarten Realty	WRI	1	30.00	31.93	6.3	(6.0)	(0.4)	9.4	10.6	4.3	80	5.8	14.2	6.6	17.2	15.6	36	2.9	3,641	3.0	1.2	0.6
REIT Mid Cap/Wtd. Avg.					6.2	(3.5)	0.3	11.7	12.7	3.5	65	6.3	14.7	9.2	17.3	19.0	35	3.2	26,486	1.8	12.7	4.6
REIT Mid Cap/Str. Avg.					6.3	(3.7)	0.3	11.3	12.2	3.4	64	6.3	14.7	8.8	17.2	18.8	34	3.3	26,486	2.1		
REIT Total/Wtd. Avg.*					6.0	3.8	0.8	8.9	10.0	3.8	77	6.6	14.9	8.2	18.3	18.6	35	3.1	602,805	4.1		

Citi Research Small Cap List

Company Name	Ticker	Rating	Price	Spot NAV	Implied Cap Rate	Prem/ (Disc) to Spot NAV	Price Change WTD	Price Change QTD	YTD Total Return	Div. Yld.	14 AFFO Payout Ratio	2014E FFO Growth	2014E FFO Mult.	2014E AFFO Growth	2014E AFFO Mult.	TEV/ EBITDA Mult.	Debt/ GAV	Fixed Cov. Ratio	Public Float	4Q13 SS NOI	Model Port Weight	REIT Index Weight
			($)	*($)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(x)*	*(%)*	*(x)*	*(x)*	*(%)*	*(x)*	*($ mil)*	*(%)*	*(%)*	*(%)*
Coresite Realty	COR	2	31.00	31.22	8.1	(0.7)	1.4	(3.7)	(2.6)	4.5	91	16.3	12.8	25.5	16.1	17.1	13	5.7	663	N/A	0.1	0.1
EPR Properties	EPR	1	53.39	38.28	7.7	39.5	1.2	8.6	10.3	6.4	86	8.0	11.9	8.8	12.3	15.7	38	2.7	2,815	N/A	1.5	0.5
Dupont Fabros Tech.	DFT	1	24.07	28.34	9.0	(15.1)	(0.5)	(2.6)	(2.6)	5.8	60	2.8	10.0	(0.8)	10.4	12.9	25	3.0	1,569	N/A	1.2	0.3
EastGroup Prop.	EGP	2	62.91	55.68	5.7	13.0	1.6	8.6	9.5	3.4	80	5.2	17.5	7.6	21.7	20.9	34	3.4	1,931	1.4	0.3	0.3
Kite Realty Group	KRG	1	6.00	6.04	6.8	(0.7)	1.0	(8.7)	(7.8)	4.3	67	7.9	11.4	9.0	14.1	16.4	51	1.8	563	4.9	0.5	0.2
Post Properties	PPS	1	49.10	60.45	6.1	(18.8)	0.5	8.6	9.4	2.9	68	5.8	17.6	4.7	22.3	19.7	26	3.6	2,661	1.2	2.3	0.5
Sabra Healthcare	SBRA	2	27.89	21.74	7.9	28.3	1.4	6.7	8.1	5.2	65	1.3	12.1	3.0	12.2	14.5	41	2.4	1,082	N/A	0.3	0.2
Small Cap/Wtd. Avg.					7.1	8.2	0.9	5.3	6.3	4.7	75	6.1	14.0	6.7	16.3	17.1	32	3.2	11,285	0.8	6.2	2.1
Small Cap/Str. Avg.					7.3	6.5	0.9	2.5	3.5	4.7	74	6.8	13.3	8.3	15.6	16.7	33	3.2	11,285	2.5		
REIT Total/Wtd. Avg.*					6.0	3.8	0.8	8.9	10.0	3.8	77	6.6	14.9	8.2	18.3	18.6	35	3.1	602,805	4.1		

Citi Research Yield List

Company Name	Ticker	Rating	Price	Spot NAV	Implied Cap Rate	Prem/ (Disc) to Spot NAV	Price Change WTD	Price Change QTD	YTD Total Return	Div. Yld.	14 AFFO Payout Ratio	2014E FFO Growth	2014E FFO Mult.	2014E AFFO Growth	2014E AFFO Mult.	TEV/ EBITDA Mult.	Debt/ GAV	Fixed Cov. Ratio	Public Float	4Q13 SS NOI	Model Port Weight	REIT Index Weight
			($)	*($)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(%)*	*(x)*	*(%)*	*(x)*	*(x)*	*(%)*	*(x)*	*($ mil)*	*(%)*	*(%)*	*(%)*
CBL & Associates	CBL	2H	17.75	22.42	8.5	(20.8)	1.8	(1.2)	0.2	5.5	54	3.0	7.7	2.9	9.5	12.7	52	2.1	3,016	(0.1)	0.5	0.5
Digital Realty Trust	DLR	2	53.08	54.67	7.6	(2.9)	(0.8)	8.1	9.8	6.3	84	5.5	10.3	8.0	12.5	15.1	41	3.0	6,818	N/A	1.2	1.2
HCP	HCP	2	38.79	32.01	6.4	21.2	1.6	6.8	8.3	5.6	85	2.4	12.6	2.9	14.7	14.5	37	4.0	17,726	N/A	4.4	3.3
Highwoods	HIW	2	38.41	34.16	6.5	12.4	1.9	6.2	7.4	4.4	86	4.4	12.8	5.7	18.3	15.0	39	3.1	3,454	(1.5)	1.5	0.6
Home Prop	HME	2	60.12	70.25	6.9	(14.4)	0.7	12.1	13.5	4.9	75	5.4	12.7	5.4	14.6	16.0	34	3.4	3,425	3.2	0.6	0.6
Kimco Realty	KIM	2	21.88	24.10	6.6	(9.2)	0.2	10.8	10.8	4.1	77	5.3	14.8	6.4	17.5	16.4	37	2.4	8,965	3.4	1.6	1.6
Liberty Prop.	LPT	2	36.96	35.83	6.9	3.2	1.1	9.1	10.5	5.1	101	5.6	14.1	6.8	18.5	18.9	39	2.9	5,417	1.6	2.1	1.0
National Retail	NNN	2	34.32	22.86	6.2	50.1	1.3	13.2	14.5	4.7	78	5.4	16.3	5.3	15.8	18.1	32	3.0	4,187	N/A	0.8	0.8
Yield/Wtd. Avg.					6.8	8.1	1.0	8.2	9.4	5.2	82	4.2	12.8	5.1	15.3	15.7	39	3.2	53,006	0.8	12.7	9.7
Yield/Str. Avg.					6.9	4.9	1.0	8.1	9.4	5.1	80	4.6	12.6	5.4	15.2	15.8	39	3.0	53,006	1.3		
REIT Total/Wtd. Avg.*					6.0	3.8	0.8	8.9	10.0	3.8	77	6.6	14.9	8.2	18.3	18.6	35	3.1	602,805	4.1		

Source: Citi Research and FactSet

Welcome to *theHunter*

We began publishing our Weekly REIT Strategy in 1995, with the compilation of REIT industry statistical data as one of its cornerstones. We have continually adapted our REIT industry comparative valuation analysis, *theHunter*, since then to capture key valuation parameters and the needs of a broadening investor base.

We distribute a new electronic version of *theHunter* each day after the market close with that day's closing prices. (For the Friday market close, we send *theHunter* out Monday morning.) We update data points in *theHunter* throughout the week as they become available.

theHunter tracks approximately 135 property and lodging companies with a total float of ~$600 billion and a total market cap of over $1 trillion.

We segment these companies into 17 sectors by property type: malls & outlets, shopping centers, free standing retail (triple net lease), apartments, manufactured housing, student housing, single family, self-storage, office, industrial, mixed office/industrial, lab office, data centers, healthcare, diversified, lodging REITs and lodging c-corps.

The companies we cover are printed in bold face type. We want *theHunter* to be useful for you, so please let us know how we can improve it for your needs. As always, happy Hunting!

We divide *theHunter* into two sections: *theHunter* Set I and *theHunter* Set II.

***theHunter* Set I contains company name, ticker, rating, and price performance data.**

Set I also features valuation measures and earnings estimates including FFO, AFFO, and historical FFO multiples.

theHunter Set I

theHunter Set I features the following data:

- Current rating, weightings in our Citi Research Model REIT Portfolio and the Bloomberg REIT Index, current and historical price performance, dividend yield, total return performance year to date; TEV/EBITDA multiples, implied values per square foot, and implied cap rates;
- Estimates of funds from operations (FFO), including growth rates, the price-to-FFO multiple, the current sector average and historical sector average, and multiple premium/discount percentage;
- Estimates of adjusted funds from operations (AFFO), net asset value (NAV), and cumulative average growth rates, as well as a summary of balance sheet data. We note consensus AFFO and NAV estimates for uncovered companies are from SNL.

theHunter Set II

***theHunter* Set II features quarterly balance sheet, income statement, AFFO adjustment, and historical FFO multiples.**

theHunter Set II features data from the quarterly balance sheet, income statement AFFO adjustments, historical FFO multiples, NAV, dividend and volume data, the FFO multiple-to-growth ratio, and space expiring this year.

Sector	Citi Research--theHunter Set I Ranked by 2014E FFO Multiple: Company	Rating	Price 31-Mar ($)	Price Change Day (%)	Price Change Wk (%)	Price Change Mnth (%)	Price Change QTD (%)	Total Return YTD (%)	Total Return '13 (%)	Div Yld (%)	FFO Est. 2014E ($/sh)	FFO Citi vs. Cons. ($/sh)	FFO Est. 2015E ($/sh)	FFO Citi vs. Cons. ($/sh)	FFO Growth '14E (%)	FFO Growth '15E (%)	FFO Multiple '14E (x)	FFO Multiple '15E (x)	TEV/ EBITDA Mult. (x)	Implied Value / Unit or Sq. Ft. ($/sf)	Implied Cap Rate (%)	Prem/ (Disc) to NAV Spot (%)
Malls & Outlets	**Taubman Centers**	**2**	**70.79**	**1.1**	**1.1**	**0.5**	**10.7**	**11.6**	**(16.3)**	**3.1**	**3.79**	**(0.01)**	**4.14**	**(0.00)**	**3.8**	**9.2**	**18.7**	**17.1**	**18.5**	**412**	**5.8**	**(18.1)**
	Tanger Factory	**1**	**35.00**	**0.7**	**0.7**	**2.0**	**9.3**	**10.0**	**(3.8)**	**2.6**	**1.97**	**(0.01)**	**2.13**	**(0.06)**	**1.8**	**8.0**	**17.7**	**16.4**	**21.1**	**393**	**6.0**	**(5.6)**
	Macerich Co.	**1**	**62.33**	**1.0**	**1.0**	**3.7**	**5.8**	**6.9**	**5.1**	**4.0**	**3.56**	**(0.02)**	**3.81**	**0.01**	**0.9**	**7.1**	**17.5**	**16.3**	**18.6**	**377**	**5.9**	**(9.0)**
	Simon Property	**1**	**164.00**	**0.1**	**0.1**	**1.7**	**7.8**	**8.6**	**(0.8)**	**3.0**	**9.60**	**(0.00)**	**10.27**	**(0.08)**	**8.5**	**7.0**	**17.1**	**16.0**	**18.3**	**538**	**5.3**	**(6.9)**
	General Growth	**1**	**22.00**	**0.5**	**0.5**	**(0.1)**	**9.6**	**9.6**	**3.7**	**2.7**	**1.31**	**0.01**	**1.43**	**0.02**	**12.6**	**9.3**	**16.8**	**15.4**	**19.3**	**558**	**5.6**	**(10.9)**
	Glimcher Realty	**2**	**10.03**	**1.3**	**1.3**	**3.1**	**7.2**	**8.2**	**(12.0)**	**4.0**	**0.77**	**0.00**	**0.83**	**(0.01)**	**14.4**	**7.8**	**13.0**	**12.0**	**16.4**	**193**	**6.8**	**(9.5)**
	Pennsylvania REIT	**2H**	**18.05**	**1.0**	**1.0**	**(3.8)**	**(4.9)**	**(3.8)**	**11.8**	**4.4**	**2.00**	**(0.01)**	**2.06**	**(0.04)**	**9.7**	**3.5**	**9.0**	**8.7**	**13.1**	**223**	**8.2**	**(18.6)**
	CBL & Associates	**2H**	**17.75**	**1.8**	**1.8**	**(0.2)**	**(1.2)**	**0.2**	**(10.9)**	**5.5**	**2.23**	**0.01**	**2.30**	**0.02**	**0.3**	**3.0**	**7.9**	**7.7**	**12.7**	**126**	**8.5**	**(20.8)**
	Rouse Properties		17.24	1.5	1.5	(7.9)	(22.3)	(21.7)	33.9	3.0	1.58		1.67		N/A	N/A	N/A	N/A	20.5	N/A	N/A	(19.9)
	Malls & Outlets Tot/Wtd. Avg.			**0.4**	**0.4**	**1.2**	**7.3**	**8.0**	**(0.0)**	**3.2**					**8.1**	**7.5**	**16.3**	**15.2**	**18.0**	**481**	**5.7**	**(9.2)**
	Malls & Outlets Tot/Str. Avg.			**1.0**	**1.0**	**(0.1)**	**2.5**	**3.3**	**1.2**	**3.6**					**6.5**	**6.9**	**14.7**	**13.7**	**17.6**		**6.5**	**(13.3)**
Shopping Centers	**Federal Realty**	**2**	**114.72**	**1.0**	**1.0**	**3.1**	**13.1**	**13.9**	**(0.4)**	**2.7**	**4.89**	**(0.03)**	**5.35**	**(0.02)**	**5.7**	**9.4**	**23.4**	**21.4**	**22.5**	**459**	**4.8**	**7.9**
	Acadia Realty	**2**	**26.38**	**0.8**	**0.8**	**(0.3)**	**6.2**	**7.2**	**2.4**	**3.5**	**1.35**	**(0.01)**	**1.45**	**(0.01)**	**12.6**	**7.0**	**19.5**	**18.2**	**20.8**	**317**	**5.4**	**0.9**
	Regency Centers	**2**	**51.06**	**0.6**	**0.6**	**0.6**	**10.3**	**11.3**	**2.2**	**3.7**	**2.67**	**(0.01)**	**2.86**	**0.02**	**1.1**	**7.3**	**19.1**	**17.8**	**18.0**	**241**	**6.2**	**(5.8)**
	Retail Opp Inv Corp		14.94	0.9	0.9	0.7	1.5	2.6	19.2	4.0	0.84		0.91		(21.5)	8.3	17.8	16.4	24.8	N/A	N/A	N/A
	Equity One	**3**	**22.34**	**1.0**	**1.0**	**(3.7)**	**(0.4)**	**0.5**	**11.0**	**3.9**	**1.27**	**0.00**	**1.34**	**(0.02)**	**3.8**	**4.8**	**17.5**	**16.7**	**19.7**	**292**	**5.8**	**3.4**
	Urstadt Biddle		20.66	0.9	0.9	5.4	12.0	12.0	(1.2)	4.8	1.22		1.36		28.4	11.5	16.9	15.2	19.2	N/A	N/A	(0.6)
	Saul Centers		47.36	1.2	1.2	1.9	(0.8)	(0.0)	14.9	3.4	2.84		2.96		19.8	4.2	16.7	16.0	17.4	N/A	N/A	(9.6)
	Kimco Realty	**2**	**21.88**	**0.2**	**0.2**	**(1.7)**	**10.8**	**10.8**	**5.5**	**4.1**	**1.40**	**0.01**	**1.48**	**0.01**	**6.4**	**5.3**	**15.6**	**14.8**	**16.4**	**209**	**6.6**	**(9.2)**
	Weingarten Realty	**1**	**30.00**	**(0.4)**	**(0.4)**	**(1.6)**	**9.4**	**10.6**	**7.0**	**4.3**	**2.00**	**(0.00)**	**2.11**	**0.02**	**1.8**	**5.8**	**15.0**	**14.2**	**15.6**	**193**	**6.3**	**(6.0)**
	DDR Corp	**2**	**16.48**	**1.0**	**1.0**	**(0.8)**	**7.2**	**8.2**	**1.6**	**3.8**	**1.17**	**0.01**	**1.24**	**(0.02)**	**5.3**	**5.3**	**14.1**	**13.3**	**17.3**	**172**	**6.8**	**(4.5)**
	Retail Prop. of America	**2**	**13.54**	**1.7**	**1.7**	**(2.9)**	**6.4**	**7.7**	**11.8**	**4.9**	**1.00**	**0.03**	**1.03**	**0.00**	**(5.0)**	**3.5**	**13.6**	**13.1**	**14.4**	**164**	**7.1**	**(5.3)**
	Excel Trust		12.68	2.2	2.2	1.2	11.3	12.9	(4.7)	5.7	0.95		1.02		3.3	7.4	13.3	12.4	18.3	N/A	N/A	(7.7)
	Ramco-Gershenson		16.30	0.6	0.6	(2.4)	3.6	4.7	23.6	4.6	1.25		1.31		6.8	4.8	13.0	12.4	19.9	N/A	N/A	(4.3)
	Kite Realty Group	**1**	**6.00**	**1.0**	**1.0**	**(2.9)**	**(8.7)**	**(7.8)**	**23.1**	**4.3**	**0.49**	**(0.02)**	**0.52**	**(0.01)**	**13.9**	**7.9**	**12.3**	**11.4**	**16.4**	**145**	**6.8**	**(0.7)**
	Brixmor Prop. Group	**2**	**21.33**	**0.4**	**0.4**	**(3.4)**	**4.9**	**5.5**	**1.7**	**3.8**	**1.83**	**N/A**	**1.95**	**(0.01)**	**9.4**	**6.3**	**11.6**	**10.9**	**15.0**	**145**	**6.6**	**3.0**
	Cedar Realty Trust		6.11	(0.3)	(0.3)	(0.7)	(2.4)	(1.6)	22.3	3.3	0.53		0.57		(14.5)	7.5	11.5	10.7	16.9	N/A	N/A	(9.9)
	Inland Real Estate		10.55	2.0	2.0	(1.5)	0.3	1.6	32.3	5.5	0.96		1.01		(3.0)	5.2	11.0	10.4	19.4	N/A	N/A	(7.7)
	Shp Ctr Tot/Wtd. Avg.			**0.7**	**0.7**	**(0.7)**	**7.7**	**8.5**	**5.9**	**3.9**					**4.7**	**6.4**	**15.7**	**14.8**	**17.2**	**230**	**6.3**	**(2.5)**
	Shp Ctr Tot/Str. Avg.			**0.9**	**0.9**	**(0.5)**	**5.0**	**5.9**	**10.1**	**4.1**					**4.4**	**6.6**	**14.8**	**13.9**	**18.0**		**6.2**	**(3.5)**
Triple Net	**National Retail**	**2**	**34.32**	**1.3**	**1.3**	**(4.4)**	**13.2**	**14.5**	**2.3**	**4.7**	**2.00**	**(0.03)**	**2.11**	**(0.00)**	**4.5**	**5.4**	**17.1**	**16.3**	**18.1**	**318**	**6.2**	**50.1**
	Realty Income	**3**	**40.86**	**0.3**	**0.3**	**(8.0)**	**9.5**	**10.9**	**(2.2)**	**5.3**	**2.55**	**(0.02)**	**2.62**	**(0.07)**	**6.0**	**2.7**	**16.0**	**15.6**	**18.7**	**212**	**6.1**	**58.8**
	Spirit Realty		10.98	2.3	2.3	0.5	11.7	13.4	12.1	6.0	0.80		0.82		48.2	3.1	13.7	13.3	N/A	N/A	N/A	0.1
	EPR Properties	**1**	**53.39**	**1.2**	**1.2**	**0.2**	**8.6**	**10.3**	**13.5**	**6.4**	**4.17**	**(0.00)**	**4.50**	**0.01**	**(0.2)**	**8.0**	**12.8**	**11.9**	**15.7**	**319**	**7.7**	**39.5**
	Lexington Realty		10.91	1.3	1.3	(4.4)	6.9	8.5	3.6	5.5	1.13		1.15		10.8	1.8	9.7	9.5	14.7	N/A	N/A	(3.6)
	Getty Realty		18.89	1.5	1.5	(1.8)	2.8	3.9	6.4	4.3	1.17		1.37		N/A	N/A	N/A	N/A	20.1	N/A	N/A	30.1
	Fr-Stnd Rtl Tot/Wtd. Avg.			**0.9**	**0.9**	**(4.5)**	**7.8**	**9.4**	**10.3**	**5.6**					**16.7**	**4.5**	**13.6**	**13.1**	**18.5**	**260**	**6.4**	**23.4**
	Fr-Stnd Rtl Tot/Str. Avg.			**1.2**	**1.2**	**(3.5)**	**7.5**	**9.1**	**12.0**	**5.6**					**14.2**	**4.7**	**13.3**	**12.8**	**18.1**		**6.7**	**23.2**
Apartments	**AvalonBay**	**2**	**131.32**	**0.9**	**0.9**	**1.8**	**11.1**	**12.1**	**(9.6)**	**3.5**	**6.75**	**(0.02)**	**7.40**	**0.12**	**N/A**	**9.6**	**19.5**	**17.7**	**23.7**	**264**	**5.1**	**(5.1)**
	Equity Res	**2**	**57.99**	**1.0**	**1.0**	**(0.8)**	**11.8**	**12.8**	**(5.2)**	**3.4**	**3.11**	**0.01**	**3.26**	**(0.03)**	**N/A**	**5.1**	**18.7**	**17.8**	**20.9**	**290**	**5.5**	**(7.2)**
	Post Properties	**1**	**49.10**	**0.5**	**0.5**	**1.2**	**8.6**	**9.4**	**(7.6)**	**2.9**	**2.64**	**0.03**	**2.79**	**0.00**	**N/A**	**5.8**	**18.6**	**17.6**	**19.7**	**181**	**6.1**	**(18.8)**
	UDR	**2**	**25.83**	**0.6**	**0.6**	**0.1**	**10.6**	**11.6**	**2.1**	**4.0**	**1.50**	**(0.00)**	**1.60**	**0.01**	**3.6**	**7.2**	**17.3**	**16.1**	**21.7**	**240**	**5.6**	**(8.3)**
	Camden Prop	**2**	**67.34**	**1.3**	**1.3**	**1.0**	**18.4**	**19.5**	**(12.9)**	**3.9**	**4.21**	**(0.01)**	**4.42**	**(0.04)**	**2.4**	**4.9**	**16.0**	**15.2**	**18.4**	**150**	**6.4**	**(16.6)**
	AIMCO	**2**	**30.22**	**1.0**	**1.0**	**1.1**	**16.6**	**17.6**	**(0.7)**	**3.4**	**2.05**	**(0.03)**	**2.15**	**(0.10)**	**0.2**	**5.0**	**14.8**	**14.1**	**15.8**	**142**	**6.8**	**(10.8)**
	Mid-America Apt.		68.27	1.3	1.3	0.9	12.4	13.6	(1.9)	4.3	5.04		5.49		15.9	8.9	13.5	12.4	25.7	N/A	N/A	(3.4)
	Home Prop	**2**	**60.12**	**0.7**	**0.7**	**2.0**	**12.1**	**13.5**	**(8.0)**	**4.9**	**4.50**	**(0.02)**	**4.75**	**0.02**	**3.2**	**5.4**	**13.3**	**12.7**	**16.0**	**150**	**6.9**	**(14.4)**
	Associated Estates	**2**	**16.94**	**0.8**	**0.8**	**(0.9)**	**5.5**	**6.7**	**4.3**	**4.5**	**1.29**	**0.00**	**1.33**	**(0.02)**	**2.3**	**3.1**	**13.1**	**12.7**	**18.1**	**134**	**7.8**	**(25.2)**
	Apartment Tot/Wtd. Avg.			**1.0**	**1.0**	**0.7**	**12.8**	**13.8**	**(4.3)**	**3.6**					**5.4**	**6.9**	**17.7**	**16.6**	**21.0**	**243**	**5.6**	**(7.1)**
	Apartment Tot/Str. Avg.			**1.0**	**1.0**	**0.9**	**12.8**	**13.8**	**(2.6)**	**3.7**					**4.9**	**6.4**	**16.6**	**15.6**	**20.2**		**6.0**	**(9.6)**
Student Apts.	**American Campus**	**1**	**37.35**	**0.5**	**0.5**	**1.1**	**16.0**	**17.1**	**(27.1)**	**3.9**	**2.31**	**(0.02)**	**2.38**	**(0.10)**	**3.8**	**3.2**	**16.2**	**15.7**	**19.7**	**207**	**5.9**	**(10.7)**
	EdR		9.87	0.4	0.4	4.7	11.9	13.2	(13.2)	4.5	0.64		0.73		16.4	14.1	15.4	13.5	26.2	N/A	N/A	(7.8)
	Campus Crest	**2H**	**8.68**	**0.5**	**0.5**	**4.8**	**(7.8)**	**(6.0)**	**(17.9)**	**7.6**	**0.72**	**(0.02)**	**0.83**	**(0.00)**	**(12.4)**	**15.4**	**12.1**	**10.5**	**19.7**	**197**	**7.0**	**(13.4)**
	Student Apts. Tot/Wtd. Avg.			**0.5**	**0.5**	**2.3**	**12.3**	**13.5**	**(23.1)**	**4.3**					**4.8**	**6.6**	**15.5**	**14.5**	**20.7**	**205**	**6.1**	**(10.4)**
	Student Apts. Tot/Str. Avg.			**0.5**	**0.5**	**3.5**	**6.7**	**8.1**	**(19.4)**	**5.3**					**2.6**	**10.9**	**14.4**	**12.9**	**21.9**		**6.5**	**(10.7)**
M. Home	**Equity Lifestyle**	**2**	**40.65**	**0.8**	**0.8**	**1.0**	**12.2**	**13.1**	**10.7**	**3.2**	**2.68**	**(0.01)**	**2.78**	**(0.04)**	**N/A**	**3.8**	**15.2**	**14.6**	**16.8**	**44**	**6.2**	**3.8**
	Sun Comm	**2**	**45.09**	**1.5**	**1.5**	**(2.1)**	**5.7**	**7.3**	**13.2**	**5.8**	**3.41**	**(0.00)**	**3.59**	**(0.10)**	**10.1**	**5.3**	**13.2**	**12.6**	**16.0**	**41**	**7.1**	**(2.7)**
	Mfd Home Tot/Wtd. Avg.			**1.0**	**1.0**	**(0.1)**	**10.0**	**11.1**	**11.5**	**4.0**					**10.1**	**4.3**	**14.5**	**13.9**	**16.5**	**43**	**6.5**	**1.7**
	Mfd Home Tot/Str. Avg.			**1.1**	**1.1**	**(0.6)**	**9.0**	**10.2**	**11.9**	**4.5**					**10.1**	**4.5**	**14.1**	**13.5**	**16.4**		**6.6**	**0.6**
Single Family	American Residential Prop.		17.98	0.7	0.7	(1.2)	4.8	4.8	(18.3)	0.4	0.59		1.02		N/A	N/A	30.5	17.6	N/A	N/A	N/A	(24.6)
	American Homes 4 Rent		16.71	0.1	0.1	2.0	3.1	3.5	1.6	1.6	0.67		0.94		N/A	N/A	24.9	17.8	N/A	N/A	N/A	2.5
	Silver Bay Realty Trust		15.52	0.6	0.6	(1.0)	(2.9)	(2.8)	(14.9)	0.5	0.26		0.48		N/A	N/A	N/A	N/A	N/A	N/A	N/A	(14.0)
	Single Family Tot/Wtd. Avg.			**0.3**	**0.3**	**1.2**	**2.5**	**2.7**	**(3.5)**	**1.3**					**N/A**	**N/A**	**N/A**	**17.8**	**N/A**	**N/A**	**N/A**	**(3.5)**
	Single Family Tot/Str. Avg.			**0.5**	**0.5**	**(0.1)**	**1.7**	**1.8**	**(10.5)**	**0.8**					**N/A**	**N/A**	**N/A**	**17.7**	**N/A**		**N/A**	**(12.0)**
Storage	**Public Storage**	**2**	**168.49**	**0.3**	**0.3**	**(0.3)**	**11.9**	**12.9**	**7.4**	**3.3**	**8.01**	**(0.09)**	**8.29**	**(0.26)**	**7.6**	**3.4**	**21.0**	**20.3**	**21.4**	**226**	**4.5**	**41.4**
	Extra Space Storage	**2**	**48.51**	**1.1**	**1.1**	**(1.2)**	**15.1**	**16.1**	**19.8**	**3.3**	**2.37**	**(0.04)**	**2.49**	**(0.17)**	**19.0**	**4.8**	**20.4**	**19.5**	**22.0**	**325**	**5.0**	**48.2**
	Sovran	**2**	**73.45**	**1.1**	**1.1**	**(0.7)**	**12.8**	**13.9**	**8.1**	**3.7**	**4.19**	**(0.01)**	**4.61**	**0.05**	**12.4**	**10.1**	**17.5**	**15.9**	**19.4**	**129**	**6.3**	**3.8**
	CubeSmart	**2**	**17.16**	**2.7**	**2.7**	**(2.0)**	**7.7**	**8.5**	**11.7**	**3.0**	**1.00**	**(0.01)**	**1.08**	**(0.03)**	**14.8**	**7.6**	**17.1**	**15.9**	**20.2**	**149**	**5.8**	**12.8**
	Self Storage Tot/Wtd. Avg.			**0.6**	**0.6**	**(0.6)**	**12.2**	**13.1**	**9.4**	**3.3**					**9.9**	**4.3**	**20.4**	**19.5**	**21.3**	**230**	**4.8**	**38.3**
	Self Storage Tot/Str. Avg.			**1.3**	**1.3**	**(1.1)**	**11.9**	**12.8**	**11.7**	**3.3**					**13.5**	**6.5**	**19.0**	**17.9**	**20.8**		**5.4**	**26.6**
Healthcare	Healthcare Realty		24.15	0.5	0.5	0.8	13.3	14.0	(8.9)	5.0	1.45		1.56		9.8	7.6	16.7	15.5	19.2	N/A	N/A	(0.6)
	Healthcare Trust of America		11.39	0.4	0.4	1.4	15.8	18.8	11.5	5.1	0.72		0.77		12.5	6.9	15.8	14.8	19.3	N/A	N/A	11.3
	Health Care REIT	**2**	**59.60**	**0.8**	**0.8**	**1.5**	**11.3**	**12.7**	**(7.6)**	**5.3**	**4.00**	**(0.03)**	**4.22**	**0.00**	**5.1**	**5.7**	**14.9**	**14.1**	**18.1**	**N/A**	**6.3**	**24.8**
	National Health		60.46	0.9	0.9	(2.0)	7.8	9.2	4.7	4.4	4.07		4.31		14.6	5.9	14.9	14.0	24.2	N/A	N/A	32.1
	LTC Properties		37.63	0.3	0.3	(0.1)	6.3	7.8	6.0	4.9	2.63		2.83		11.0	7.6	14.3	13.3	17.8	N/A	N/A	16.5
	Ventas	**2**	**60.57**	**0.3**	**0.3**	**(3.0)**	**5.7**	**7.0**	**(7.3)**	**4.4**	**4.36**	**(0.00)**	**4.62**	**0.04**	**5.3**	**6.1**	**13.9**	**13.1**	**17.0**	**N/A**	**6.2**	**24.7**
	Aviv REIT		24.45	1.5	1.5	(3.6)	3.2	4.7	22.2	6.2	1.89		2.00		50.0	5.8	12.9	12.2	16.6	N/A	N/A	19.4
	HCP	**2**	**38.79**	**1.6**	**1.6**	**0.1**	**6.8**	**8.3**	**(14.9)**	**5.6**	**3.01**	**(0.01)**	**3.09**	**(0.03)**	**0.7**	**2.4**	**12.9**	**12.6**	**14.5**	**N/A**	**6.4**	**21.2**
	Senior Housing Prop.		22.47	0.3	0.3	0.8	1.1	2.8	0.6	6.9	1.76		1.84		4.1	4.5	12.8	12.2	14.3	N/A	N/A	(1.1)
	Sabra Healthcare	**2**	**27.89**	**1.4**	**1.4**	**(2.0)**	**6.7**	**8.1**	**26.6**	**5.2**	**2.28**	**0.01**	**2.31**	**(0.10)**	**24.5**	**1.3**	**12.3**	**12.1**	**14.5**	**N/A**	**7.9**	**28.3**
	Omega Healthcare Investors		33.52	0.5	0.5	4.9	12.5	14.1	32.7	5.3	2.74		2.80		8.3	2.2	12.2	12.0	15.7	N/A	N/A	62.3
	Medical Properties Trust		12.79	0.8	0.8	(3.0)	4.7	6.4	8.9	6.7	1.12		1.19		16.7	6.2	11.4	10.7	18.4	N/A	N/A	31.9
	Healthcare Tot/Wtd. Avg.			**0.8**	**0.8**	**(0.2)**	**7.9**	**9.4**	**(4.1)**	**5.3**					**6.2**	**4.8**	**13.7**	**13.1**	**16.6**	**N/A**	**6.3**	**23.5**
	Healthcare Tot/Str. Avg.			**0.8**	**0.8**	**(0.4)**	**7.9**	**9.5**	**6.2**	**5.4**					**13.6**	**5.2**	**13.6**	**12.9**	**17.1**		**6.7**	**22.6**
	REIT Total/Wtd. Avg.		**971.81**	**0.8**	**0.8**	**0.0**	**8.9**	**10.0**	**2.5**	**3.8**					**8.0**	**6.6**	**15.9**	**14.9**	**18.6**		**6.0**	**3.8**
	REIT Total/Straight Avg			**0.9**	**0.9**	**(0.3)**	**6.8**	**7.9**	**9.2**	**4.0**					**8.2**	**7.5**	**15.2**	**14.0**	**18.2**		**6.4**	**1.0**

See footnote to *theHunter* on pages 75 and 76.

					Adjusted Funds From Operations (AFFO)						FFO Mult Prem		Hist. FFO Multiples			Net Asset Value				Balance Sheet		
	Tckr	Model Port. Weight	Model Hedge Weight	REIT Index Weight	Est. '14E	Est. '15E	Mult. '14E	Mult. '15E	Grwth '14E	Grwth '15E	Current vs. Sector	20 Yr. Sector Avg	High	Low	20 Yr. Avg	NAV	Spot Cap Rate	Debt/ GAV	Net Debt/ Fwd Cash EBITDA	Fixed Cov Ratio	Market Capitalization Float	Total
		(%)	(%)	(%)	($/sh)	($/sh)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)	(x)	($/sh)	(%)	(%)	(x)	(x)	($ mil)	($ mil)
Malls & Outlets	TCO	0.8		0.8	3.15	3.48	22.5	20.4	3.8	10.4	14.5	7.5	22.8	7.9	13.5	86.43	5.00	27	5.5	2.8	4,467	9,782
	SKT	1.3		0.6	1.78	1.93	19.7	18.2	4.3	8.2	10.3	(6.9)	19.9	5.6	11.7	37.08	5.75	28	5.9	4.2	3,308	4,921
	MAC	2.0	2.9	1.5	2.89	3.13	21.6	19.9	0.8	8.4	9.9	(4.3)	18.0	3.8	12.0	68.47	5.50	37	7.3	2.8	8,772	15,429
	SPG	10.6	3.8	9.0	7.98	8.61	20.6	19.0	10.3	7.9	7.4	(3.2)	18.8	6.7	12.1	176.15	5.00	32	5.8	3.2	50,911	89,201
	GGP	3.3	3.6	2.0	1.12	1.23	19.6	17.8	13.7	9.8	3.0	(12.7)	18.3	0.5	11.0	24.68	5.25	45	8.4	2.3	20,515	40,614
	GRT	0.2		0.2	0.46	0.52	21.7	19.4	12.5	12.2	(19.3)	(32.4)	15.0	1.5	8.5	11.09	6.50	49	8.5	1.9	1,455	3,657
	PEI			0.2	1.31	1.42	13.8	12.7	2.5	8.5	(40.8)	(34.3)	11.2	2.3	8.1	22.18	7.50	51	7.2	2.1	1,231	3,302
	CBL	0.5		0.5	1.81	1.86	9.8	9.5	2.8	2.9	(47.6)	(25.7)	13.7	2.1	9.0	22.42	7.75	52	7.1	2.1	3,016	9,674
	RSE			0.1	1.34	1.40	N/A	N/A	N/A	N/A	(30.4)					21.52	N/A	N/A	N/A	N/A	995	2,450
		18.7	10.3	14.9			19.7	18.2	9.3	8.4	1.5	(8.9)	17.8	5.3	11.4		5.36	37	6.8	2.9	94,670	179,029
							18.6	17.1	6.3	8.5								40	6.9	2.7		
Shopping Centers	FRT	1.7	1.6	1.3	3.79	4.25	30.3	27.0	(2.2)	12.1	43.4	21.3	23.4	7.2	15.2	106.36	5.08	25	5.5	4.8	7,640	10,092
	AKR	0.3		0.3	1.03	1.12	25.6	23.6	23.4	8.3	22.7	3.7	20.2	5.4	13.2	26.15	5.50	28	5.6	4.4	1,468	2,065
	REG			0.8	2.01	2.18	25.5	23.5	0.9	8.5	19.9	3.6	19.3	6.8	12.9	54.20	5.90	31	5.7	2.4	4,715	7,437
	ROIC			0.2	0.67	0.75	22.2	19.8	(2.8)	11.9	10.1	7.9	18.4	15.5	16.6	13.68	N/A	37	6.6	N/A	1,086	1,755
	EQY			0.3	0.99	1.05	22.5	21.3	3.0	5.7	13.0	7.8	17.6	9.1	14.6	21.61	5.90	36	7.1	3.1	2,641	4,487
	UBA			0.1	1.13	1.25	18.4	16.5	25.7	11.1	1.2					20.78	N/A	20	N/A	N/A	678	1,093
	BFS			0.1	2.12	2.21	22.3	21.4	15.0	4.4	8.2	4.3	20.6	7.4	12.9	52.40	N/A	34	N/A	N/A	966	2,293
	KIM	1.6		1.6	1.18	1.25	18.6	17.5	7.0	6.4	(0.2)	3.2	18.3	8.4	12.6	24.10	6.24	37	6.4	2.4	8,965	16,367
	WRI	1.2	1.5	0.6	1.63	1.74	18.4	17.2	7.1	6.6	(4.2)	(0.8)	15.2	7.1	12.0	31.93	6.10	36	6.0	2.9	3,641	6,137
	DDR	1.1	1.6	0.9	0.98	1.04	16.8	15.9	7.7	5.8	(10.0)	(16.7)	16.2	1.8	10.4	17.25	6.60	47	7.1	2.2	5,920	12,149
	RPAI			0.5	0.83	0.86	16.2	15.7	(0.7)	3.7	(11.0)	(14.5)	13.1	13.0	13.1	14.29	6.75	40	6.1	2.5	2,476	5,596
	EXL			0.1	0.80	0.86	15.9	14.7	16.0	8.0	(16.5)	9.1	20.5	12.2	16.8	13.74	N/A	40	6.9	N/A	608	1,302
	RPT			0.2	1.09	1.11	15.0	14.6	12.0	2.3	(15.9)	(33.5)	14.3	2.6	9.9	17.04	N/A	39	6.3	N/A	1,089	2,020
	KRG	0.5	1.0	0.2	0.39	0.42	15.4	14.1	32.5	9.0	(23.3)	(21.6)	15.2	5.4	11.5	6.04	6.75	51	7.3	1.8	563	1,450
	BRX			0.2	1.23	1.42	17.4	15.1	22.7	15.2	(26.3)	(63.2)	10.8	10.8	10.8	20.72	6.70	49	7.7	2.6	4,866	12,455
	CDR			0.1	0.39	0.43	15.6	14.2	10.8	9.8	(28.0)	(28.8)	11.2	10.5	11.0	6.78	N/A	51	8.4	N/A	463	1,400
	IRC			0.2	0.77	0.83	13.6	12.8	3.8	6.7	(29.5)	(27.5)	12.9	8.8	10.2	11.43	N/A	45	8.5	N/A	1,052	2,184
		6.4	5.7	7.5			19.8	18.4	7.2	8.3	(0.3)	(1.5)	17.1	7.3	12.2		6.19	38	6.7	2.8	48,836	90,281
							19.4	17.9	10.7	8.0								38	6.7	2.9		
Triple Net	NNN	0.8		0.8	2.06	2.17	16.6	15.8	3.4	5.3	9.8	(3.5)	17.5	6.3	11.8	22.86	8.00	32	4.3	3.0	4,187	6,332
	O		-1.5	1.6	2.54	2.61	16.1	15.7	8.5	2.8	5.8	4.4	17.1	7.9	12.6	25.73	8.00	41	5.6	3.1	8,469	13,245
	SRC			0.7	0.79	0.82	13.9	13.4	(6.2)	4.0	(9.7)					10.97	N/A	48	N/A	N/A	4,073	7,851
	EPR	1.5	1.3	0.5	3.98	4.32	13.4	12.3	11.0	8.8	(20.4)	(20.6)	13.9	4.5	10.0	38.28	9.70	38	2.6	2.7	2,815	4,648
	LXP			0.5	0.83	0.89	13.2	12.3	15.6	6.9	(35.5)	(41.5)	10.1	8.0	9.0	11.32	N/A	43	5.7	N/A	2,501	4,714
	GTY			0.1	N/A	N/A	N/A	N/A	N/A	N/A	(9.1)	(5.3)	16.1	7.5	13.3	14.52	N/A	25	2.8	N/A	631	789
		2.2	-0.2	6.7			15.0	14.3	6.0	4.7	(11.6)	(8.6)	14.4	6.7	11.2		8.35	41	5.4	3.0	40,090	67,922
							14.7	13.9	6.5	5.6								38	4.6	2.9		
Apartments	AVB	4.7	2.8	3.0	5.64	6.21	23.3	21.1	7.5	10.1	18.7	33.4	26.8	9.7	16.6	138.31	4.90	26	5.6	3.5	16,995	23,141
	EQR	4.9	2.5	3.7	2.61	2.76	22.2	21.0	7.2	5.6	20.0	14.9	21.7	8.7	14.1	62.50	5.20	31	6.6	3.0	20,904	32,543
	PPS	2.3	2.8	0.5	2.10	2.20	23.3	22.3	10.0	4.7	18.5	24.8	24.3	9.4	15.4	60.45	5.20	26	5.4	3.6	2,661	3,860
	UDR	2.4	2.4	1.1	1.25	1.35	20.7	19.2	7.6	8.0	8.3	2.2	19.3	6.6	12.6	28.15	5.30	36	8.0	3.2	6,457	10,977
	CPT	1.7		1.0	3.41	3.60	19.7	18.7	1.7	5.5	2.9	5.9	19.4	8.0	13.1	80.70	5.60	27	5.4	3.7	5,916	8,681
	AIV			0.8	1.63	1.72	18.5	17.6	1.4	5.1	(5.0)	(10.7)	16.4	4.4	11.0	33.87	6.37	45	7.3	2.2	4,392	8,955
	MAA			0.9	4.21	4.66	16.2	14.6	0.6	10.7	(16.7)	(6.3)	16.0	7.2	11.4	70.70	N/A	38	6.2	N/A	5,118	8,880
	HME	0.6		0.6	3.91	4.12	15.4	14.6	4.0	5.4	(14.5)	2.1	18.2	8.2	12.3	70.25	6.20	34	5.9	3.4	3,425	6,500
	AEC			0.2	1.16	1.19	14.6	14.2	(0.5)	2.7	(13.9)	(21.5)	14.8	6.0	9.6	22.64	6.50	38	7.6	3.0	974	1,788
		16.5	10.4	13.8			21.3	19.2	6.1	7.6	11.7	11.6	20.7	8.6	13.9		5.31	32	6.4	3.1	78,034	122,037
							20.7	19.4	4.9	6.9								33	6.5	3.1		
Student Apts	ACC	2.1	1.5	0.7	1.94	2.00	19.3	18.6	1.2	3.5	6.4	25.2	21.9	13.1	17.9	41.83	5.50	37	7.3	3.6	3,909	6,570
	EDR			0.2	0.61	0.71	16.2	13.8	27.8	16.9	(10.3)	1.0	21.8	7.3	14.8	10.71	N/A	39	7.3	3.2	1,135	1,925
	CCG			0.1	0.68	0.78	12.8	11.1	(7.3)	15.9	(30.4)	(11.7)	17.7	10.2	13.7	10.02	6.50	47	9.3	2.6	554	1,433
		2.1	1.5	1.0			17.7	17.3	5.8	7.5	(2.4)	19.4	20.6	12.1	17.1		5.68	31	7.6	3.4	5,598	9,929
							16.1	14.5	7.2	12.1								41	8.0	3.1		
M. Home	ELS	1.4	1.5	0.6	2.28	2.37	17.9	17.2	5.2	4.0	(1.0)	14.2	18.8	10.4	13.6	39.15	6.30	37	5.9	2.8	3,387	6,027
	SUI			0.3	3.12	3.29	14.5	13.7	7.8	5.5	(15.2)	(8.5)	14.0	5.0	10.7	46.36	7.00	44	6.6	2.5	1,630	3,318
		1.4	1.5	0.9			16.6	16.1	6.1	4.5	(6.1)	3.0	16.3	8.7	12.4		6.55	40	6.2	2.7	5,016	9,345
							16.2	15.4	6.5	4.7								41	6.2	2.7		
Single Family	ARPI			0.1	0.30	0.77	59.9	23.4	N/A	N/A	9.1					23.84	N/A	26	7.6	N/A	578	856
	AMH			0.1	0.49	0.72	34.3	23.3	N/A	N/A	13.4					16.31	N/A	10	1.7	N/A	3,100	4,674
	SBY			0.1	0.12	0.26	N/A	N/A	N/A	N/A	N/A					18.04	N/A	19	6.0	N/A	599	764
		0.0	0.0	0.3			N/A	23.3	N/A	N/A	12.7						N/A	13	2.9	N/A	4,277	6,294
							N/A	23.3	N/A	N/A								18	5.1	N/A		
Storage	PSA	3.7		4.2	7.60	7.85	22.2	21.5	8.6	3.4	37.8	17.8	21.8	8.2	14.6	119.12	6.26	0	0.0	7.0	28,940	32,777
	EXR	1.2		1.0	2.22	2.32	21.8	20.9	19.0	4.5	31.8	10.4	20.8	9.7	16.0	32.72	6.62	33	5.2	5.0	5,396	7,594
	SSS			0.4	3.64	4.26	20.2	17.3	9.2	17.0	6.5	(1.3)	18.0	6.0	12.3	70.74	6.50	21	3.8	4.7	2,390	3,030
	CUBE			0.4	0.84	0.90	20.4	19.0	10.2	7.4	6.7	(2.3)	18.4	4.8	14.4	15.22	6.25	34	6.1	3.8	2,425	3,701
		5.0	0.0	6.1			21.9	20.4	10.2	4.6	32.2	14.4	21.0	8.0	14.2		6.32	11	1.2	6.3	39,151	47,101
							21.2	19.7	11.7	8.1								22	3.8	5.1		
Healthcare	HR			0.4	1.28	1.43	18.8	16.9	16.9	11.6	4.0	4.0	17.3	5.6	12.7	24.29	N/A	37	6.4	2.5	2,318	3,667
	HTA			0.5	0.64	0.68	17.9	16.8	12.6	6.7	(0.5)					10.23	N/A	33	5.5	3.8	2,703	3,919
	HCN	1.6		3.1	3.49	3.69	17.1	16.2	6.3	5.7	(4.9)	(6.1)	15.7	5.3	11.4	47.75	7.20	42	6.5	2.9	17,258	29,116
	NHI			0.3	3.78	3.96	16.0	15.3	10.0	4.8	(5.5)	(7.0)	16.8	4.2	11.2	45.77	N/A	29	3.9	N/A	1,998	2,615
	LTC			0.2	2.57	2.77	14.6	13.6	12.2	7.6	(10.7)	(5.1)	14.5	10.3	13.1	32.30	N/A	19	2.5	5.6	1,310	1,627
	VTR	3.5		3.5	3.90	4.17	15.5	14.5	5.3	6.7	(11.7)	3.7	16.8	7.9	14.2	48.56	7.10	39	5.5	4.5	17,819	27,151
	AVIV			0.0	1.95	2.16	12.6	11.3	15.8	11.1	(17.6)					20.48	N/A	40	4.1	N/A	923	1,893
	HCP	4.4	2.8	3.3	2.56	2.63	15.2	14.7	1.5	2.9	(14.6)	5.5	17.2	7.0	12.7	32.01	7.24	37	4.7	4.0	17,726	26,759
	SNH			0.8	1.58	1.64	14.2	13.7	3.7	3.9	(17.4)	(19.8)	12.8	12.1	12.3	22.71	N/A	31	3.9	3.6	4,228	6,121
	SBRA	0.3		0.2	2.22	2.29	12.6	12.2	36.0	3.0	(17.6)	(27.7)	13.4	7.7	11.1	21.74	9.25	41	5.0	2.4	1,082	1,910
	OHI			0.7	2.51	2.54	13.4	13.2	7.6	1.3	(18.6)	(18.2)	12.1	10.0	11.1	20.65	N/A	44	4.4	N/A	4,164	6,188
	MPW			0.4	1.05	1.12	12.2	11.4	13.9	6.7	(5.5)	(24.3)	13.9	10.6	11.7	9.70	N/A	46	5.3	2.7	2,176	3,602
		9.7	2.8	13.6			15.5	14.6	6.4	5.2	(11.5)	(2.2)	15.5	5.8	12.0		7.23	39	5.2	3.7	73,705	114,569
							15.0	14.2	11.8	6.0								37	4.8	3.5		
		100	30	98			19.7	18.3	5.4	8.2			17.7	7.7	12.4		6.04	35	6.4	3.1	602,805	1,023,214
							19.7	17.7	7.7	8.9			17.0	7.1	11.6		6.45	35	6.0	3.0		

See footnote to *theHunter* on pages 75 and 76.

Sector	Citi Research--theHunter Set I Ranked by 2014E FFO Multiple Company	Rating	Price 31-Mar	Price Change Day	Price Change Wk	Price Change Mnth	Price Change QTD	Total Return YTD	Total Return '13	Div Yld	FFO Est. 2014E	FFO Citi vs. Cons.	FFO Est. 2015E	FFO Citi vs. Cons.	FFO Growth '14E	FFO Growth '15E	FFO Multiple '14E	FFO Multiple '15E	TEV/ EBITDA Mult.	Implied Value / Unit or Sq. Ft.	Implied Cap Rate	Prem/ (Disc) to NAV Spot
			($)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	($/sh)	($/sh)	($/sh)	($/sh)	(%)	(%)	(x)	(x)	(x)	($/sf)	(%)	(%)
Office	**Vornado Realty**	1	98.56	0.5	0.5	2.4	11.0	11.8	14.5	3.0	4.19	(0.55)	4.30	(0.74)	22.5	2.7	23.5	22.9	21.6	504	5.2	3.5
	Kilroy Realty	2	58.58	0.9	0.9	1.8	16.7	17.4	8.9	2.4	2.69	0.02	3.06	0.03	0.9	13.8	21.8	19.2	24.7	442	5.3	2.7
	Boston Prop.	1	114.53	0.6	0.6	1.9	14.1	14.8	(0.6)	2.3	5.28	(0.03)	5.64	(0.09)	7.5	6.8	21.7	20.3	17.3	676	5.0	(0.2)
	Hudson Pacific		23.07	0.3	0.3	1.1	5.5	6.1	6.2	2.2	1.10		1.28		N/A	N/A	21.0	18.0	27.6	N/A	N/A	2.3
	Brookfield Prop.	2	19.35	(0.1)	(0.1)	1.1	0.5	1.2	16.5	2.9	0.99	(0.01)	1.08	(0.06)	(12.1)	10.0	19.6	17.8	18.7	474	5.1	(1.0)
	SL Green	2	100.62	1.2	1.2	1.3	8.9	9.5	22.5	2.0	5.77	0.08	6.13	0.06	11.8	6.3	17.4	16.4	17.1	666	4.8	5.6
	Douglas Emmett	1	27.14	(0.1)	(0.1)	0.8	16.5	17.4	3.1	2.7	1.59	(0.01)	1.65	(0.02)	6.8	3.9	17.1	16.4	21.9	460	4.7	(7.9)
	Cousins Prop.		11.47	2.0	2.0	(0.7)	11.4	12.1	25.5	2.5	0.70		0.76		32.1	8.6	16.4	15.1	37.8	N/A	N/A	(2.5)
	Corporate Office Prop.	2	26.64	0.1	0.1	(0.1)	12.5	13.7	(0.8)	4.1	1.87	(0.00)	2.00	(0.01)	(22.4)	7.5	14.3	13.3	15.9	212	7.4	(12.5)
	Parkway Prop.	3	18.25	1.2	1.2	(1.0)	(5.4)	(4.4)	42.4	3.3	1.32	(0.00)	1.41	(0.02)	46.8	6.6	13.8	13.0	N/A	299	6.1	16.8
	Highwoods	2	38.41	1.9	1.9	1.9	6.2	7.4	13.2	4.4	2.88	(0.01)	3.00	(0.01)	2.2	4.4	13.4	12.8	15.0	188	6.5	12.4
	Piedmont Office Realty		17.15	1.8	1.8	(0.8)	3.8	5.0	(4.0)	4.7	1.44		1.55		(5.3)	7.6	11.9	11.1	15.1	N/A	N/A	(4.9)
	CommonWealth REIT	3	26.30	1.0	1.0	(3.1)	12.8	13.9	53.5	3.8	2.26	(0.03)	2.30	0.01	(9.6)	1.5	11.6	11.4	13.8	145	7.7	12.3
	Government Properties		25.20	1.4	1.4	1.2	1.4	3.1	10.8	6.8	2.17		2.18		2.4	0.5	11.6	11.6	15.4	N/A	N/A	16.8
	Mack-Cali Realty	2	20.79	(1.2)	(1.2)	(6.6)	(3.2)	(1.8)	(10.4)	5.8	1.81	(0.13)	1.70	(0.21)	(23.9)	(6.0)	11.5	12.2	12.3	131	8.9	(16.1)
	Brandywine Rlty.	2	14.46	1.4	1.4	(1.3)	2.6	3.7	22.0	4.1	1.43	(0.02)	1.54	(0.01)	6.5	7.4	10.1	9.4	15.1	187	7.2	(4.8)
	Office Tot/Wtd. Avg.			0.7	0.7	1.0	8.9	9.7	12.7	3.0					7.5	5.9	18.0	17.0	18.1	485	5.5	1.5
	Office Tot/Str. Avg.			0.8	0.8	(0.1)	6.7	7.7	14.2	3.5					4.4	5.4	16.3	15.3	17.7		6.2	1.0
Industrial	**Prologis**	2	40.83	0.7	0.7	(0.9)	10.5	11.4	4.3	3.2	1.77	(0.01)	1.95	0.00	7.2	10.1	23.1	21.0	19.1	78	5.8	7.9
	Terreno Realty Corp.		18.91	0.3	0.3	1.2	6.8	6.8	17.9	2.5	0.87		1.02		45.0	17.2	21.7	18.5	N/A	N/A	N/A	N/A
	EastGroup Prop.	2	62.91	1.6	1.6	1.4	8.6	9.5	11.6	3.4	3.42	0.00	3.60	(0.05)	6.1	5.2	18.4	17.5	20.9	79	5.7	13.0
	DCT Industrial Trust	2	7.88	0.8	0.8	(0.5)	10.5	10.5	14.2	3.6	0.47	0.00	0.51	0.01	7.5	7.6	16.7	15.6	20.5	62	5.9	10.2
	First Industrial		19.32	0.4	0.4	0.4	10.7	11.3	26.3	1.8	1.17		1.26		19.4	7.7	16.5	15.3	17.9	N/A	N/A	11.3
	Rexford Industrial		14.18	0.8	0.8	(0.1)	7.4	8.3	(4.2)	3.5	0.86		1.00		N/A	16.3	16.5	14.2	N/A	N/A	N/A	(10.6)
	STAG Industrial		24.10	2.0	2.0	3.4	18.2	19.7	20.1	5.3	1.52		1.63		10.9	7.2	15.9	14.8	22.6	N/A	N/A	22.3
	Industrial Tot/Wtd. Avg.			0.8	0.8	(0.4)	10.6	11.4	8.0	3.2					8.9	9.5	20.9	19.1	19.4	76	5.8	9.0
	Industrial Tot/Str. Avg.			0.9	0.9	0.7	10.4	11.1	12.9	3.3					16.0	10.2	18.1	16.4	20.1		5.8	9.0
Mixed Office	**PS Business**	2	83.62	0.8	0.8	(0.5)	9.4	10.1	20.3	2.4	5.03	(0.06)	5.30	(0.09)	(2.2)	5.3	16.6	15.8	17.3	138	6.0	11.6
	Liberty Prop.	2	36.96	1.1	1.1	(3.4)	9.1	10.5	(1.4)	5.1	2.49	(0.02)	2.62	(0.08)	(0.4)	5.6	14.9	14.1	18.9	91	6.9	3.2
	Duke Realty	2	16.88	1.4	1.4	0.5	12.2	13.4	13.3	4.0	1.15	(0.00)	1.19	(0.02)	7.4	3.7	14.7	14.2	17.7	74	6.9	(1.1)
	First Potomac Realty		12.92	1.7	1.7	1.9	11.1	12.4	(1.1)	4.6	0.97		1.02		(5.8)	5.2	13.3	12.7	19.8	N/A	N/A	(12.7)
	Mixed O&I Tot/Wtd. Avg.			1.3	1.3	(1.2)	9.3	10.5	4.3	4.5					2.1	4.4	14.5	13.9	18.4	91	6.7	1.5
	Mixed O&I Tot/Str. Avg.			1.3	1.3	(0.7)	8.7	9.9	2.3	4.5					(0.3)	4.3	14.0	13.5	18.6		6.6	0.2
Lab Office	**Alexandria R.E.**	2	72.56	0.7	0.7	0.2	14.1	15.2	(4.5)	3.9	4.73	0.01	5.11	0.02	7.5	8.0	15.3	14.2	21.0	528	6.1	2.4
	BioMed Realty Trust		20.49	2.0	2.0	(0.9)	13.1	14.5	(1.3)	4.6	1.44		1.53		(2.0)	6.3	14.2	13.4	18.3	N/A	N/A	(2.3)
	Lab Office Tot/Wtd. Avg.			1.3	1.3	(0.3)	13.6	14.9	(3.1)	4.2					3.4	7.3	14.8	13.8	19.7	528	6.1	0.4
	Lab Office Tot/Str. Avg.			1.4	1.4	(0.4)	13.6	14.8	(2.9)	4.2					2.7	7.1	14.8	13.8	19.5		6.1	0.1
Data Center	**Coresite Realty**	2	31.00	1.4	1.4	(0.4)	(3.7)	(2.6)	20.6	4.5	2.09	0.02	2.43	0.02	14.7	16.3	14.8	12.8	17.1	1,032	8.1	(0.7)
	CyrusOne		20.83	0.9	0.9	(6.3)	(6.7)	(5.7)	20.8	4.0	1.61		1.87		N/A	16.1	12.9	11.1	14.4	N/A	N/A	(21.9)
	QTS Realty		25.09	1.1	1.1	(1.8)	1.3	2.4	19.1	4.7	2.01		2.38		N/A	18.4	12.5	10.5	N/A	N/A	N/A	(29.8)
	Digital Realty Trust	2	53.08	(0.8)	(0.8)	(2.0)	8.1	9.8	(23.1)	6.3	4.89	0.03	5.15	(0.08)	2.1	5.5	10.9	10.3	15.1	553	7.6	(2.9)
	DuPont Fabros Tech.	1	24.07	(0.5)	(0.5)	(9.4)	(2.6)	(2.6)	6.2	5.8	2.34	0.00	2.41	(0.07)	19.0	2.8	10.3	10.0	12.9	1,120	9.0	(15.1)
	Data Center Tot/Wtd. Avg.			(0.4)	(0.4)	(3.2)	4.3	5.6	(9.9)	5.9					5.9	7.2	11.1	10.4	14.8	696	7.9	(7.4)
	Data Center Tot/Str. Avg.			0.4	0.4	(4.0)	(0.7)	0.2	8.7	2.8					11.9	11.8	12.3	10.9	14.7		8.2	(14.1)
Diversified	American Assets Trust		33.74	0.4	0.4	2.0	7.3	8.0	15.6	2.7	1.60		1.70		3.9	6.2	21.1	19.8	20.0	N/A	N/A	(3.4)
	Washington REIT		23.88	0.1	0.1	(5.0)	2.2	3.5	(6.1)	4.9	1.58		1.70		(11.7)	7.6	15.1	14.0	16.8	N/A	N/A	(20.1)
	Forest City Enterprises		19.10	2.0	2.0	(2.0)	0.0	0.0	18.3	0.0	1.37		1.52		N/A	10.9	13.9	12.6	26.3	N/A	N/A	(24.7)
	Corrections Corp.		31.32	(0.9)	(0.9)	(6.1)	(2.3)	(2.3)	13.4	6.1	2.58		2.69		(1.1)	4.3	12.1	11.6	12.4	N/A	N/A	N/A
	Geo Group		32.24	1.1	1.1	0.0	0.1	1.8	21.5	6.7	2.71		2.80		15.8	3.3	11.9	11.5	12.9	N/A	N/A	N/A
	Select Income REIT		30.27	1.1	1.1	3.8	13.2	14.9	15.1	6.1	2.84		2.89		0.4	1.8	10.7	10.5	14.7	N/A	N/A	(0.6)
	Winthrop Realty Trust		11.59	1.8	1.8	(0.4)	4.9	6.4	5.9	5.6	1.22		1.36		(10.3)	11.5	9.5	8.5	14.2	N/A	N/A	(19.8)
	Alexander's		360.99	0.9	0.9	(3.7)	9.4	10.4	3.1	4.2	19.14		20.80		N/A	N/A	N/A	N/A	19.9	N/A	N/A	(5.1)
	Diversified Tot/Wtd. Avg.			0.7	0.7	(2.2)	2.5	3.2	12.9	4.1					1.4	6.4	13.0	12.3	17.7	N/A	N/A	(14.2)
	Diversified Tot/Str. Avg.			0.8	0.8	(1.4)	4.3	5.3	10.8	4.5					(0.5)	6.5	12.7	11.9	16.2			(12.3)
Lodging REIT	**FelCor Lodging**	2H	9.04	1.6	1.6	3.8	10.8	11.0	74.7	0.9	0.45	(0.10)	0.64	(0.17)	20.1	42.5	20.2	14.2	15.7	166	7.7	31.6
	Pebblebrook Hotel Trust		33.77	1.5	1.5	1.6	9.8	10.5	35.9	1.9	1.84		2.11		25.2	14.7	18.4	16.0	20.2	474	6.5	N/A
	Strategic Hotels & Resorts		10.19	1.4	1.4	2.0	7.8	7.8	47.7	0.1	0.59		0.67		37.2	13.6	17.3	15.2	16.9	N/A	N/A	(11.4)
	Host Hotels & Resorts	1	20.24	1.5	1.5	2.9	4.1	4.8	27.0	2.8	1.42	(0.01)	1.57	(0.01)	9.1	10.8	14.3	12.9	15.7	318	8.2	(10.9)
	Diamondrock	2	11.75	0.7	0.7	(6.9)	1.7	2.6	32.1	3.5	0.88	(0.01)	1.03	(0.00)	24.0	16.6	13.3	11.4	16.5	280	8.2	(3.2)
	Chesapeake Lodging Trust		25.73	1.9	1.9	(1.2)	1.7	2.9	25.9	3.7	1.97		2.27		16.6	15.2	13.1	11.3	N/A	N/A	N/A	N/A
	Ryman Hospitality Prop.	2H	42.52	2.5	2.5	0.8	1.8	3.1	13.8	5.2	3.26	(0.26)	4.44	0.47	N/A	N/A	13.0	9.6	15.1	407	8.2	(2.6)
	Hersha Hospitality Trust		5.83	1.7	1.7	3.7	4.7	5.7	15.0	4.2	0.45		0.51		9.8	13.3	13.0	11.4	14.8	253	8.3	(10.3)
	LaSalle Hotel	1	31.31	(0.1)	(0.1)	(0.1)	1.5	2.4	25.3	3.6	2.48	0.02	2.77	0.05	7.7	11.7	12.6	11.3	15.2	416	8.5	(1.7)
	Sunstone Hotel	2	13.73	1.0	1.0	1.6	2.5	2.8	26.1	1.5	1.12	0.00	1.26	0.00	20.2	12.8	12.3	10.9	15.6	284	8.1	(1.4)
	RLJ Lodging Trust		26.74	1.4	1.4	2.9	10.0	10.9	30.0	3.1	2.32		2.60		12.6	12.1	11.5	10.3	14.1	193	8.9	N/A
	Ashford Hospitality Trust		11.27	1.1	1.1	0.8	36.1	37.6	N/A	3.9	1.04		1.25		N/A	20.2	10.8	9.0	N/A	N/A	N/A	N/A
	Summit Hotel Properties		9.28	1.9	1.9	0.4	3.1	4.4	(0.5)	4.8	0.90		1.01		12.5	12.2	10.3	9.2	14.2	N/A	N/A	(10.3)
	Hospitality Properties		28.72	0.5	0.5	8.4	6.3	8.0	23.5	6.5	3.09		3.28		3.7	6.1	9.3	8.8	N/A	N/A	N/A	1.6
	Chatham Lodging Trust		20.22	0.3	0.3	(3.1)	(1.1)	(0.1)	38.4	4.2	1.76		1.92		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Lodg REIT Tot/Wtd. Avg.			1.3	1.3	2.2	5.3	6.2	28.0	3.2					13.3	12.7	13.0	11.5	15.7	319	8.1	(5.5)
	Lodg REIT Tot/Str. Avg.			1.3	1.3	1.2	6.7	7.6	29.6	3.3					16.6	15.5	12.9	11.1	15.7		8.1	(1.9)
Lodging C-Corp.	**Starwood Hotels**	1	79.60	1.5	1.5	(3.5)	0.2	1.4	40.9	1.7	2.76	(0.02)	3.16	(0.08)	(7.6)	14.3	28.8	25.2	16.0			
	Choice Hotels Internationa	2	46.00	0.3	0.3	(5.8)	(6.3)	(6.3)	47.7	1.8	1.88	(0.04)	2.06	(0.07)	(1.4)	9.6	24.4	22.3	16.7			
	Marriott International	1	56.02	1.0	1.0	3.3	13.5	13.9	34.1	1.2	2.37	(0.04)	2.78	(0.06)	18.4	17.4	23.6	20.1	17.0			
	Wyndham Worldwide		73.23	0.8	0.8	0.5	(0.6)	(0.1)	40.7	1.9	4.30		4.82		12.3	12.1	17.0	15.2	10.7			
	Extended Stay America	2	22.77	0.6	0.6	(10.6)	(13.3)	(13.0)	31.3	2.6	0.97	0.01	1.21	(0.06)	N/A	N/A	N/A	N/A	15.3			
	Hilton	1	22.24	(0.0)	(0.0)	(0.5)	(0.0)	(0.0)	11.3	0.0	0.60	(0.01)	0.75	(0.02)	N/A	N/A	N/A	N/A	16.3			
	Hyatt Hotels	1	53.81	0.4	0.4	3.2	8.8	8.8	28.2	0.0	0.96	(0.11)	1.25	(0.14)	N/A	N/A	N/A	N/A	14.6			
	Morgans Hotel Group		8.04	1.8	1.8	0.5	(1.1)	(1.1)	46.8	0.0	-1.30		-0.91		N/A	N/A	N/A	N/A	27.2			
	Orient Express Hotels	2H	14.41	5.1	5.1	(6.4)	(4.6)	(4.6)	29.3	0.0	0.37	0.19	0.44	0.15	N/A	N/A	N/A	N/A	16.2			
	Lodg Corp Tot/Wtd. Avg.			0.8	0.8	(0.9)	2.2	2.6	30.2	1.0					7.1	14.7	23.1	32.1	10.7			
	Lodg Corp Tot/Str. Avg.			1.3	1.3	(2.2)	(0.4)	(0.1)	37.4	1.0					5.4	13.4	22.6	20.0	15.8			
	REIT Total/Wtd. Avg.		971.81	0.8	0.8	0.0	8.9	10.0	2.5	3.8					8.0	6.6	15.9	14.9	18.6		6.0	3.8
	REIT Total/Straight Avg			0.9	0.9	(0.3)	6.8	7.9	9.2	4.0					8.2	7.5	15.2	14.0	18.2		6.4	1.0
	Dow Jones Industrial		16,458	0.8	0.8	0.8	(0.7)	(0.7)	7.3	2.2	**US 10-Year Treasury Yield**				2.72							
	S&P 500		1,872	0.8	0.8	0.7	1.3	1.3	13.4	2.0	**REIT Div Yld vs. 10-Yr (bps)**				110							

See footnote to *theHunter* on pages 75 and 76.

Sector	Tckr	Model Port. Weight (%)	Model Hedge Weight (%)	REIT Index Weight (%)	Est. '14E ($/sh)	Est. '15E ($/sh)	AFFO Mult. '14E (x)	AFFO Mult. '15E (x)	AFFO Grwth '14E (%)	AFFO Grwth '15E (%)	FFO Mult Prem Current vs. Sector (%)	FFO Mult Prem 20 Yr. Sector Avg (%)	Hist. FFO Multiples High (x)	Hist. FFO Multiples Low (x)	Hist. FFO Multiples 20 Yr. Avg (x)	NAV ($/sh)	Spot Cap Rate (%)	Debt/GAV (%)	Net Debt/Fwd Cash EBITDA (x)	Fixed Cov Ratio (x)	Market Capitalization Float ($ mil)	Market Capitalization Total ($ mil)
Office	VNO	4.1	2.3	2.9	2.02	2.10	48.9	47.0	(25.3)	4.0	55.6	19.7	22.8	8.9	14.6	95.19	5.33	31	6.4	2.2	19,638	30,141
	KRC	0.8		0.8	1.16	1.51	50.4	38.7	(0.1)	30.2	27.1	10.3	24.8	8.1	14.0	57.02	5.47	32	8.6	2.0	4,813	7,421
	BXP	5.4	3.1	3.1	3.79	4.10	30.2	27.9	10.4	8.4	36.5	22.7	25.1	9.5	15.5	114.80	5.02	33	6.0	2.9	17,521	29,656
	HPP			0.2	0.53	0.79	N/A	N/A	N/A	N/A	19.0	4.5	21.3	10.8	16.1	22.56	N/A	35	8.4	2.0	1,546	2,678
	BPO			0.0	0.34	0.43	56.9	45.2	(36.6)	26.0	19.3	(4.5)	18.6	5.4	13.1	19.54	5.05	52	10.8	1.6	9,879	25,446
	SLG	1.7	2.3	1.7	3.39	3.72	29.7	27.0	(0.6)	9.9	10.5	3.6	25.8	4.9	13.2	95.31	4.96	49	8.4	2.8	9,633	19,206
	DEI	2.7	2.6	0.6	1.26	1.37	21.5	19.8	5.9	8.6	11.3	7.4	25.2	9.6	15.5	29.47	4.51	40	9.7	2.9	3,880	8,225
	CUZ			0.4	0.42	0.47	27.1	24.4	N/A	N/A	1.1	28.8	23.7	10.7	15.3	11.77	N/A	26	6.0	1.8	2,276	3,230
	OFC			0.4	1.61	1.74	16.6	15.3	3.4	8.1	(10.7)	0.2	22.7	7.3	12.3	30.45	6.78	37	6.2	2.4	2,328	4,478
	PKY		-2.0	0.2	0.82	0.87	22.3	21.0	(0.3)	6.4	(12.8)	(24.6)	13.4	4.9	9.3	15.62	6.75	46	N/A	N/A	1,901	3,306
	HIW	1.5	2.1	0.6	1.99	2.10	19.3	18.3	3.1	5.7	(13.5)	(11.6)	17.0	6.3	10.7	34.16	7.00	39	6.0	3.1	3,454	5,617
	PDM			0.5	0.80	0.95	21.5	18.1	(2.4)	18.8	(25.7)	(22.1)	12.8	10.9	12.0	18.04	N/A	42	7.4	2.8	2,646	4,648
	CWH		-2.3	0.5	1.29	1.31	20.5	20.1	(25.8)	1.5	(22.1)	(33.2)	12.1	3.2	7.9	23.41	8.25	47	7.1	2.1	3,114	6,754
	GOV			0.3	1.77	1.77	14.2	14.2	1.0	0.0	(21.1)	(22.0)	13.9	11.2	12.0	21.57	N/A	34	4.1	N/A	1,379	1,977
	CLI			0.3	1.09	0.90	19.1	23.0	(27.3)	(17.1)	(15.3)	(12.5)	14.6	6.9	10.5	24.78	8.00	49	6.5	2.3	1,835	4,462
	BDN			0.4	0.82	0.92	17.5	15.7	10.4	11.9	(37.0)	(28.6)	12.9	3.5	8.8	15.18	7.00	53	8.5	2.0	2,294	5,308
		16.3	8.1	13.2			30.5	28.1	(8.5)	10.2	14.4	(0.6)	19.9	7.8	12.3		5.54	40	7.9	2.4	89,582	165,206
							28.2	25.4	(4.7)	9.1								40	7.3	2.4		
Industrial	PLD	3.6		3.6	1.46	1.63	28.0	25.1	10.4	11.7	40.1	19.9	25.8	6.8	14.8	37.84	6.10	37	7.0	3.5	20,215	31,538
	TRNO			0.1	0.65	0.80	29.1	23.8	N/A	N/A	30.4	20.8	19.1	17.9	N/A	21.57	N/A	25	5.1	1.8	473	706
	EGP	0.3		0.3	2.69	2.89	23.4	21.7	6.8	7.6	17.9	(1.5)	18.1	7.4	12.1	55.68	6.25	34	6.5	3.4	1,931	2,830
	DCT	1.1	1.5	0.4	0.32	0.35	25.0	22.4	(2.6)	11.7	4.4	(4.5)	15.5	9.4	13.2	7.15	6.25	38	7.4	3.5	2,497	4,156
	FR			0.4	0.78	0.88	24.7	22.0	12.4	12.1	3.0	(13.3)	15.4	5.2	10.5	17.36	N/A	39	6.4	2.2	2,126	3,598
	REXR			0.0	0.81	1.03	17.5	N/A	N/A	N/A	(6.3)					15.87	N/A	30	5.2	N/A	362	604
	STAG			0.2	1.46	1.57	16.6	15.4	10.7	7.7	(0.6)					19.71	N/A	32	4.8	2.8	1,087	1,943
		5.1	1.5	5.1			26.3	23.7	9.2	11.3	30.4	12.0	20.9	8.0	13.9		6.13	36	6.8	3.3	28,691	45,375
							23.5	21.7	7.6	10.2								34	6.0	2.8		
Mixed Office	PSB			0.3	3.26	3.49	25.6	24.0	2.0	6.9	6.4	(3.8)	16.8	8.3	11.9	74.92	6.50	7	N/A	3.1	2,250	4,106
	LPT	2.1		1.0	1.87	2.00	19.7	18.5	(5.9)	6.8	(5.0)	(6.5)	15.5	7.8	11.2	35.83	7.00	39	7.0	2.9	5,417	9,049
	DRE			1.0	0.97	1.00	17.5	16.8	6.2	3.9	(3.8)	(5.9)	15.2	4.5	11.3	17.07	6.81	43	7.5	2.0	5,533	10,583
	FPO			0.1	0.59	0.68	21.9	19.1	(2.5)	14.3	(14.5)	(20.4)	14.1	10.7	12.2	14.80	N/A	40	7.9	1.7	759	1,668
		2.1	0.0	2.7			18.7	17.7	0.4	5.8	(3.4)	(6.2)	16.2	7.6	11.5		6.83	37	6.4	2.5	15,797	28,851
							19.7	18.4	(0.0)	7.1								35	7.4	2.4		
Lab Office	ARE	1.7	2.1	0.9	3.79	4.44	19.2	16.3	9.1	17.4	(4.7)	8.8	17.7	9.0	13.5	70.84	6.25	36	7.5	2.4	5,164	8,646
	BMR			0.7	1.25	1.37	16.4	15.0	(2.4)	9.6	(9.8)	(7.6)	16.6	6.7	13.4	20.97	N/A	39	6.9	2.8	3,946	6,757
		1.7	2.1	1.7			17.9	15.7	4.1	14.0	(7.0)	5.6	16.7	8.3	13.0		6.25	38	7.2	2.6	9,110	15,403
							17.8	15.7	3.4	13.5								38	7.2	2.6		
Data Center	COR	0.1	1.3	0.1	1.54	1.93	20.2	16.1	6.5	25.5	(15.8)	(7.8)	16.6	12.3	14.2	31.22	8.08	13	5.5	5.7	663	1,797
	CONE			0.1	1.41	1.68	14.8	12.4	33.7	19.6	(26.4)					26.67	N/A	26	N/A	N/A	459	1,944
	QTS			0.0	1.82	2.11	13.8	11.9	53.9	15.4	(30.6)					35.75	N/A	21	N/A	N/A	728	1,274
	DLR	1.2		1.2	3.95	4.26	13.4	12.5	3.1	8.0	(30.5)	(3.5)	17.9	10.0	13.7	54.67	7.50	41	6.9	3.0	6,818	13,550
	DFT	1.2	1.9	0.3	2.33	2.32	10.3	10.4	19.7	(0.8)	(32.3)	(16.8)	14.0	9.9	12.5	28.34	8.00	25	3.3	3.0	1,569	3,167
		2.6	3.2	1.8			13.2	12.2	10.9	8.8	(29.8)	(3.9)	17.9	10.0	13.6		7.65	53	6.1	3.3	10,237	21,732
							14.5	12.6	23.4	13.5								25	5.2	3.9		
Diversified	AAT			0.2	1.19	1.43	28.4	23.6	(1.1)	20.2	33.7	21.9	19.6	16.7	18.6	34.94	N/A	11	7.5	2.4	1,363	3,012
	WRE			0.3	1.04	1.24	22.9	19.3	(21.4)	18.9	(5.7)	15.8	18.0	9.2	13.7	29.88	N/A	36	6.1	2.4	1,590	2,732
	FCE.A			0.0	1.16	1.38	16.5	N/A	N/A	N/A	(16.2)	(31.5)	12.3	7.0	10.5	25.35	N/A	60	11.6	1.1	3,818	11,510
	CXW			0.7	2.52	2.57	12.4	12.2	N/A	1.8	(21.2)					N/A	N/A	N/A	2.8	N/A	3,632	4,837
	GEO			0.4	2.98	3.11	10.8	10.4	3.7	4.2	(21.9)					N/A	N/A	N/A	4.8	N/A	2,324	3,909
	SIR			0.1	2.56	2.66	11.8	11.4	4.7	4.1	N/A					30.45	N/A	26	3.5	N/A	1,508	2,045
	FUR			0.1	1.03	1.24	11.3	N/A	33.8	N/A	(43.2)					14.46	N/A	47	8.0	N/A	422	1,100
	ALX			0.1	18.10	19.62	19.9	N/A	N/A	N/A	16.3	14.3	20.1	13.5	17.3	380.40	N/A	35	N/A	2.8	1,843	2,893
		0.0	0.0	2.0			14.8	13.1	(0.8)	7.7	(12.6)	5.9	20.5	7.9	12.9		N/A	40	7.0	1.7	16,500	32,037
							16.8	15.4	3.9	9.8								36	6.3	2.2		
Lodging REIT	FCH			0.2	0.23	0.39	N/A	N/A	N/A	N/A	(9.8)	(8.3)	15.3	11.9	13.7	6.87	8.50	52	8.0	1.4	1,122	3,172
	PEB			0.4	1.60	1.78	21.1	19.0	8.8	11.3	6.0	56.7	40.8	15.3	23.9	27.96	N/A	24	N/A	2.2	2,151	3,141
	BEE			0.3	0.43	0.50	23.7	20.4	48.3	16.3	0.9	12.4	19.9	14.8	17.2	11.50	8.19	32	4.6	N/A	2,130	3,661
	HST	5.1	2.6	2.6	1.01	1.15	20.0	17.7	12.7	13.2	(14.1)	9.8	24.0	12.2	16.4	22.72	7.50	19	3.1	5.2	15,277	19,994
	DRH			0.4	0.71	0.84	16.6	14.0	35.2	18.6	(24.6)	(15.2)	16.7	11.0	12.8	12.13	8.00	31	4.5	3.9	2,305	3,396
	CHSP			0.2	1.74	2.02	14.8	12.7	11.5	16.5	(25.0)	(55.4)	19.8	11.0	13.9	26.20	N/A	27	N/A	3.3	1,287	1,940
	RHP			0.4	3.37	3.74	12.6	11.4	N/A	N/A	0.9	12.4	19.9	14.8	17.2	43.65	8.19	33	4.4	5.0	2,268	3,433
	HT			0.2	0.35	0.40	16.6	14.6	2.9	13.6	(24.1)	(20.2)	15.3	11.1	12.3	6.50	N/A	35	5.0	1.6	1,223	2,238
	LHO	2.3	2.1	0.6	2.10	2.39	14.9	13.1	12.7	13.5	(24.7)	(16.7)	15.2	11.0	12.5	31.84	7.50	26	3.5	4.1	3,197	4,690
	SHO			0.4	0.87	1.00	15.8	13.7	19.6	14.9	(27.8)	(15.7)	17.8	9.0	12.6	13.93	8.00	35	4.7	3.1	2,500	3,961
	RLJ			0.6	1.98	2.22	13.5	12.1	15.8	12.2	(31.5)	(35.0)	10.5	9.2	9.9	26.60	N/A	18	4.3	4.7	3,279	4,689
	AHT			0.1	0.70	0.87	16.2	12.9	N/A	25.2	(40.8)	(55.4)	8.7	5.2	6.8	10.51	N/A	64	7.5	1.3	1,139	4,155
	INN			0.1	0.67	0.76	13.8	12.3	5.4	12.6	(38.9)	(33.5)	11.0	8.9	10.2	10.34	N/A	28	3.2	2.5	800	1,447
	HPT			0.7	2.69	2.82	10.7	10.2	5.2	4.5	(41.0)	(8.3)	15.3	11.9	13.7	28.28	N/A	37	N/A	3.4	4,297	7,281
	CLDT			0.1	1.56	1.71	13.0	11.8	17.6	10.1	(29.5)	(36.0)	12.1	7.5	9.8	20.10	N/A	41	N/A	2.9	534	903
		7.4	4.7	7.3			16.2	14.4	15.2	13.1	(23.7)	(23.7)	20.5	10.8	13.7		7.77	30	4.7	3.8	43,509	68,101
							15.9	14.0	16.3	14.0								34	4.8	3.2		
Lodging C-Corp.	HOT	2.1	3.6	0.0															0.8	10.9	15,283	16,768
	CHH			0.0															3.5	4.9	2,728	3,591
	MAR			0.0															2.3	12.5	17,226	20,425
	WYN			0.0															2.1	N/A	9,886	12,817
	STAY		0.0	0.0															4.9	2.9	4,662	7,467
	HLT	0.9	0.0	0.0															4.6	3.8	21,898	33,911
	H			0.0															2.3	18.8	8,448	10,607
	MHGC			0.0															9.9	N/A	342	977
	OEH			0.0															4.1	3.7	1,491	2,131
		3.0	3.6	0.0															2.1	12.4	81,964	108,694
																			3.8	8.2		
		100	30	98			19.7	18.3	5.4	8.2			17.7	7.7	12.4		6.04	35	6.4	3.1	602,805	1,023,214
							19.7	17.7	7.7	8.9			17.0	7.1	11.6		6.45	35	6.0	3.0		

See footnote to *theHunter* on pages 75 and 76.

Sector	Citi Research theHunter Set II Company (alphabetically)	Rating	52 Week Low	52 Week High	Debt Mat. 2013	Int. Rate 2013	Debt Mat. 2014	Int. Rate 2014	Debt Mat. 2015	Int. Rate 2015	Wtd Avg Int Rate	Floating Rate Debt	Shrs. & Units Out.	Total Equity	Pref. Equity	Total Debt	Total Market Cap	Gross Asset Value	Assets Under Dvlpt	Dvlpt as a % of GAV	SF/Units Owned	Income Statement TTM EBITDA	Income Statement LRQ NOI
			Balance Sheet															GAV and Development					
			($)	($)	($ mil)	(%)	($ mil)	(%)	($ mil)	(%)	(%)	(%)	(mil)	($ mil)	($ mil)	($ mil)	($ mil)	($ mil)	($ mil)	(%)	(mil)	($ mil)	($ mil)
Malls & Outlets	CBL & Associates	2H	16.00	26.95	197	5.4	709	5.4	855	5.4	4.9	17.3	199.5	3,541	626	5,507	9,674	10,605	258	2	74	757	216
	General Growth	1	18.63	23.33	183	4.3	824	5.4	855	4.8	4.2	11.0	937.3	20,621	374	19,619	40,614	42,600	934	2	67	2,070	562
	Glimcher Realty	2	8.38	13.34	109	5.5	478	5.1	148	5.8	5.0	13.4	147.5	1,480	298	1,879	3,657	3,813	116	3	18	217	61
	Macerich Co.	1	55.13	72.19	119	4.1	638	5.8	710	5.7	4.2	9.1	150.7	9,391	0	6,037	15,429	16,354	1,261	8	36	823	213
	Pennsylvania REIT	2H	14.20	22.54	72	2.3	332	5.7	390	5.3	4.9	10.1	70.3	1,270	201	1,831	3,302	3,593	69	2	14	250	71
	Rouse Properties		16.17	25.26	48	4.9	41	5.3	364	N/A	N/A	29.8	57.7	995	0	1,455	2,450	N/A	N/A	N/A	N/A	119	40
	Simon Property	1	142.47	182.45	1,835	5.7	2,962	5.2	5,589	5.2	4.9	8.8	362.5	59,443	74	29,685	89,201	94,172	1,704	2	153	4,758	1,150
	Tanger Factory	1	30.06	39.45	0	N/A	306	5.9	55	2.9	4.2	35.6	99.7	3,488	0	1,433	4,921	5,128	248	5	12	233	72
	Taubman Centers	2	61.43	89.46	152	5.0	761	5.4	581	4.8	4.2	28.7	90.2	6,388	363	3,032	9,782	11,193	711	6	21	526	138
	Malls & OutletsTot/Wtd. Avg.				2,714		7,052		9,548		4.6	12.1		106,617	1,936	70,477	179,029	187,458	5,301	3		9,753	2,523
Shopping Centers	Acadia Realty	2	22.89	29.32	61	5.5	83	3.5	153	5.9	4.8	12.2	56.3	1,484	0	581	2,065	2,053	111	5	4	96	18
	Brixmor Prop. Group	2	19.38	22.37	81	5.2	681	4.9	1,320	5.5	4.7	10.3	304.2	6,489	0	5,965	12,455	11,318	27	0	87	819	207
	Cedar Realty Trust		4.75	6.83	152	N/A	65	N/A	297	N/A	4.4	35.2	76.3	466	191	743	1,400	N/A	N/A	N/A	N/A	82	24
	DDR Corp	2	14.89	19.54	360	4.3	964	4.4	258	9.6	4.8	6.2	359.6	5,926	405	5,817	12,149	12,478	555	4	64	694	183
	Equity One	3	20.71	26.72	24	6.0	282	5.4	234	6.0	5.0	22.7	130.4	2,913	0	1,575	4,487	4,392	146	3	14	225	61
	Excel Trust		10.96	15.40	88	N/A	48	4.8	0	N/A	N/A	N/A	48.9	620	136	545	1,302	N/A	N/A	N/A	N/A	71	22
	Federal Realty	2	94.35	118.52	30	4.5	198	7.3	194	4.5	4.8	0.4	66.9	7,673	10	2,409	10,092	9,466	967	10	N/A	444	107
	Inland Real Estate		9.17	12.05	138	N/A	37	N/A	43	N/A	3.9	43.0	99.8	1,052	107	1,025	2,184	N/A	N/A	N/A	N/A	112	33
	Kimco Realty	2	19.22	25.09	420	5.7	515	5.2	787	4.9	4.7	17.6	413.7	9,051	975	6,341	16,367	17,224	377	2	72	987	241
	Kite Realty Group	1	5.27	6.87	0	3.1	0	3.8	0	5.5	4.1	25.7	100.5	603	103	744	1,450	1,454	298	20	8	88	20
	Ramco-Gershenson		14.11	17.94	30	5.4	84	N/A	48	N/A	4.2	13.2	69.1	1,126	97	798	2,020	N/A	N/A	N/A	N/A	101	N/A
	Regency Centers	2	45.31	59.35	173	5.0	418	5.3	102	5.9	5.7	4.0	92.5	4,723	325	2,389	7,437	7,727	476	6	28	409	103
	Retail Opp Inv Corp		12.60	15.79	8	5.2	78	N/A	7	6.1	4.0	N/A	75.8	1,133	0	622	1,755	N/A	N/A	N/A	N/A	71	23
	Retail Prop. of America	2	12.07	16.04	50	5.3	437	5.8	46	5.9	100.0	23.3	231.4	3,133	135	2,328	5,596	5,840	44	1	33	384	97
	Saul Centers		42.01	49.82	0	N/A	16	7.5	30	N/A	N/A	3.7	27.4	1,298	175	820	2,293	N/A	N/A	N/A	N/A	131	38
	Urstadt Biddle		18.00	23.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32.8	678	191	224	1,093	N/A	N/A	N/A	N/A	57	15
	Weingarten Realty	1	27.21	35.91	391	5.5	242	5.7	275	6.0	4.9	7.2	122.9	3,688	150	2,299	6,137	6,374	217	3	30	387	92
	Shp Ctr Tot/Wtd. Avg.				2,005		4,148		3,795		11.3	12.9		52,057	2,999	35,225	90,281	78,326	3,217	5		5,157	1,283
Triple Net	National Retail	2	30.01	41.98	150	5.9	150	6.2	53	1.9	5.0	3.0	122.0	4,187	575	1,570	6,332	4,934	0	0	20	350	99
	EPR Properties	1	46.69	61.18	106	5.7	103	6.1	103	6.1	5.6	3.4	52.9	2,826	346	1,475	4,648	3,806	276	7	12	294	73
	Spirit Realty		8.24	12.11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	370.9	4,073	0	3,778	7,851	N/A	0	N/A	0	N/A	131
	Getty Realty		17.73	23.00	0	N/A	58	N/A	0	N/A	N/A	36.7	33.4	631	0	158	789	N/A	N/A	N/A	N/A	39	15
	Lexington Realty		9.94	13.82	94	N/A	295	N/A	156	N/A	4.6	2.3	233.3	2,545	94	2,074	4,714	N/A	N/A	N/A	N/A	316	94
	Realty Income	3	36.58	55.48	50	6.4	276	5.4	652	4.6	4.8	6.3	207.3	8,469	609	4,167	13,245	10,008	0	0	63	709	202
	Fr-Stnd Rtl Tot/Wtd. Avg.				400		881		963		4.2	41.6		40,145	2,698	25,079	67,922	18,748	276	1		3,288	1,034
Apartments	AIMCO	2	24.78	33.44	164	4.9	263	4.9	487	5.0	5.3	3.3	153.6	4,641	68	4,246	8,955	9,515	0	0	58	557	140
	Associated Estates	2	13.10	19.09	45	3.8	20	3.8	51	3.8	3.8	20.5	57.6	975	0	813	1,788	2,116	115	5	12	98	32
	AvalonBay	2	114.16	141.95	167	N/A	620	N/A	284	N/A	3.9	16.8	129.4	16,996	0	6,145	23,141	24,047	3,483	14	73	960	247
	Camden Prop	2	56.09	76.06	35	3.2	252	5.1	2	N/A	4.4	8.3	89.8	6,044	0	2,637	8,681	9,880	696	7	54	470	131
	Equity Res	2	50.08	60.97	561	5.0	1,170	3.1	1,193	5.3	4.5	15.3	374.7	21,727	50	10,766	32,543	34,232	2,226	7	105	1,553	417
	Home Prop	2	52.16	67.79	63	5.2	223	5.2	301	5.4	4.4	3.7	67.2	4,043	0	2,457	6,500	7,181	198	3	42	404	108
	Mid-America Apt.		59.23	74.94	357	N/A	101	N/A	220	N/A	N/A	11.8	79.2	5,407	0	3,473	8,880	N/A	N/A	N/A	N/A	342	137
	Post Properties	1	42.43	52.57	4	5.9	124	4.9	4	5.9	4.3	0.0	54.3	2,667	43	1,149	3,860	4,476	273	6	20	192	54
	UDR	2	21.96	27.04	348	5.3	521	5.5	279	4.4	4.3	11.5	263.9	6,816	0	4,161	10,977	11,590	1,147	10	41	504	137
	Apartment Tot/Wtd. Avg.				1,764		3,396		3,090		4.5	10.7		80,895	289	40,854	122,037	119,541	9,321	8		5,771	1,586
Student Apts.	American Campus	1	31.64	47.64	280	3.7	217	5.2	205	5.9	4.1	34.2	106.7	3,986	0	2,584	6,570	7,048	302	4	29,385	329	99
	Campus Crest	2H	8.14	14.36	0	N/A	40	2.3	45	6.1	4.2	39.6	64.9	564	153	717	1,433	1,521	137	9	6,065	70	22
	EdR		8.30	11.77	10	4.9	131	2.5	126	4.7	N/A	70.6	116.1	1,145	0	780	1,925	N/A	N/A	N/A	N/A	73	29
	Student Apts. Tot/Wtd. Avg.				290		388		376		4.1	42.1		5,695	153	4,081	9,929	8,569	438	5		472	150
M. Home	Equity Lifestyle	2	33.36	42.86	87	5.1	288	5.1	225	5.1	5.1	0.0	91.0	3,698	136	2,192	6,027	5,890	78	1	136,000	355	90
	Sun Comm	2	39.53	57.78	46	N/A	78	N/A	301	N/A	5.0	23.1	39.4	1,776	49	1,493	3,318	3,368	30	1	69,789	207	53
	Mfd Home Tot/Wtd. Avg.				133		366		526		5.0	9.4		5,475	185	3,685	9,345	9,258	108	1		562	143
Single Family	American Homes 4 Rent		15.10	17.60	0	N/A	0	N/A	67	N/A	N/A	N/A	239.1	3,996	237	442	4,674	N/A	N/A	N/A	N/A	N/A	32
	American Residential Prop.		16.21	21.05	0	N/A	169	N/A	0	N/A	N/A	N/A	32.7	588	0	268	856	N/A	N/A	N/A	N/A	N/A	5
	Silver Bay Realty Trust		15.10	21.84	0	N/A	0	N/A	165	4.0	N/A	N/A	38.6	599	0	165	764	N/A	N/A	N/A	N/A	N/A	8
	Single Family Tot/Wtd. Avg.				-		169		232			N/A		5,183	237	875	6,294	0	0	N/A		N/A	45
Storage	CubeSmart	2	15.06	19.69	0	N/A	97	5.7	20	6.1	4.3	3.4	143.6	2,464	78	1,159	3,701	3,391	0	0	25	183	54
	Extra Space Storage	2	38.87	50.10	45	3.6	215	5.0	157	6.0	3.8	13.7	117.6	5,705	0	1,889	7,594	5,737	0	0	23	342	97
	Public Storage	2	145.04	176.68	35	5.4	30	5.5	10	5.6	5.5	0.0	172.8	29,114	3,563	100	32,777	24,246	0	0	135	1,528	358
	Sovran	2	62.11	80.24	0	6.0	0	6.0	150	6.4	4.4	7.8	32.7	2,404	0	626	3,030	2,942	0	0	23	155	47
	Self Storage Tot/Wtd. Avg.				80		342		337		4.1	9.2		39,687	3,640	3,774	47,101	36,316	0	0		2,208	557
Healthcare	Aviv REIT		21.31	31.10	0	N/A	0	N/A	20	2.5	6.8	2.9	49.3	1,207	0	686	1,893	N/A	N/A	N/A	N/A	111	N/A
	HCP	2	35.50	56.06	667	3.9	720	6.3	1,466	5.0	5.1	0.8	462.9	17,958	0	8,801	26,759	23,619	349	1	N/A	1,818	408
	Healthcare Realty		20.85	30.59	7	4.1	46	N/A	60	N/A	4.8	17.6	96.0	2,318	0	1,348	3,667	N/A	N/A	N/A	N/A	191	56
	Healthcare Trust of America		9.71	13.34	N/A	N/A	N/A	N/A	N/A	N/A	3.8	4.7	237.5	2,705	0	1,214	3,919	N/A	N/A	N/A	N/A	202	58
	Health Care REIT	2	52.43	80.07	402	5.3	743	5.6	1,389	4.4	N/A	10.7	289.6	17,258	1,017	10,841	29,116	25,685	235	1	N/A	1,606	447
	LTC Properties		34.30	48.69	0	N/A	2	2.9	21	N/A	N/A	8.3	34.8	1,310	39	279	1,627	N/A	N/A	N/A	N/A	91	25
	Medical Properties Trust		11.47	17.73	0	N/A	105	3.0	225	N/A	N/A	14.4	170.5	2,180	0	1,422	3,602	N/A	N/A	N/A	N/A	194	40
	National Health		53.01	72.99	0	N/A	80	N/A	0	N/A	N/A	67.6	33.1	1,998	0	617	2,615	N/A	N/A	N/A	N/A	108	30
	Omega Healthcare Investor		27.37	38.41	0	N/A	0	N/A	326	2.0	N/A	26.0	124.2	4,164	0	2,024	6,188	N/A	N/A	N/A	N/A	395	95
	Sabra Healthcare	2	21.55	32.40	3	3.6	163	3.2	3	3.3	4.8	19.8	38.8	1,082	137	691	1,910	1,671	0	0	N/A	131	32
	Senior Housing Prop.		20.70	29.99	36	5.8	85	N/A	408	N/A	N/A	5.3	188.2	4,228	0	1,893	6,121	N/A	N/A	N/A	N/A	427	N/A
	Ventas	2	54.89	84.11	142	5.8	971	4.8	995	3.9	N/A	18.7	296.1	17,936	0	9,216	27,151	23,595	0	0	N/A	1,586	411
	Healthcare Tot/Wtd. Avg.				1,257		2,915		4,911		5.0	12.0		74,344	1,192	39,033	114,569	74,570	584	1		6,859	1,602
	REIT Total/Wtd. Avg.				17,842		29,237		42,019		5.2	16.4		632,424	25,181	365,409	1,023,214	768,265	35,206	4		54,131	16,232
	REIT Total/Straight Avg										5.7	18.4											

See footnote to *theHunter* on pages 75 and 76.

	Tckr	FFO Est. '14E	2014E AFFO Adjustments: Cap'l Exp.	Cap'l Int.	Strght Line Rent	Total Acct. Adj.	Other	Total	AFFO Est. '14E	Dividends: Payout Ratio '14 FFO	Payout Ratio '14 AFFO	Ann. Div	Ex-Date	Short Interest as % of S/O	Vol Wk	'15 FFO Mult to Growth Ratio	Lease Rollover in 2014	S&P Index	Russell Index	Citi Inv Res Target Price	Expected Total Return
		($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	(%)	(%)	($/sh)		(%)	($ mil)	(x)	(%)			($/sh)	(%)
Malls & Outlets	**CBL**	**2.23**	**(0.38)**	**0.00**	**(0.03)**	**(0.00)**	**0.00**	**(0.42)**	**1.81**	**44**	**54**	**0.98**	**03/27/2014**	**2.1**	**180**	**2.6**	**13.5**		**R 1000**	**18.50**	**9.9**
	GGP	**1.31**	**(0.18)**	**(0.00)**	**0.00**	**0.00**	**0.00**	**(0.19)**	**1.12**	**46**	**53**	**0.60**	**12/11/2013**	**1.6**	**513**	**1.7**	**10.0**	**S&P 500**	**R 1000**	**25.00**	**16.2**
	GRT	**0.77**	**(0.20)**	**(0.01)**	**(0.01)**	**(0.06)**	**(0.03)**	**(0.31)**	**0.46**	**52**	**87**	**0.40**	**03/27/2014**	**2.6**	**63**	**1.5**	**14.6**		**R 2000**	**10.00**	**3.7**
	MAC	**3.56**	**(0.43)**	**(0.07)**	**(0.06)**	**(0.10)**	**0.00**	**(0.67)**	**2.89**	**70**	**86**	**2.48**	**02/19/2014**	**3.6**	**249**	**2.3**	**11.3**	**S&P 500**	**R 1000**	**68.00**	**13.1**
	PEI	**2.00**	**(0.64)**	**(0.01)**	**(0.02)**	**(0.02)**	**0.00**	**(0.68)**	**1.31**	**40**	**61**	**0.80**	**02/27/2014**	**3.3**	**55**	**2.5**	**11.3**	**S&P 600**	**R 2000**	**19.00**	**9.7**
	RSE	1.58						N/A	1.34	33	39	0.52	01/13/2014	8.8	31	NM	N/A		R 2000		N/A
	SPG	**9.60**	**(1.27)**	**(0.01)**	**(0.18)**	**(0.16)**	**0.00**	**(1.62)**	**7.98**	**52**	**63**	**5.00**	**02/12/2014**	**1.6**	**1,225**	**2.3**	**9.1**	**S&P 500**	**R 1000**	**185.00**	**15.7**
	SKT	**1.97**	**(0.23)**	**(0.01)**	**(0.06)**	**0.11**	**0.00**	**(0.19)**	**1.78**	**46**	**51**	**0.90**	**01/28/2014**	**3.2**	**95**	**2.1**	**5.7**	**S&P 600**	**R 1000**	**40.00**	**16.7**
	TCO	**3.79**	**(0.53)**	**(0.06)**	**(0.05)**	**(0.01)**	**0.00**	**(0.64)**	**3.15**	**57**	**69**	**2.16**	**03/13/2014**	**1.8**	**160**	**1.9**	**6.7**	**S&P 400**	**R 1000**	**73.00**	**5.9**
	Malls & Outlets Tot/Wtd. Avg.									**52**	**62**			**2.2**	**2,571**	**2.0**	**9.5**				**14.7**
Shopping Centers	**AKR**	**1.35**	**(0.13)**	**0.00**	**(0.06)**	**(0.10)**	**(0.02)**	**(0.32)**	**1.03**	**68**	**89**	**0.92**	**03/27/2014**	**3.5**	**33**	**2.6**	**11.0**	**S&P 600**	**R 2000**	**27.00**	**5.8**
	BRX	**1.83**	**(0.27)**	**(0.01)**	**(0.07)**	**(0.25)**	**0.00**	**(0.61)**	**1.23**	**44**	**65**	**0.80**	**01/02/2014**	**0.7**	**24**	**1.7**	**9.4**			**21.00**	**2.2**
	CDR	0.53						(0.14)	0.39	N/A	51	0.20	02/06/2014	1.1	18	1.4	N/A	S&P 600	R 2000		N/A
	DDR	**1.17**	**(0.14)**	**(0.01)**	**(0.02)**	**(0.02)**	**0.00**	**(0.19)**	**0.98**	**53**	**63**	**0.62**	**03/11/2014**	**4.6**	**201**	**2.5**	**10.3**		**R 1000**	**17.50**	**9.1**
	EQY	**1.27**	**(0.17)**	**(0.01)**	**(0.02)**	**(0.09)**	**0.00**	**(0.28)**	**0.99**	**69**	**89**	**0.88**	**03/13/2014**	**3.2**	**103**	**3.5**	**N/A**	**S&P 400**	**R 2000**	**20.50**	**(4.3)**
	EXL	0.95						(0.15)	0.80	N/A	90	0.72	03/27/2014	1.8	13	1.7			R 2000		N/A
	FRT	**4.89**	**(0.77)**	**(0.19)**	**(0.10)**	**(0.05)**	**0.00**	**(1.10)**	**3.79**	**64**	**82**	**3.12**	**03/19/2014**	**3.3**	**264**	**2.3**	**7.0**	**S&P 400**	**R 1000**	**117.00**	**4.7**
	IRC	0.96						(0.19)	0.77	60	75	0.58	03/27/2014	3.6	28	2.0	N/A	S&P 600	R 2000		N/A
	KIM	**1.40**	**(0.18)**	**(0.00)**	**(0.01)**	**(0.04)**	**0.00**	**(0.23)**	**1.18**	**64**	**77**	**0.90**	**12/30/2013**	**3.0**	**260**	**2.8**	**7.3**	**S&P 500**	**R 1000**	**24.00**	**13.8**
	KRG	**0.49**	**(0.04)**	**(0.01)**	**(0.03)**	**(0.02)**	**0.00**	**(0.10)**	**0.39**	**53**	**67**	**0.26**	**01/02/2014**	**2.7**	**25**	**1.4**	**6.7**	**S&P 600**	**R 2000**	**7.00**	**20.7**
	RPT	1.25						(0.16)	1.09	61	70	0.76	03/18/2014	5.0	25	2.6	N/A		R 2000		N/A
	REG	**2.67**	**(0.50)**	**(0.05)**	**(0.08)**	**(0.02)**	**0.00**	**(0.66)**	**2.01**	**71**	**94**	**1.88**	**02/20/2014**	**4.7**	**148**	**2.4**	**8.5**	**S&P 400**	**R 1000**	**54.00**	**9.4**
	ROIC	0.84						(0.17)	0.67	N/A	89	0.60	03/12/2014	2.9	25	2.0	N/A		R 2000		N/A
	RPAI	**1.00**	**(0.15)**	**0.00**	**(0.01)**	**0.00**	**0.00**	**(0.16)**	**0.83**	**66**	**79**	**0.66**	**03/26/2014**	**1.0**	**179**	**3.8**	**8.2**		**R 1000**	**14.00**	**8.3**
	BFS	2.84						(0.72)	2.12	57	76	1.61	01/15/2014	0.4	5	3.8	N/A	S&P 600	R 2000		N/A
	UBA	1.22						(0.10)	1.13	82	89	1.00	12/31/2013	1.0	11	1.3	N/A	S&P 600	R 2000		N/A
	WRI	**2.00**	**(0.32)**	**(0.01)**	**(0.02)**	**(0.01)**	**0.00**	**(0.36)**	**1.63**	**65**	**80**	**1.30**	**03/04/2014**	**8.2**	**109**	**2.5**	**10.0**	**S&P 400**	**R 1000**	**34.00**	**17.4**
	Shp Ctr Tot/Wtd. Avg.									**62**	**78**			**3.1**	**1,472**	**2.3**	**8.4**				**8.4**
Triple Net	**NNN**	**2.00**	**0.00**	**0.00**	**0.01**	**0.06**	**0.00**	**0.06**	**2.06**	**81**	**78**	**1.62**	**01/29/2014**	**17.2**	**170**	**3.0**	**1.4**	**S&P 400**	**R 1000**	**30.00**	**(7.9)**
	EPR	**4.17**	**(0.07)**	**0.00**	**(0.12)**	**0.00**	**0.00**	**(0.19)**	**3.98**	**82**	**86**	**3.42**	**03/27/2014**	**4.7**	**88**	**1.5**	**N/A**	**S&P 600**	**R 2000**	**54.00**	**7.1**
	SRC	0.80						(0.01)	0.79	82	83	0.66	03/27/2014	2.0	219	4.3	N/A		R 1000		N/A
	GTY	1.17						N/A	N/A	70	N/A	0.82	03/26/2014	3.3	8	NM	N/A	S&P 600	R 2000		N/A
	LXP	1.13						(0.30)	0.83	53	72	0.60	03/27/2014	2.8	130	5.4	N/A	S&P 600	R 2000		N/A
	O	**2.55**	**(0.03)**	**0.00**	**(0.04)**	**0.05**	**0.00**	**(0.02)**	**2.54**	**85**	**86**	**2.17**	**02/27/2014**	**12.3**	**1,062**	**5.8**	**2.0**	**S&P 400**	**R 1000**	**27.00**	**(28.6)**
	Fr-Stnd Rtl Tot/Wtd. Avg.									**82**	**82**			**5.5**	**2,856**	**2.9**	**1.8**				**(16.5)**
Apartments	**AIV**	**2.05**	**(0.37)**	**(0.04)**	**0.00**	**0.00**	**0.00**	**(0.41)**	**1.63**	**51**	**64**	**1.04**	**02/12/2014**	**2.7**	**133**	**2.8**	**N/A**	**S&P 500**	**R 1000**	**28.00**	**(4.2)**
	AEC	**1.29**	**(0.16)**	**(0.05)**	**0.00**	**0.00**	**0.07**	**(0.14)**	**1.16**	**59**	**66**	**0.76**	**01/13/2014**	**6.3**	**42**	**4.2**	**N/A**	**S&P 600**	**R 2000**	**17.00**	**4.8**
	AVB	**6.75**	**(0.44)**	**(0.44)**	**0.00**	**(0.26)**	**0.02**	**(1.11)**	**5.64**	**69**	**82**	**4.64**	**03/27/2014**	**2.8**	**580**	**1.8**	**N/A**	**S&P 500**	**R 1000**	**130.00**	**2.3**
	CPT	**4.21**	**(0.64)**	**(0.15)**	**0.00**	**0.00**	**0.00**	**(0.80)**	**3.41**	**63**	**77**	**2.64**	**03/27/2014**	**1.8**	**158**	**N/A**	**N/A**	**S&P 400**	**R 1000**	**62.00**	**(4.2)**
	EQR	**3.11**	**(0.34)**	**(0.10)**	**0.00**	**(0.05)**	**0.00**	**(0.49)**	**2.61**	**64**	**77**	**2.00**	**03/20/2014**	**3.0**	**448**	**3.5**	**N/A**	**S&P 500**	**R 1000**	**57.00**	**2.8**
	HME	**4.50**	**(0.54)**	**(0.07)**	**0.00**	**0.00**	**0.01**	**(0.60)**	**3.91**	**65**	**75**	**2.92**	**02/11/2014**	**1.1**	**98**	**2.4**	**N/A**	**S&P 400**	**R 1000**	**63.00**	**9.4**
	MAA	5.04						(0.83)	4.21	58	70	2.93	01/13/2014	2.3	159	1.4	N/A	S&P 400	R 1000		N/A
	PPS	**2.64**	**(0.51)**	**(0.06)**	**0.00**	**0.00**	**0.04**	**(0.54)**	**2.10**	**54**	**68**	**1.44**	**03/27/2014**	**2.9**	**112**	**N/A**	**N/A**	**S&P 600**	**R 1000**	**55.00**	**14.7**
	UDR	**1.50**	**(0.18)**	**(0.07)**	**0.00**	**0.00**	**(0.01)**	**(0.25)**	**1.25**	**70**	**83**	**1.04**	**01/08/2014**	**3.0**	**244**	**2.2**	**N/A**	**S&P 400**	**R 1000**	**25.00**	**0.4**
	Apartment Tot/Wtd. Avg.									**63**	**76**			**2.8**	**2,711**	**2.4**					**1.8**
Student Apts.	**ACC**	**2.31**	**(0.19)**	**(0.07)**	**0.00**	**(0.11)**	**0.00**	**(0.37)**	**1.94**	**62**	**74**	**1.44**	**02/06/2014**	**2.5**	**134**	**4.9**	**N/A**	**S&P 400**	**R 1000**	**42.00**	**16.3**
	CCG	**0.72**	**(0.04)**	**0.00**	**0.00**	**0.00**	**0.00**	**(0.04)**	**0.68**	**92**	**98**	**0.66**	**03/24/2014**	**8.6**	**33**	**0.7**	**N/A**		**R 2000**	**9.50**	**17.1**
	EDR	0.64						(0.03)	0.61	69	72	0.44	01/29/2014	1.6	73	1.0	N/A		R 2000		N/A
	Student Apts. Tot/Wtd. Avg.									**67**	**76**			**3.1**	**239**	**2.2**					**16.4**
M. Home	**ELS**	**2.68**	**(0.33)**	**0.00**	**0.00**	**(0.07)**	**0.00**	**(0.40)**	**2.28**	**49**	**57**	**1.30**	**03/26/2014**	**0.7**	**71**	**3.8**	**N/A**		**R 1000**	**40.50**	**2.1**
	SUI	**3.41**	**(0.29)**	**0.00**	**0.00**	**0.00**	**0.00**	**(0.29)**	**3.12**	**76**	**83**	**2.60**	**03/27/2014**	**2.0**	**54**	**2.4**	**N/A**		**R 2000**	**43.00**	**1.0**
	Mfd Home Tot/Wtd. Avg.									**58**	**66**			**1.1**	**125**	**3.2**					**1.7**
Single Family	AMH	0.67						(0.18)	0.49	41	57	0.28	03/21/2014	2.8	225	NM	N/A				N/A
	ARPI	0.59						(0.29)	0.30	11	22	0.07	N/A	7.2	21	NM	N/A		R 2000		N/A
	SBY	0.26						(0.14)	0.12	31	N/A	0.08	03/20/2014	5.2	24	NM	N/A		R 2000		N/A
	Single Family Tot/Wtd. Avg.									**36**	**51**			**3.7**	**270**	**NM**					**N/A**
Storage	**CUBE**	**1.00**	**(0.16)**	**0.00**	**0.00**	**0.00**	**0.00**	**(0.16)**	**0.84**	**52**	**62**	**0.52**	**12/30/2013**	**3.1**	**97**	**2.1**	**N/A**		**R 2000**	**17.00**	**1.6**
	EXR	**2.37**	**(0.18)**	**(0.00)**	**0.00**	**0.03**	**0.00**	**(0.15)**	**2.22**	**67**	**72**	**1.60**	**03/12/2014**	**1.5**	**152**	**4.1**	**N/A**	**S&P 400**	**R 1000**	**43.50**	**(7.0)**
	PSA	**8.01**	**(0.45)**	**0.03**	**0.00**	**0.00**	**0.00**	**(0.42)**	**7.60**	**70**	**74**	**5.60**	**03/12/2014**	**1.7**	**731**	**6.0**	**N/A**	**S&P 500**	**R 1000**	**165.00**	**0.9**
	SSS	**4.19**	**(0.53)**	**(0.02)**	**0.00**	**0.00**	**0.00**	**(0.55)**	**3.64**	**65**	**75**	**2.72**	**01/14/2014**	**1.2**	**75**	**1.6**	**N/A**	**S&P 600**	**R 2000**	**71.00**	**(0.3)**
	Self Storage Tot/Wtd. Avg.									**68**	**73**			**2.0**	**1,054**	**4.6**					**(0.2)**
Healthcare	AVIV	1.89						0.06	1.95	81	78	1.52	03/27/2014	1.4	43	2.1	N/A		R 2000		N/A
	HCP	**3.01**	**(0.13)**	**(0.01)**	**(0.09)**	**(0.22)**	**0.00**	**(0.46)**	**2.56**	**72**	**85**	**2.18**	**02/06/2014**	**2.0**	**618**	**5.3**	**N/A**	**S&P 500**	**R 1000**	**36.00**	**(1.6)**
	HR	1.45						(0.17)	1.28	83	94	1.20	03/25/2014	2.1	190	2.0	N/A	S&P 600	R 2000		N/A
	HTA	0.72						(0.08)	0.64	81	91	0.58	02/13/2014	1.2	63	2.1	N/A		R 1000		N/A
	HCN	**4.00**	**(0.27)**	**0.00**	**(0.18)**	**(0.03)**	**(0.02)**	**(0.51)**	**3.49**	**80**	**91**	**3.18**	**02/06/2014**	**3.4**	**498**	**2.5**	**N/A**	**S&P 500**	**R 1000**	**54.00**	**(4.1)**
	LTC	2.63						(0.06)	2.57	71	72	1.86	03/19/2014	1.1	35	1.7	N/A	S&P 600	R 2000		N/A
	MPW	1.12						(0.07)	1.05	76	82	0.86	03/12/2014	3.3	107	1.7	N/A	S&P 600	R 2000		N/A
	NHI	4.07						(0.30)	3.78	66	N/A	2.68	03/27/2014	2.0	60	2.4	N/A		R 2000		N/A
	OHI	2.74						(0.23)	2.51	64	70	1.76	01/29/2014	8.0	263	5.5	N/A	S&P 400	R 1000		N/A
	SBRA	**2.28**	**0.00**	**0.00**	**(0.30)**	**0.24**	**0.00**	**(0.06)**	**2.22**	**63**	**65**	**1.44**	**02/12/2014**	**5.4**	**34**	**9.5**	**N/A**	**S&P 600**	**R 2000**	**25.00**	**(5.2)**
	SNH	1.76						(0.18)	1.58	89	99	1.56	01/09/2014	3.0	142	2.7	N/A	S&P 400	R 1000		N/A
	VTR	**4.36**	**(0.31)**	**0.00**	**(0.12)**	**(0.03)**	**0.00**	**(0.45)**	**3.90**	**62**	**69**	**2.68**	**03/05/2014**	**1.6**	**403**	**2.1**	**N/A**	**S&P 500**	**R 1000**	**57.00**	**(1.5)**
	Healthcare Tot/Wtd. Avg.									**72**	**82**			**2.7**	**2,457**	**2.7**	**N/A**				**(2.4)**
										61	**77**			**3.3**	**20,641**	**2.9**					**4.3**
										59	**74**					**2.5**					**3.8**

See footnote to *theHunter* on pages 75 and 76.

	Citi Research theHunter Set II Company (alphabetically)	Rating	52 Week Low	52 Week High	Debt Mat. 2013	Int. Rate 2013	Debt Mat. 2014	Int. Rate 2014	Debt Mat. 2015	Int. Rate 2015	Wtd Avg Int Rate	Balance Sheet: Floating Rate Debt	Shrs. & Units Out.	Total Equity	Pref. Equity	Total Debt	Total Market Cap	GAV and Development: Gross Asset Value	Assets Under Dvlpt	Dvlpt as a % of GAV	SF/Units Owned	Income Statement: TTM EBITDA	LRQ NOI
			($)	($)	($ mil)	(%)	($ mil)	(%)	($ mil)	(%)	(%)	(%)	(mil)	($ mil)	($ mil)	($ mil)	($ mil)	($ mil)	($ mil)	(%)	(mil)	($ mil)	($ mil)
Office	Boston Prop.	1	98.04	115.85	889	6.5	631	5.5	661	5.3	4.6	0.0	170.9	19,573	230	9,853	29,656	29,702	2,721	9	38	1,647	320
	Brandywine Rlty.	2	12.23	16.06	232	5.6	410	5.3	468	4.8	5.0	3.8	160.4	2,319	100	2,889	5,308	5,390	208	4	26	334	87
	Brookfield Prop.	2	15.60	19.83	1,488	5.7	613	4.0	2,099	4.6	4.7	28.7	510.6	9,879	2,285	13,282	25,446	25,467	1,943	8	50	1,330	300
	CommonWealth REIT	3	19.55	28.10	19	5.3	187	5.8	1,184	3.5	4.8	24.6	118.4	3,114	655	2,986	6,754	6,413	0	0	37	474	104
	Corporate Office Prop.	2	21.48	29.95	89	4.1	89	4.1	146	4.1	4.1	11.4	91.4	2,434	258	1,786	4,478	4,826	567	12	17	279	68
	Cousins Prop.		9.30	11.77	14	1.8	0	N/A	55	3.0	4.5	8.7	198.4	2,276	95	859	3,230	N/A	N/A	N/A	N/A	85	42
	Douglas Emmett	1	22.27	28.59	16	2.1	112	0.7	82	0.9	3.8	8.3	175.0	4,748	0	3,477	8,225	8,622	0	0	15	374	98
	Government Properties		23.00	27.03	0	N/A	205	N/A	24	6.2	2.4	84.8	54.7	1,379	0	598	1,977	N/A	N/A	N/A	N/A	128	36
	Highwoods	2	32.13	41.22	133	3.1	77	4.9	161	7.1	4.3	21.2	92.9	3,567	29	2,021	5,617	5,222	100	2	29	375	90
	Hudson Pacific		18.95	24.17	13	N/A	55	N/A	293	N/A	N/A	N/A	69.4	1,601	145	931	2,678	N/A	N/A	N/A	N/A	96	32
	Kilroy Realty	2	47.52	60.27	265	6.8	395	4.8	249	2.6	4.8	8.9	84.0	4,918	200	2,302	7,421	7,290	1,701	23	13	300	75
	Mack-Cali Realty	2	19.05	29.39	381	6.5	202	4.7	278	7.1	5.6	3.4	100.1	2,081	0	2,381	4,462	4,862	284	6	28	325	81
	Parkway Prop.	3	15.70	19.67	0	N/A	14	2.5	314	4.1	4.1	4.9	104.2	1,901	0	1,405	3,306	2,848	20	1	10	0	46
	Piedmont Office Realty		15.83	21.09	575	4.9	105	5.3	834	N/A	3.8	18.3	154.3	2,646	0	2,002	4,648	N/A	N/A	N/A	N/A	308	84
	SL Green	2	83.00	101.78	701	4.8	275	6.3	1,502	5.0	4.6	24.2	97.9	9,850	280	9,076	19,206	18,615	0	0	23	1,111	187
	Vornado Realty	1	76.19	100.02	143	5.3	944	4.7	1,487	5.7	4.4	17.8	199.2	19,638	1,317	9,186	30,141	28,330	1,647	6	48	1,352	316
	Office Tot/Wtd. Avg.				5,156		4,405		9,933		4.5	16.7		93,370	5,593	66,243	165,206	147,585	9,192	6		8,518	2,027
Industrial	DCT Industrial Trust	2	6.62	8.45	11	4.7	90	4.7	106	4.7	4.7	18.2	338.1	2,664	0	1,491	4,156	3,917	245	6	63	201	57
	EastGroup Prop.	2	52.47	66.99	49	5.6	102	5.4	93	5.8	4.7	11.1	30.7	1,931	0	899	2,830	2,608	238	9	32	135	37
	First Industrial		14.11	19.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.3	114.7	2,215	75	1,308	3,598	N/A	N/A	N/A	N/A	200	56
	Prologis	2	34.60	45.52	635	4.4	1,062	4.4	1,515	5.0	4.2	6.6	498.8	20,366	100	11,072	31,538	30,185	1,658	5	348	1,621	391
	Rexford Industrial		12.14	15.50	0	N/A	5	5.5	124	2.1	N/A	N/A	28.6	405	0	199	604	N/A	N/A	N/A	N/A	N/A	N/A
	STAG Industrial		18.76	24.71	0	N/A	0	N/A	90	N/A	N/A	N/A	52.0	1,253	134	556	1,943	N/A	N/A	N/A	N/A	86	30
	Terreno Realty Corp.		16.54	20.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25.0	473	44	189	706	N/A	N/A	N/A	N/A	21	10
	Industrial Tot/Wtd. Avg.				695		1,259		1,928		4.3	8.7		29,307	353	15,715	45,375	36,710	2,141	6		2,264	580
Mixed Office	Duke Realty	2	14.12	18.80	84	6.0	458	6.5	530	6.1	5.5	8.1	330.8	5,584	448	4,551	10,583	10,621	913	9	131	596	165
	First Potomac Realty		10.96	16.13	30	N/A	67	N/A	36	N/A	N/A	13.8	61.4	793	155	720	1,668	N/A	N/A	N/A	N/A	84	25
	Liberty Prop.	2	31.96	45.02	214	5.6	372	5.2	493	6.1	5.1	0.0	150.2	5,550	8	3,492	9,049	8,925	551	6	90	471	140
	PS Business	2	65.50	87.54	0	N/A	0	N/A	250	N/A	5.5	0.0	34.2	2,861	995	250	4,106	3,804	24	1	30	235	62
	Mixed O&I Tot/Wtd. Avg.				383		1,035		1,437		5.3	5.2		16,625	1,605	10,622	28,851	23,350	1,488	6		1,555	439
Lab Office	Alexandria R.E.	2	60.86	78.43	14	4.4	52	2.0	52	2.0	3.9	11.0	71.2	5,164	380	3,102	8,646	8,523	1,334	16	13	409	109
	BioMed Realty Trust		17.90	23.13	334	7.8	21	2.7	562	N/A	N/A	12.0	198.0	4,057	0	2,700	6,757	N/A	N/A	N/A	N/A	368	106
	Lab Office Tot/Wtd. Avg.				349		73		614		N/A	11.5		9,221	380	5,802	15,403	8,523	1,334	16		777	215
Data Center	Coresite Realty	2	27.51	38.57	0	N/A	0	N/A	0	N/A	2.6	57.0	46.7	1,449	115	233	1,797	1,807	130	7	2	105	34
	CyrusOne		17.41	24.84	0	N/A	0	NA	0	N/A	N/A	0.0	64.6	1,346	0	598	1,944	N/A	N/A	N/A	N/A	N/A	45
	Digital Realty Trust	2	43.04	74.00	447	5.6	519	4.7	519	4.7	3.9	23.8	137.9	7,319	695	5,756	13,550	13,989	1,337	10	21	891	230
	Dupont Fabros Tech.	1	21.26	27.92	0	N/A	0	N/A	0	N/A	4.7	78.7	80.9	1,947	351	869	3,167	3,513	338	10	3	242	64
	QTS Realty		19.06	26.55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36.9	926	0	348	1,274	N/A	N/A	N/A	N/A	N/A	21
	Data Center Tot/Wtd. Avg.				447		519		519		4.0	29.3		12,987	1,161	7,803	21,732	19,309	1,806	9		1,239	395
Diversified	Alexander's		266.44	392.54	314	5.3	398	4.0	0	N/A	3.8	25.7	5.1	1,843	0	1,050	2,893	N/A	N/A	N/A	N/A	128	33
	American Assets Trust		28.65	36.27	141	5.2	234	5.4	205	4.5	4.9	8.9	58.3	1,967	0	1,045	3,012	N/A	N/A	N/A	0	148	41
	Corrections Corp.		30.37	41.40	0	N/A	0	N/A	0	N/A	N/A	44.0	116.0	3,632	0	1,205	4,837	N/A	N/A	N/A	N/A	383	N/A
	Forest City Enterprises		16.70	20.57	N/A	N/A	N/A	N/A	N/A	N/A	N/A	37.8	199.9	3,818	0	7,692	11,510	N/A	N/A	N/A	N/A	427	N/A
	Geo Group		30.11	39.35	N/A	N/A	N/A	N/A	N/A	N/A	4.3	40.3	72.1	2,324	0	1,585	3,909	N/A	N/A	N/A	N/A	N/A	103
	Select Income REIT		23.79	30.52	0	N/A	0	N/A	167	N/A	1.8	94.9	49.8	1,508	0	536	2,045	N/A	N/A	N/A	N/A	138	40
	Washington REIT		22.30	30.58	100	5.3	150	5.5	141	5.6	N/A	N/A	66.6	1,590	0	1,141	2,732	N/A	N/A	N/A	N/A	155	43
	Winthrop Realty Trust		10.77	13.66	33	N/A	24	N/A	325	N/A	N/A	N/A	36.4	422	116	562	1,100	N/A	N/A	N/A	N/A	69	9
	Diversified Tot/Wtd. Avg.				588		806		838			37.8		17,105	116	14,816	32,037					1,449	268
Lodging REIT	Ashford Hospitality Trust		7.42	12.00	618	N/A	313	N/A	274	5.5	N/A	31.9	101.1	1,139	394	2,622	4,155	N/A	N/A	N/A	N/A	226	61
	Chatham Lodging Trust		16.13	21.50	0	N/A	5	5.8	89	N/A	N/A	N/A	26.4	534	0	370	903	N/A	N/A	N/A	N/A	34	12
	Chesapeake Lodging Trust		19.85	26.71	60	N/A	0	N/A	128	N/A	N/A	N/A	50.0	1,287	121	532	1,940	N/A	N/A	N/A	N/A	118	34
	Diamondrock	2	8.67	12.76	0	N/A	0	N/A	42	8.8	N/A	N/A	196.1	2,305	0	1,091	3,396	3,463	N/A	N/A	N/A	204	261
	FelCor Lodging	2H	5.38	9.35	65	2.0	149	2.7	667	9.5	N/A	N/A	124.7	1,128	492	1,482	3,172	2,900	N/A	N/A	N/A	201	227
	Hersha Hospitality Trust		5.18	6.24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.3	209.7	1,223	190	825	2,238	N/A	N/A	N/A	N/A	101	35
	Hospitality Properties		23.75	32.64	300	7.9	280	5.1	275	6.3	5.2	14.8	149.6	4,297	280	2,704	7,281	N/A	N/A	N/A	N/A	581	N/A
	Host Hotels & Resorts	1	15.60	20.64	7	10.0	246	4.8	945	5.5	N/A	N/A	764.5	15,473	0	4,114	19,994	21,887	N/A	N/A	N/A	1,307	1,621
	LaSalle Hotel	1	22.84	33.36	0	N/A	0	5.5	9	6.3	N/A	N/A	102.1	3,197	237	1,255	4,690	4,736	N/A	N/A	N/A	309	359
	Pebblebrook Hotel Trust		24.52	35.10	0	N/A	0	N/A	208	N/A	N/A	0.0	63.7	2,151	325	665	3,141	N/A	N/A	N/A	N/A	124	34
	RLJ Lodging Trust		20.53	27.28	142	3.8	183	5.6	235	3.6	N/A	N/A	122.6	3,279	0	1,410	4,689	N/A	N/A	N/A	0	299	81
	Ryman Hospitality Prop.	2H	32.97	48.35	0	N/A	0	5.5	9	6.3	N/A	N/A	53.3	2,268	0	1,165	3,433	3,370	N/A	N/A	N/A	232	260
	Strategic Hotels & Resorts		7.63	10.57	357	N/A	295	N/A	85	3.7	N/A	N/A	209.0	2,130	280	1,252	3,661	N/A	N/A	N/A	N/A	195	66
	Summit Hotel Properties		8.50	10.56	0	N/A	10	4.1	4	5.5	N/A	N/A	86.2	800	211	436	1,447	N/A	N/A	N/A	0	77	28
	Sunstone Hotel	2	11.08	14.10	32	N/A	1	9.9	0	N/A	N/A	N/A	182.1	2,500	115	1,404	3,961	3,886	N/A	N/A	N/A	253	308
	Lodg REIT Tot/Wtd. Avg.				1,581		1,481		2,972		5.2	20.0		43,711	2,645	21,325	68,101					4,260	3,387
Lodging C-Corp	Choice Hotels Internation	2	37.94	50.37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	59.3	2,728	0	863	3,591		N/A		N/A	205	N/A
	Extended Stay America	2	22.14	26.83	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	204.7	4,662	21	2,784	7,467		N/A		N/A	535	N/A
	Hilton	1	20.55	25.95	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	984.6	21,898	0	12,013	33,911		N/A		N/A	2,249	N/A
	Hyatt Hotels	1	37.74	54.99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	157.0	8,448	0	2,159	10,607		N/A		N/A	699	N/A
	Marriott International	1	38.17	56.20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	307.5	17,226	0	3,199	20,425		N/A		N/A	1,245	N/A
	Morgans Hotel Group		5.85	8.49	388	N/A	18	8.0	0	N/A	N/A	N/A	42.5	342	75	560	977		N/A		N/A	42	15
	Orient Express Hotels	2H	9.12	15.92	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	103.5	1,491	0	640	2,131		N/A		N/A	121	N/A
	Starwood Hotels	1	59.21	82.81	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	192.0	15,283	0	1,485	16,768		N/A		N/A	1,092	N/A
	Wyndham Worldwide		52.84	76.63	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	135.0	9,886	0	2,931	12,817		N/A		N/A	1,237	135
	Lodg Corp Tot/Wtd. Avg.													81,964	96	26,633	108,694					7,424	
	REIT Total/Wtd. Avg.				17,842		29,237		42,019		5.2	16.4		632,424	25,181	365,409	1,023,214	768,265	35,206	4		54,131	16,232
	REIT Total/Straight Avg										5.7	18.4											

See footnote to *theHunter* on pages 75 and 76.

Sector	Tckr	FFO Est. '14E	Cap'l Exp.	Cap'l Int.	Strght Line Rent	Total Acct. Adj.	Other	Total	AFFO Est. '14E	Payout Ratio '14 FFO	Payout Ratio '14 AFFO	Ann. Div	Ex-Date	Short Interest as % of S/O	Vol Wk	'15 FFO Mult to Growth Ratio	Lease Rollover in 2014	S&P Index	Russell Index	Citi Inv Res Target Price	Expected Total Return
		2014E AFFO Adjustments								Dividends											
		($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	($/sh)	(%)	(%)	($/sh)		(%)	($ mil)	(x)	(%)			($/sh)	(%)
Office	BXP	5.28	(1.02)	(0.20)	(0.29)	0.01	0.00	(1.50)	3.79	49	69	2.60	03/27/2014	1.9	459	3.0	6.8	S&P 500	R 1000	116.00	3.6
	BDN	1.43	(0.41)	(0.01)	(0.11)	(0.00)	(0.07)	(0.61)	0.82	42	73	0.60	01/02/2014	4.4	95	1.3	7.6		R 1000	14.00	1.0
	BPO	0.99	(0.42)	(0.04)	(0.18)	0.00	0.00	(0.65)	0.34	57	165	0.56	02/26/2014	0.8	200	1.8	5.1			19.00	1.1
	CWH	2.26	(0.79)	0.00	(0.16)	(0.02)	0.00	(0.98)	1.29	44	78	1.00	01/09/2014	3.1	150	7.5	5.9		R 1000	15.00	(39.2)
	OFC	1.87	(0.46)	(0.06)	0.14	0.13	0.00	(0.26)	1.61	59	68	1.10	03/27/2014	1.7	71	1.8	9.5	S&P 400	R 1000	27.00	5.5
	CUZ	0.70						(0.28)	0.42	41	N/A	0.29	02/06/2014	2.8	77	1.8	N/A	S&P 600	R 2000		N/A
	DEI	1.59	(0.25)	0.00	(0.03)	(0.05)	0.00	(0.33)	1.26	45	57	0.72	03/27/2014	1.7	96	N/A	12.0		R 1000	30.00	13.5
	GOV	2.17						(0.40)	1.77	79	97	1.72	01/09/2014	4.0	54	NM	N/A	S&P 600	R 2000		N/A
	HIW	2.88	(0.79)	(0.02)	(0.20)	0.12	0.00	(0.89)	1.99	59	86	1.70	02/13/2014	4.1	132	2.9	9.7	S&P 400	R 1000	38.00	3.4
	HPP	1.10						(0.57)	0.53	N/A	N/A	0.51	03/19/2014	2.0	47	N/A			R 2000		N/A
	KRC	2.69	(0.85)	(0.32)	(0.41)	(0.04)	0.10	(1.52)	1.16	52	120	1.40	03/27/2014	5.2	198	1.4	9.1	S&P 400	R 1000	57.00	(0.3)
	CLI	1.81	(0.66)	(0.06)	(0.07)	0.06	0.00	(0.72)	1.09	66	110	1.20	01/02/2014	5.5	117	-2.0	8.6	S&P 400	R 1000	22.00	11.6
	PKY	1.32	(0.33)	0.00	(0.27)	0.10	0.00	(0.50)	0.82	45	73	0.60	03/10/2014	4.2	49	2.0	9.5	S&P 600	R 2000	15.00	(13.7)
	PDM	1.44						(0.64)	0.80	56	100	0.80	02/26/2014	7.6	76	1.4	N/A		R 1000		N/A
	SLG	5.77	(1.01)	0.00	(0.66)	(0.72)	0.00	(2.38)	3.39	35	59	2.00	03/27/2014	4.8	261	2.6	8.7	S&P 400	R 1000	95.00	(3.6)
	VNO	4.19	(1.45)	(0.24)	(0.42)	(0.07)	0.00	(2.17)	2.02	70	145	2.92	01/23/2014	2.4	482	8.5	6.1	S&P 500	R 1000	100.00	4.4
	Office Tot/Wtd. Avg.									54	103			3.1	2,592	N/A	7.2				0.9
																N/A					
Industrial	DCT	0.47	(0.10)	(0.02)	(0.02)	(0.02)	0.00	(0.16)	0.32	59	89	0.28	12/24/2013	1.2	280	2.0	13.4		R 2000	7.75	1.9
	EGP	3.42	(0.68)	(0.10)	(0.00)	0.06	(0.02)	(0.73)	2.69	63	80	2.16	03/19/2014	4.1	53	3.3	11.3	S&P 600	R 2000	61.50	1.2
	FR	1.17						(0.39)	0.78	29	43	0.34	03/27/2014	4.0	N/A	N/A	N/A		R 2000		N/A
	PLD	1.77	(0.41)	(0.10)	(0.04)	0.00	0.23	(0.31)	1.46	75	91	1.32	03/10/2014	1.6	392	2.1	13.7	S&P 500	R 1000	41.00	3.2
	REXR	0.86						(0.05)	0.81	57	61	0.49	03/27/2014	0.8	N/A	0.9	N/A		R 2000		N/A
	STAG	1.52						(0.06)	1.46	83	87	1.27	03/27/2014	3.8	64	2.0	N/A		R 2000		N/A
	TRNO	0.87						(0.22)	0.65	N/A	N/A	0.48	12/27/2013	0.8	5	1.1	N/A		R 2000		N/A
	Industrial Tot/Wtd. Avg.									69	86			1.8	794	2.0	13.5				2.9
Mixed Office	DRE	1.15	(0.21)	(0.02)	(0.04)	0.09	0.00	(0.18)	0.97	59	70	0.68	02/12/2014	1.5	165	3.8	9.4	S&P 400	R 1000	17.00	4.7
	FPO	0.97						(0.38)	0.59	62	102	0.60	02/06/2014	1.8	17	2.5	N/A		R 2000		N/A
	LPT	2.49	(0.58)	(0.03)	(0.07)	0.10	(0.03)	(0.61)	1.87	76	101	1.90	12/30/2013	1.6	117	2.5	11.8	S&P 400		36.00	2.5
	PSB	5.03	(1.73)	0.00	(0.03)	(0.01)	0.00	(1.77)	3.26	40	61	2.00	03/12/2014	1.2	29	3.0	24.6	S&P 600	R 2000	83.00	1.7
	Mixed O&I Tot/Wtd. Avg.									64	83			1.7	370	N/A	13.0				3.3
Lab Office	ARE	4.73	(0.22)	(0.43)	(0.62)	0.33	0.00	(0.94)	3.79	59	74	2.80	03/27/2014	2.5	131	1.8	5.6	S&P 400	R 1000	73.00	4.5
	BMR	1.44						(0.19)	1.25	65	75	0.94	03/27/2014	3.2	143	2.1	N/A	S&P 400	R 1000		N/A
	Lab Space Tot/Wtd. Avg.									62	75			3.0	275	N/A	5.6				4.5
Data Center	COR	2.09	(0.13)	(0.15)	(0.04)	(0.23)	0.00	(0.55)	1.54	67	91	1.40	03/27/2014	5.1	19	0.8	0.0	S&P 600	R 2000	32.50	9.4
	CONE	1.61						(0.20)	1.41	52	59	0.83	03/26/2014	2.3	20	0.7	N/A		R 2000		N/A
	DLR	4.89	(0.45)	(0.09)	(0.52)	0.13	0.00	(0.94)	3.95	68	84	3.32	03/12/2014	24.1	387	1.9	4.6		R 1000	53.00	6.1
	DFT	2.34	(0.01)	(0.08)	0.05	0.04	0.00	(0.01)	2.33	60	60	1.40	12/24/2013	12.0	96	3.5	0.6		R 2000	28.50	24.2
	QTS	2.01						(0.19)	1.82	58	64	1.17	03/18/2014	1.5	8	0.6	N/A				N/A
	Data Center Tot/Wtd. Avg.									65	78			15.4	530	N/A	3.6				9.5
Diversified	ALX	19.14						(1.04)	18.10	78	83	15.00	01/23/2014	0.6	10	N/A	N/A		R 2000		N/A
	AAT	1.60						(0.41)	1.19	N/A	N/A	0.90	03/12/2014	1.4	26	N/A	N/A	S&P 600	R 2000		N/A
	CXW	2.58						(0.06)	2.52	74	76	1.92	12/30/2013	5.4	146	2.7	N/A	S&P 400	R 1000		N/A
	FCE.A	1.37						(0.21)	1.16	0	0	0.00	N/A	4.8	67	1.1	N/A				N/A
	GEO	2.71						0.27	2.98	80	72	2.16	02/27/2014	1.5	94	3.5	N/A	S&P 600	R 2000		N/A
	SIR	2.84						(0.29)	2.56	65	72	1.85	01/09/2014	1.9	40	5.9	N/A		R 2000		N/A
	WRE	1.58						(0.54)	1.04	74	112	1.16	03/12/2014	5.0	46	1.8	N/A		R 2000		N/A
	FUR	1.22						(0.19)	1.03	53	63	0.65	03/27/2014	0.6	9	0.7	N/A		R 2000		N/A
	Diversified Tot/Wtd. Avg.									55	60			3.8	439	N/A	N/A				N/A
Lodging REIT	AHT	1.04						(0.34)	0.70	35	63	0.44	03/27/2014	3.3	43	0.4	N/A		R 2000		N/A
	CLDT	1.76						(0.20)	1.56	N/A	54	0.84	03/27/2014	2	19	N/A	N/A		R 2000		N/A
	CHSP	1.97						(0.24)	1.74	49	55	0.96	03/27/2014	1.0	66	0.7	N/A		R 2000		N/A
	DRH	0.88						(0.17)	0.71	46	58	0.41	03/27/2014	3.4	94	0.7	N/A	S&P 600	R 2000	13.00	14.1
	FCH	0.45						(0.22)	0.23	18	N/A	0.08	01/13/2014	3.3	34	0.3	N/A		R 2000	7.00	(21.7)
	HT	0.45						(0.10)	0.35	54	69	0.24	03/27/2014	1.2	94	0.9	N/A		R 2000		N/A
	HPT	3.09						(0.40)	2.69	61	70	1.88	01/09/2014	1.4	107	N/A	N/A	S&P 400	R 1000		N/A
	HST	1.42						(0.41)	1.01	39	55	0.56	03/27/2014	5.7	637	1.2	N/A	S&P 500	R 1000	22.00	11.5
	LHO	2.48						(0.38)	2.10	45	53	1.12	03/27/2014	3.6	164	1.0	N/A	S&P 600	R 2000	33.00	9.0
	PEB	1.84						(0.40)	1.44	35	45	0.64	03/27/2014	2.4	56	N/A	N/A		R 2000		N/A
	RLJ	2.32						(0.34)	1.98	N/A	N/A	0.82	03/27/2014	1.0	107	N/A	N/A		R 2000		N/A
	RHP	3.26						0.11	3.37	67	65	2.20	03/26/2014	21.9	131	N/A	N/A		R 2000	44.00	8.7
	BEE	0.59						(0.16)	0.43	2	2	0.01	09/26/2008	1.1	86	N/A	N/A		R 2000		N/A
	INN	0.90						(0.20)	0.70	N/A	N/A	0.45	02/12/2014	1.4	31	N/A	N/A		R 2000		N/A
	SHO	1.12						(0.25)	0.87	18	23	0.20	03/27/2014	1.7	217	0.9	N/A		R 2000	14.00	3.4
	Lodg REIT Tot/Wtd. Avg.									41	52			3.6	1,886	N/A					9.0
																N/A					
Lodging C-Corp	CHH											0.81	12/31/2013	3.1	78	NM	N/A		R 1000	47.00	3.9
	STAY											0.60	N/A	0.3	44	NM	N/A			25.00	12.4
	HLT											0.00	N/A	0.0	290	N/A	N/A			26.00	16.9
	H											0.00	N/A	2.8	113	N/A	N/A		R 1000	60.00	11.5
	MAR											0.68	02/26/2014	2.7	1,188	NM	N/A	S&P 500	R 1000	61.00	10.1
	MHGC											0.00	N/A	5.2	6	N/A	N/A		R 2000		N/A
	OEH											0.00	N/A	2.2	38	N/A	N/A		R 2000	15.50	7.6
	HOT											1.35	03/07/2014	1.8	599	1.8	N/A	S&P 500	R 1000	85.00	8.5
	WYN											1.37	03/12/2014	2.0	464	1.3	N/A	S&P 500	R 1000		N/A
	Lodg Corp Tot/Wtd. Avg.													2.0	2,821	N/A					11.9
										61	77			3.3	20,641	2.9					4.3
										59	74					2.5					3.8

See footnote to *theHunter* on pages 75 and 76.

Lodging Stocks Valuation Summary

TRADING AND VALUATION MULTIPLES
($ millions except per share amounts)

	Ticker	Rating	Price 03/31/14	Diluted Shares	Equity Mkt Cap	Cur. Total Enterprise Value	Price To: 2015E EPS	2014E EPS	2013A EPS	2014E Cash EPS	Adjusted Total Enterprise Value As a Multiple of: 2015E EBITDA	2014E EBITDA	2013A EBITDA	LTM EBITDA	Prior Peak EBITDA	Div'd Yld	2014E FCF Yield After M. CapEx	All CapEx
Lodging C-Corps.																		
HILTON WORLDWIDE	HLT	1	$ 22.24	985	$ 21,898	$ 33,051	29.8x	36.8x	52.8x	21.6x	12.5x	14.1x	16.3x	15.0x	14.0x	0.0%	5.1%	5.0%
MARRIOTT INTERNATIONAL	MAR	1	56.02	308	17,226	20,299	20.1	23.6	28.0	22.8	13.3	15.0	17.2	16.8	14.9x	1.2%	4.6%	0.2%
STARWOOD HOTELS & RESORTS	HOT	1	79.60	192	15,283	16,152	25.2	28.8	26.6	23.6	12.7	14.5	16.2	15.8	12.9x	1.7%	4.6%	3.8%
WYNDHAM WORLDWIDE	WYN	NR	73.23	135	9,886	12,502	15.2	17.0	19.1	NM	9.5	10.2	10.8	10.9	NA	1.9%	NA	NA
HYATT HOTELS	H	1	53.81	157	8,448	10,153	43.2	56.0	50.1	21.0	11.1	13.4	14.6	15.5	11.4x	0.0%	4.7%	2.0%
EXTENDED STAY AMERICA	STAY	2	22.77	205	4,662	7,457	18.8	23.4	38.3	15.3	11.9	13.1	15.3	15.3	N/A	2.6%	6.7%	4.5%
CHOICE HOTELS INTERNATIONAL	CHH	2	46.00	59	2,728	3,457	22.3	24.4	24.1	27.0	14.6	16.2	16.7	16.9	16.5x	1.8%	4.1%	3.2%
MARRIOTT VACATIONS WORLDWIDE	VAC	NR	55.91	37	2,046	1,764	19.0	21.5	24.2	NM	8.4	9.1	10.6	10.1	NA	0.0%	NA	NA
ORIENT-EXPRESS HOTELS	OEH	2H	14.41	103	1,491	2,008	32.7	38.7	NM	26.4	14.1	15.6	16.8	16.8	12.1x	0.0%	4.5%	2.0%
MORGANS HOTEL GROUP	MHGC	NR	8.04	43	342	967	NM	NM	NM	NM	13.1	17.4	27.4	27.6	NA	0.0%	NA	NA
				S&P 500			**14.4**	**15.8**	**17.2**									
				SIMPLE AVERAGE			**25.1**	**30.0**	**32.9**	**22.5**	**12.1**	**13.9**	**16.2**	**16.1**	**13.6**	**0.9%**	**4.9%**	**3.0%**
				MKT CAP WTD AVERAGE			**25.5**	**30.7**	**35.9**	**22.1**	**12.2**	**13.8**	**15.5**	**15.1**	**13.7**	**1.0%**	**4.9%**	**3.1%**
Lodging REITs							FFO			AFFO							'14 NOI Cap	EV / Room
HOST HOTELS & RESORTS	HST	1	$ 20.24	765	$ 15,473	$ 19,684	12.9x	14.3x	15.6x	20.0x	12.9x	14.4x	15.8x	15.3x	11.8x	2.8%	7.6%	$ 317,888
RLJ LODGING TRUST	RLJ	NR	26.74	123	3,279	4,294	10.4	11.8	13.0	14.7	11.3	12.5	14.3	13.8	NA	3.1%	8.8%	195,128
LASALLE HOTEL PROPERTIES	LHO	1	31.31	102	3,197	4,604	11.3	12.6	13.6	14.9	12.4	13.6	15.2	15.7	12.5x	3.6%	7.8%	404,462
RYMAN HOSPITALITY PROPERTIES	RHP	2H	42.52	53	2,268	3,371	9.6	13.0	11.8	12.6	11.7	14.0	15.4	14.9	14.9x	5.2%	8.0%	416,270
DIAMONDROCK HOSPITALITY	DRH	2	11.75	196	2,304	3,348	11.4	13.3	16.5	16.6	12.4	13.7	16.6	17.0	11.7x	3.5%	7.9%	293,648
SUNSTONE HOTEL INVESTORS	SHO	2	13.73	175	2,399	3,835	10.9	12.3	14.7	15.8	12.5	13.7	15.7	16.5	12.7x	1.5%	8.0%	285,208
STRATEGIC HOTELS	BEE	NR	10.19	209	2,130	3,512	14.8	17.3	23.7	NA	14.3	14.8	17.1	16.5	14.9x	0.0%	7.6%	500,135
PEBBLEBROOK HOTEL TRUST	PEB	NR	33.77	64	2,151	3,070	16.2	18.6	24.8	24.7	15.3	17.0	20.4	20.5	NA	2.7%	6.5%	478,484
HERSHA HOSPITALITY TRUST	HT	NR	5.83	210	1,223	2,175	11.4	13.0	17.1	17.5	13.0	14.2	15.0	15.0	NA	4.1%	8.2%	255,961
ASHFORD HOSPITALITY TRUST	AHT	NR	11.27	101	1,139	3,969	9.5	11.0	9.1	22.2	11.5	12.3	12.1	11.4	NA	4.3%	9.5%	173,788
FELCOR LODGING TRUST	FCH	2H	9.04	125	1,134	3,218	14.2	20.2	24.3	39.6	14.0	14.8	15.8	16.6	12.2x	0.9%	7.7%	175,023
SUMMIT HOTEL PROPERTIES	INN	NR	9.28	86	800	1,400	9.2	10.3	11.5	13.8	10.2	11.4	14.3	NA	NA	4.8%	9.8%	123,344
				S&P 500			**14.4**	**15.8**	**17.2**									
				SIMPLE AVERAGE			**11.8**	**14.0**	**16.3**	**19.3**	**12.6**	**13.9**	**15.6**	**15.7**	**13.0**	**3.0%**	**8.1%**	**$ 301,611**
				MKT CAP WTD AVERAGE			**12.2**	**14.0**	**16.0**	**18.8**	**12.8**	**14.1**	**15.8**	**15.6**	**12.4**	**3.1%**	**7.9%**	**$ 321,602**

Source: Citi Research except for Not Rated (NR) stocks where First Call estimates were used.

Lodging Stocks Key Operating and Balance Sheet Data

KEY OPERATING DATA (LAST TWELVE MONTHS) AND BALANCE SHEET DATA
($ millions except per share amounts)

	Operating Efficiency Statistics								Capital Structure Statistics											
	Revenue	EBITDA	EBITDA/ Revenue	G&A Expense	G&A/ Revenue	Net Income	Net Inc./ Equity	EBITDA/ Total Cap	Book Equity	Price/Book Value	Debt	PFD Stock	Cash	Total Capital	Net Debt/ TEV	Net Debt/ EBITDA	Debt + PFD / EBITDA	EBITDA / Interest
Lodging C-Corps.																		
HILTON WORLDWIDE	6,330	2,199	34.7%	359	5.7%	415	9.7%	13.5%	4,276	5.1	12,013	-	860	16,289	33.7%	4.6	4.6	4.0
MARRIOTT INTERNATIONAL	2,493	1,209	48.5%	651	26.1%	626	NM	67.8%	(1,415)	NM	3,199	-	126	1,784	15.1%	2.3	2.3	10.5
STARWOOD HOTELS & RESORTS	3,235	1,025	31.7%	384	11.9%	579	17.2%	21.1%	3,363	4.5	1,485	-	616	4,848	5.4%	0.8	0.8	10.9
WYNDHAM WORLDWIDE	5,008	1,150	23.0%	694	N.A.	433	26.7%	25.3%	1,623	6.1	2,931	-	315	4,554	20.9%	2.1	2.1	10.1
HYATT HOTELS	2,562	656	25.6%	299	11.7%	207	4.3%	9.5%	4,769	1.8	2,159	-	454	6,928	16.8%	2.3	2.3	11.4
EXTENDED STAY AMERICA	1,115	487	43.7%	96	8.6%	64	NM	17.4%	0	NM	2,784	21	10	2,805	37.2%	4.9	4.9	4.1
CHOICE HOTELS INTERNATIONAL	321	204	63.5%	114	35.4%	113	NM	64.9%	(549)	NM	863	-	134	314	21.1%	3.5	3.5	5.2
MARRIOTT VACATIONS WORLDWIDE	1,749	175	10.0%	N.A.	0.0%	76	6.3%	14.4%	1,209	1.7	4		286	1,213	-16.0%	(1.5)	(1.5)	N.A.
ORIENT-EXPRESS HOTELS	607	119	19.7%	227	37.5%	(35)	NM	7.7%	908	1.6	640	-	123	1,548	25.7%	4.1	4.1	4.1
MORGANS HOTEL GROUP	236	35	14.8%	43	18.0%	(58)	NM	7.8%	(183)	NM	560	75	10	452	56.9%	9.9	11.3	N.A.
SIMPLE AVERAGE			**31.5%**		**17.2%**		**12.8%**	**24.9%**		**3.5**					**21.7%**	**3.3**	**3.4**	**7.5**
Lodging REITs																		
HOST HOTELS & RESORTS	5,177	1,285	24.8%	113	2.2%	317	4.4%	10.9%	7,262	2.1	4,521	-	310	11,783	21.4%	3.1	3.1	6.3
RLJ LODGING TRUST	973	311	32.0%	32	3.3%	113	5.3%	8.7%	2,146	1.5	1,410	-	395	3,556	23.6%	3.0	3.0	5.7
LASALLE HOTEL PROPERTIES	969	293	30.2%	22	2.2%	71	3.8%	8.7%	1,866	1.7	1,255	237	85	3,358	25.4%	3.5	4.2	5.7
RYMAN HOSPITALITY PROPERTIES	955	226	23.7%	27	2.8%	114	15.0%	11.8%	758	3.0	1,165	-	62	1,922	32.7%	4.4	4.4	4.4
DIAMONDROCK HOSPITALITY	818	197	24.1%	20	2.4%	49	2.9%	7.1%	1,681	1.4	1,091	-	46	2,772	31.2%	4.5	4.5	3.9
SUNSTONE HOTEL INVESTORS	924	233	25.2%	26	2.8%	48	2.7%	6.9%	1,783	1.3	1,462	115	141	3,360	34.4%	4.7	5.1	3.9
STRATEGIC HOTELS & RESORTS	926	213	23.0%	29	3.1%	(13)	NM	10.4%	523	4.1	1,252	280	150	2,055	31.4%	4.6	5.8	2.9
PEBBLEBROOK HOTEL TRUST	489	150	30.7%	17	3.5%	20	1.3%	6.1%	1,475	1.5	665	325	72	2,465	19.3%	3.3	5.1	7.3
HERSHA HOSPITALITY TRUST	366	145	39.7%	24	6.6%	33	3.8%	7.7%	867	1.4	825	190	62	1,882	35.1%	5.0	6.2	3.7
ASHFORD HOSPITALITY TRUST	942	348	36.9%	53	5.6%	(75)	NM	9.6%	619	1.8	2,622	394	186	3,634	61.4%	7.5	8.7	2.6
FELCOR LODGING TRUST	924	193	20.9%	26	2.9%	(173)	NM	9.3%	(148)	NM	1,725	492	133	2,069	49.5%	8.0	10.5	2.3
SUMMIT HOTEL PROPERTIES	299	93	31.2%	13	4.3%	(9)	NM	6.4%	822	1.0	436	211	47	1,469	27.8%	3.2	4.9	5.9
SIMPLE AVERAGE			**28.5%**		**3.5%**		**NM**	**8.6%**		**1.9**					**32.8%**	**4.6**	**5.5**	**4.5**

Forecast data is by Citi, except "not rated" (NR) stocks where First Call and other sources are used.

Source: Citi Research except for Not Rated (NR) stocks where First Call estimates were used.

Lodging Stocks Forecast Data

FORECAST DATA
($ millions except per share amounts)

	EPS						EBITDA					Corporate Expense						
	2015E	2014E	2013A	LTM	Upcoming Qtr.	Prev. Yr. Qtr	2015E	2014E	2013A	LTM	Prior Peak	2015E	2014E	2013A	LTM	2014E FCF	'14 Growth CapEx	# of System Rooms
Lodging C-Corps.																		
HILTON WORLDWIDE	0.75	0.60	0.42	0.42	0.09	0.03	2,629	2,400	2,199	2,199	2,390	396	385	359	359	1,121	33	672,083
MARRIOTT INTERNATIONAL	2.78	2.37	2.00	2.00	0.51	0.49	1,513	1,356	1,209	1,209	1,379	668	645	651	651	792	750	645,459
STARWOOD HOTELS & RESORTS	3.16	2.76	2.99	2.99	0.55	0.76	1,213	1,100	1,025	1,025	1,216	410	394	384	384	700	120	339,243
WYNDHAM WORLDWIDE	4.83	4.30	3.83	3.83	0.75	0.71	1,319	1,231	1,150	1,150	N.A.	744	719	694	694	N.A.	N.A.	645,400
HYATT HOTELS	1.25	0.96	1.07	1.07	0.07	0.09	852	755	680	656	845	330	314	299	299	401	232	144,399
EXTENDED STAY AMERICA	1.21	0.97	0.59	0.33	0.12	(0.19)	619	572	515	487	-	93	94	93	96	314	102	76,151
CHOICE HOTELS INTERNATIONAL	2.06	1.88	1.91	1.91	0.26	0.26	224	208	204	204	200	131	127	114	114	111	25	400,585
MARRIOTT VACATIONS WORLDWIDE	2.95	2.60	2.31	2.31	0.56	0.54	211	194	175	175	N.A.	102	98	95	N.A.	N.A.	N.A.	N.A.
ORIENT-EXPRESS HOTELS	0.44	0.37	(0.31)	(0.31)	(0.10)	(0.46)	136	127	119	119	161	239	233	227	227	67	37	2,869
MORGANS HOTEL GROUP	(0.91)	(1.30)	(1.78)	(1.78)	(0.50)	(0.43)	74	56	35	35	N.A.	46	44	43	43	N.A.	N.A.	3,102
Lodging REITs	FFO															'14 NOI	'14 Growth CapEx	# of Owned Rooms
HOST HOTELS & RESORTS	1.57	1.42	1.30	1.31	0.29	0.28	1,500	1,374	1,285	1,285	1,650	121	117	113	113	1,491	121	61,921
RLJ LODGING TRUST	2.57	2.27	2.06	2.06	0.41	0.37	381	344	311	311	N.A.	34	33	32	32	377	N.A.	22,008
LASALLE HOTEL PROPERTIES	2.77	2.48	2.30	2.30	0.31	0.27	367	337	293	293	365	23	23	22	22	360	66	11,384
RYMAN HOSPITALITY PROPERTIES	4.44	3.26	3.60	3.67	0.61	1.29	269	249	226	226	231	33	32	27	27	281	25	8,098
DIAMONDROCK HOSPITALITY	1.03	0.88	0.71	0.71	0.15	0.14	261	233	192	197	274	20	19	20	20	252	51	11,403
SUNSTONE HOTEL INVESTORS	1.26	1.12	0.93	0.92	0.14	0.09	309	281	233	233	304	27	27	26	26	308	76	13,447
STRATEGIC HOTELS & RESORTS	0.69	0.59	0.43	0.43	0.04	0.01	246	237	212	213	236	31	30	29	29	267	N.A.	7,021
PEBBLEBROOK HOTEL TRUST	2.09	1.82	1.36	1.36	0.21	0.18	200	181	150	150	N.A.	19	18	17	17	199	N.A.	6,416
HERSHA HOSPITALITY TRUST	0.51	0.45	0.34	0.34	0.05	0.03	167	153	145	145	N.A.	26	25	24	24	178	N.A.	8,499
ASHFORD HOSPITALITY TRUST	1.19	1.02	1.24	1.24	0.35	0.31	344	323	348	348	N.A.	57	55	53	53	378	N.A.	22,836
FELCOR LODGING TRUST	0.64	0.45	0.37	0.33	0.03	(0.01)	223	199	193	193	249	28	28	27	26	227	75	18,384
SUMMIT HOTEL PROPERTIES	1.01	0.90	0.81	0.81	0.19	0.18	137	123	93	93	N.A.	14	13	13	13	137	N.A.	11,353

Forecast data is by Citi, except "not rated" (NR) stocks where First Call and other sources are used.

NOTES

Adjusted Total Enterprise Value projects future debt necessary to generate forward EBITDA.
Cash EPS = GAAP EPS + Depreciation and Amortization/Share - Maintenance Cap Ex/Share.
REIT AFFO = (FFO - Property Maintenance Costs) / Share.

Source: Citi Research except for Not Rated (NR) stocks where First Call estimates were used.

Lodging Stocks Price Performance and Valuation Summary

Company	Ticker	Equity Mkt Cap	52 Week High	52 Week Low	Price 03/31/14	Price Performance YTD	Feb '13	2013	2012	2011	2010	2009	2008	EPS or FFO/shr 2013A	2014E	2015E	P/E or P/FFO 2013A	2014E	2015E
Lodging C-Corps.																			
Hilton Worldwide	HLT	$ 21,898	$ 25.95 -	$ 20.55	$ 22.24	0.0%	3.3%	N/A	N/A	N/A	N/A	N/A	N/A	$ 0.42	$ 0.60	$ 0.75	52.8x	36.8x	29.8x
Marriott International	MAR	17,226	56.20 -	38.17	56.02	13.5%	10.0%	32.4%	27.8%	-25.5%	52.4%	41.6%	-43.1%	2.00	2.37	2.78	28.0	23.6	20.1
Starwood Hotels & Resorts	HOT	15,283	82.81 -	59.21	79.60	0.2%	10.4%	38.5%	19.6%	-21.1%	66.2%	104.3%	-59.3%	2.99	2.76	3.16	26.6	28.8	25.2
Wyndham Worldwide	WYN	9,886	76.63 -	52.84	73.23	-0.6%	2.7%	38.5%	40.7%	26.3%	48.5%	207.9%	-72.2%	3.83	4.30	4.83	19.1	17.0	15.2
Hyatt Hotels	H	8,448	54.99 -	37.74	53.81	8.8%	9.1%	28.2%	2.5%	-17.7%	53.5%	N/A	N/A	1.07	0.96	1.25	50.1	56.0	43.2
Extended Stay	STAY	4,662	26.83 -	22.14	22.77	-13.3%	0.1%	N/A	N/A	N/A	N/A	N/A	N/A	0.59	0.97	1.21	38.3	23.4	18.8
Choice Hotels International	CHH	2,728	50.37 -	37.94	46.00	-6.3%	0.6%	46.1%	17.5%	-0.6%	20.9%	5.3%	-9.5%	1.91	1.88	2.06	24.1	24.4	22.3
Marriott Vacations Worldwide	VAC	2,046	56.20 -	40.43	55.91	6.0%	9.5%	26.6%	142.8%	N/A	N/A	N/A	N/A	2.31	2.60	2.95	24.2	21.5	19.0
Orient Express Hotels	OEH	1,491	15.92 -	9.12	14.41	-4.6%	8.8%	29.3%	56.5%	-42.5%	28.1%	32.4%	-86.7%	(0.31)	0.37	0.44	NA	38.7	32.7
Morgans Hotel Group	MHGC	342	8.49 -	5.85	8.04	-1.1%	3.1%	46.8%	-6.1%	-35.0%	98.5%	-1.9%	-75.8%	(1.78)	(1.30)	(0.91)	NA	NA	NA
Equally Weighted C-Corp Index						**0.2%**	**5.8%**	**35.8%**	**27.2%**	**-18.6%**	**56.3%**	**67.4%**	**-60.0%**						
Market Cap Weighted C-Corp Index						**2.7%**	**6.5%**	**35.1%**	**25.0%**	**-13.6%**	**54.8%**	**82.0%**	**-51.8%**						
S&P 500 INDEX	.SPX-UT				1,872.34	1.3%	4.3%	29.6%	13.4%	0.0%	12.8%	23.5%	-38.5%	$ 109.06	$ 118.78	$ 130.32	17.2x	15.8x	14.4x
Lodging REITs																			
Host Hotels & Resorts	HST	$ 15,473	$ 20.64 -	$ 15.60	$ 20.24	4.1%	7.0%	24.1%	6.1%	-17.3%	53.1%	54.2%	-55.6%	$ 1.30	$ 1.42	$ 1.57	15.6x	14.3x	12.9x
RLJ Lodging Trust	RLJ	3,279	27.28 -	20.53	26.74	10.0%	4.0%	25.6%	15.1%	N/A	N/A	N/A	N/A	2.06	2.27	2.57	13.0	11.8	10.4
LaSalle Hotel Properites	LHO	3,197	33.36 -	22.84	31.31	1.5%	1.9%	21.5%	4.9%	-8.3%	24.4%	92.1%	-65.4%	2.30	2.48	2.77	13.6	12.6	11.3
Ryman Hospitality Properties	RHP	2,268	48.35 -	32.97	42.52	1.8%	2.0%	8.6%	59.3%	-32.8%	82.0%	82.2%	-73.2%	3.60	3.26	4.44	NA	NA	NA
DiamondRock	DRH	2,304	12.76 -	8.67	11.75	1.7%	9.0%	28.3%	-6.6%	-19.7%	41.7%	67.1%	-66.2%	0.71	0.88	1.03	16.5	13.3	11.4
Sunstone Hotel Investors	SHO	2,399	14.10 -	11.08	13.73	2.5%	5.4%	25.1%	31.4%	-21.1%	16.3%	43.5%	-66.2%	0.93	1.12	1.26	14.7	12.3	10.9
Hersha Hospitality Trust	HT	1,223	6.24 -	5.18	5.83	4.7%	3.5%	11.4%	2.5%	-26.1%	110.2%	4.7%	-68.4%	0.34	0.45	0.51	17.1	13.0	11.4
Pebblebrook Hotel Trust	PEB	2,151	35.10 -	24.52	33.77	9.8%	10.3%	33.2%	20.4%	-5.6%	-7.7%	N/A	N/A	1.36	1.82	2.09	24.8	18.6	16.2
Strategic Hotels & Resorts	BEE	2,130	10.57 -	7.63	10.19	7.8%	7.3%	47.7%	19.2%	1.5%	184.4%	10.7%	-90.0%	0.43	0.59	0.69	23.7	17.3	14.8
Ashford Hospitality Trust	AHT	718	12.00 -	7.42	11.27	36.1%	18.9%	-21.2%	31.4%	-17.1%	108.0%	303.5%	-84.0%	1.24	1.02	1.19	9.1	11.0	9.5
FelCor Lodging Trust	FCH	1,134	9.35 -	5.38	9.04	10.8%	6.7%	74.7%	53.1%	-56.7%	95.6%	95.7%	-88.2%	0.37	0.45	0.64	24.3	20.2	14.2
Summit Hotel Properties	INN	800	10.56 -	8.50	9.28	3.1%	3.7%	-5.3%	0.6%	N/A	N/A	N/A	N/A	0.81	0.90	1.01	11.5	10.3	9.2
Equally Weighted REIT Index						**7.8%**	**6.6%**	**22.8%**	**16.2%**	**-18.9%**	**69.5%**	**83.9%**	**-73.0%**						
Market Cap Weighted REIT Index						**5.4%**	**6.2%**	**25.5%**	**10.6%**	**-13.7%**	**47.5%**	**59.9%**	**-59.7%**						
MSCI REIT INDEX (RMZ)	RMZ				971.86	8.9%	4.7%	-1.4%	13.6%	4.7%	23.5%	21.0%	-41.5%						
Equally Weighted Lodging Index						**4.4%**	**6.2%**	**28.0%**	**20.8%**	**-18.8%**	**63.3%**	**76.2%**	**-66.9%**						
Market Cap Weighted Lodging Index						**4.3%**	**7.8%**	**31.4%**	**19.8%**	**-14.6%**	**53.5%**	**75.4%**	**-54.2%**						

Source: Citi Research except for Not Rated (NR) stocks where First Call estimates were used.

theHunter — Footnotes

- **Note:** Sector and REIT universe straight and weighted averages do not include C-Corps.
- **Rating Key:** 1=Buy, 2=Neutral, 3=Sell. Risk: H=High.
- **Price Change** — Percentage price changes: Week is from the close on the previous Friday, Month is from the last trading day of the prior month, and QTD is from last trading day of the prior quarter, to the most recent closing price.
- **Total Return** — Stock price change and dividends paid.
- **Dividend Yield** — The return on investment for a stock, or the annual dividend income per share received from a company. Dividend yield is calculated by dividing the most recently paid dividend annualized, by the most recent share price.
- **Funds from Operations (FFO)** — Defined as GAAP Net Income excluding gains and losses from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.
- **Est 2014E** — Citi Research's 2014 FFO estimates are our estimates for covered companies, which appear in bold font. If we do not cover the company, the estimates are consensus estimates from First Call.
- **Citi Research Est. vs. Cons** — For covered companies, we show the difference between our FFO estimate and First Call consensus. Positive numbers represent where our estimates are above consensus.
- **Growth '14E** — Percentage change in FFO per share from 2013 actuals to 2014 estimates. For covered companies, we show the growth in bold font based on our estimates. If we do not cover the company, the growth is based on consensus estimates from First Call.
- **Growth '15E** — Percentage change in FFO per share from 2014 estimates to 2015 estimates. For covered companies, we show the growth in bold font based on our estimates. If we do not cover the company, the growth is based on consensus estimates from First Call.
- **Multiple '14E** — The valuation ratio of the current share price divided by 2014 estimated FFO per share. For covered companies our FFO estimates are used. If we do not cover the company, consensus estimates are used.
- **Multiple '15E** — The valuation ratio of the current share price divided by 2015 estimated FFO per share. For covered companies our FFO estimates are used. If we do not cover the company, consensus estimates are used.
- **TEV/EBITDA Mult** — The valuation ratio that eliminates a company's financing decisions. The multiple is calculated using total market capitalization plus debt less cash (Total Enterprise Value) divided by earnings before interest, tax, depreciation, and amortization (EBITDA) for the last reported quarter, annualized.
- **Implied Cap Rate** — Measures the cap rate or yield on the rental real estate owned by annualizing the most recent quarter's net operating income divided by the current TEV. Non-rental income assets are valued separately and the TEV is reduced by our estimate for non-income producing assets to arrive at an implied cap rate.
- **Implied Value/Unit or Sq Ft** — Measures the implied rental value per unit or square foot based on the current TEV after backing out value for non-rental income producing assets. Apartments are measured using units, manufactured homes are measured using home sites, and all other property types are measured using square feet.
- **Prem (Disc.) to NAV** is the premium or discount of the current share price to our estimate of Net Asset Value per share using our spot cap rate estimate of current market conditions. Spot cap rate is the cap rate at which real estate is currently trading.
- **Model Port. Weight** — The weight we assign for the company in our Citi Research model portfolio.
- **Model Hedge Weight** — The weight assigned for each company in our Citi Research model hedge portfolio.
- **REIT Index Weight** — Our approximation of the weight assigned to each company in a prominent industry Index.

- **Adjusted Funds from Operations (AFFO)** is FFO (defined above) less non-revenue generating capital expenditures, land sales, the equity portion of capitalized interest and straight-line rents, as outlined in *theHunter* Set II. AFFO also adjusts for EITF D-42, FAS 141/142 and other non-cash accounting adjustments. Citi estimates are used for covered companies and SNL consensus is used for uncovered companies.
- **Est '14E** — Discussed above in FFO section (pertains to AFFO).
- **Mult '14E** — Discussed above in FFO section (pertains to AFFO).
- **Mult '15E** — Discussed above in FFO section (pertains to AFFO).
- **Growth '14E** — Discussed above in FFO section (pertains to AFFO).
- **Growth '15E** — Discussed above in FFO section (pertains to AFFO).
- **FFO Mult Prem Current vs. Sector** is the premium or discount of the current forward FFO multiple for a stock to the sector weighted average forward FFO multiple. For sectors, this represents a premium/discount that the sector trades at relative to the REIT universe based on the forward FFO multiple.
- **FFO Mult Prem 20 Yr. Sector Avg** for companies is the 20 year average of the premium or discount forward FFO multiple to the sector weighted average forward FFO multiple. For sectors, this represents a premium/discount that the sector trades at relative to the REIT universe based on the forward FFO multiple.
- **Historical FFO Multiples** are calculated using year-end stock prices and full year FFO estimates for the following year. The average, high, and low multiples for the past 14 years are shown.
- **NAV CAGR** — is the compounded annual growth rate in NAV per share over a specified time period.
- **Cap Rate** is the rate used to estimate the value of a company's net assets by using annualized income streams.
- **Net Asset Value** is our estimate of the private market value of the company's real estate net of liabilities on a per share basis. We use the current spot cap rate for the net operating income to derive NAV. NAV is calculated using the most recently reported quarterly results. NAV calculations for covered lodging companies are based upon estimated full-year operating data. Net asset value estimates for companies not covered by Citi Research reflect SNL estimates. Spot NAV estimates not in italics reflect most recent reported financial results; estimates in italics reflect the prior quarter.
- **Debt/GAV** is the measure of a company's leverage and is the ratio of Total Debt to Gross Asset Value which is Net Asset Value plus Debt using current spot cap rates.
- **Net Debt / Fwd 12 mo. Cash EBITDA** is the ratio of total net debt to cash EBITDA produced by the business.
- **FC Coverage** is the ratio indicating the ability to satisfy financing costs and is calculated as follows: EBITDA/[Interest Expense + Capitalized Interest + Preferred Dividends]. The most recent reported quarter data is used for the calculation.
- **Float** represents the market value based on the current share price of all common shares outstanding, but does not include equity operating partnership units.
- **Total Market Capitalization** represents the market value based on the current share price of all common shares and operating partnership units outstanding plus debt and preferred stock outstanding as of the end of the most recent reported quarter.

Notes and Reports Published Last Week

ETFs Drive Marginal Outflows to REIT Sector - ETFs See $194m of Outflows; Japanese Funds See $146m of US Market Inflows; US Registered Funds See $40m of Inflows
Lodging - REVPAR +3.5% for Week Ended March 22; Result Impacted by Timing of Easter/Passover Holidays
Northern Virginia Data Center Property Tour Takeaways - Positive Mood Even Amongst Some Headwinds
REIT Short Interest Up in Early March - REIT Short Interest Ticks Up to 3.5% of Shares Outstanding
Residential Moving Day - Downgrade Equity Lifestyle (ELS) and Home Properties (HME) to Neutral
Washington DC Property Tour Takeaways - DC Remains Challenged From High Supply and Weak Demand

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Appendix A-1

Analyst Certification

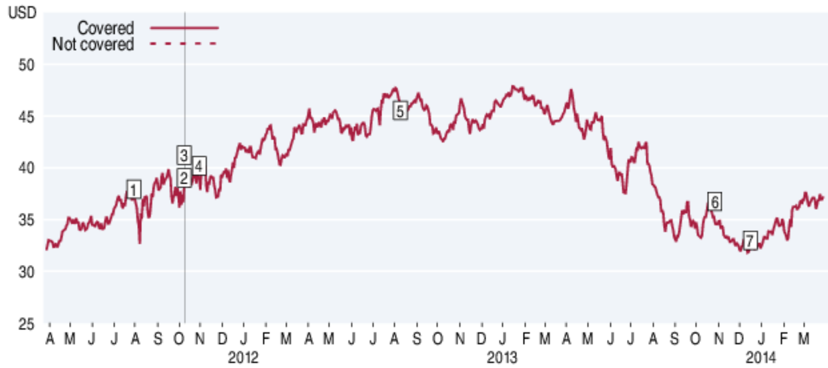
The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

American Campus Communities Inc (ACC)

Ratings and Target Price History
Fundamental Research

Analyst: Michael Bilerman



	Date	Rating	Target Price	Closing Price
1	29-Jul-11	*1M	*42.50	37.22
2	8-Oct-11	Stock rating system changed		
3	8-Oct-11	*1	42.50	36.68
4	31-Oct-11	1	*43.50	38.93
5	9-Aug-12	1	*52.00	46.00
6	28-Oct-13	1	*40.00	34.77
7	17-Dec-13	1	*36.00	32.47

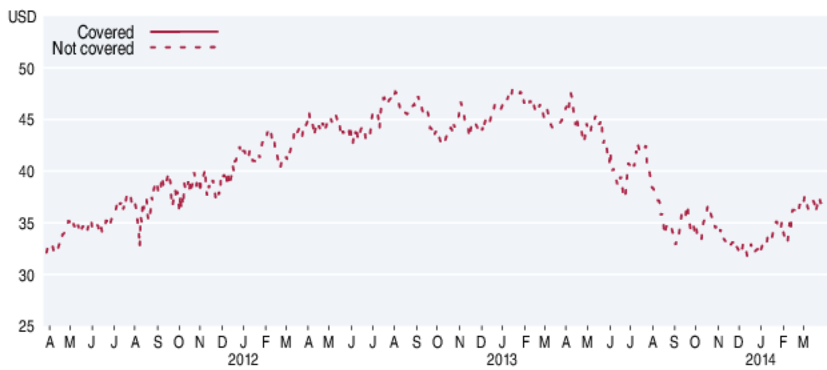
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

American Campus Communities Inc (ACC)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Michael Bilerman



* Indicates change

Rating/target price changes above reflect Eastern Standard Time

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	12 Month Rating			Relative Rating		
Data current as of 31 Mar 2014	Buy	Hold	Sell	Buy	Hold	Sell
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Citi Research – REITs and Lodging Coverage Universe Summary

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OFFICE / INDUSTRIAL - Joshua Attie (Analyst) / Kevin Varin (Associate)

Focused Office:	Boston Prop.	BXP	$114.53	1
	Brandywine Rlty.	BDN	$14.46	2
	Brookfield Prop.	BPO	$19.35	2
	CommonWealth REIT	CWH	$26.30	3
	Corporate Office Prop.	OFC	$26.64	2
	Douglas Emmett	DEI	$27.14	1
	Highwoods	HIW	$38.41	2
	Kilroy Realty	KRC	$58.58	2
	Mack-Cali Realty	CLI	$20.79	2
	Parkway Prop.	PKY	$18.25	3
	SL Green	SLG	$100.62	2
	Vornado Realty	VNO	$98.56	1
Focused Industrial:	DCT Industrial Trust	DCT	$7.88	2
	EastGroup Prop.	EGP	$62.91	2
	Prologis	PLD	$40.83	2
Mixed Office/Ind:	Duke Realty	DRE	$16.88	2
	Liberty Prop.	LPT	$36.96	2
	PS Business	PSB	$83.62	2

LODGING - Joshua Attie (Analyst) / Archena Alagappan (Associate)

Lodging REITs:	Diamondrock	DRH	$11.75	2
	FelCor Lodging	FCH	$9.04	2H
	Host Hotels & Resorts	HST	$20.24	1
	LaSalle Hotel	LHO	$31.31	1
	Ryman Hospitality Prop.	RHP	$42.52	2H
	Sunstone Hotel	SHO	$13.73	2
Lodging C-Corps:	Choice Hotels International	CHH	$46.00	2
	Extended Stay America	STAY	$22.77	2
	Hilton	HLT	$22.24	1
	Hyatt Hotels	H	$53.81	1
	Marriott International	MAR	$56.02	1
	Orient Express Hotels	OEH	$14.41	2H
	Starwood Hotels	HOT	$79.60	1

HEALTHCARE/LAB - Manny Korchman (Analyst) / Archena Alagappan (Associate)

Health Care/Lab:	Alexandria R.E.	ARE	$72.56	1
	HCP	HCP	$38.79	2
	Health Care REIT	HCN	$59.60	2
	Sabra Healthcare	SBRA	$27.89	2
	Ventas	VTR	$60.57	2

DATA CENTERS - Manny Korchman (Analyst) / Archena Alagappan (Associate)

Data Centers:	Coresite Realty	COR	$31.00	2
	Digital Realty Trust	DLR	$53.08	2
	DuPont Fabros Tech.	DFT	$24.07	1

NET LEASE - Manny Korchman (Analyst)

Free-Stnd Retail:	National Retail	NNN	$34.32	2
	EPR Properties	EPR	$53.39	1
	Realty Income	O	$40.86	3

RETAIL - Christy McElroy (Analyst) / Katy McConnell (Associate)

Malls & Outlets:	CBL & Associates	CBL	$17.75	2H
	Glimcher Realty	GRT	$10.03	2
	General Growth	GGP	$22.00	1
	Macerich Co.	MAC	$62.33	1
	Pennsylvania REIT	PEI	$18.05	2H
	Simon Property	SPG	$164.00	1
	Tanger Factory	SKT	$35.00	1
	Taubman Centers	TCO	$70.79	2
Shopping Centers:	Acadia Realty	AKR	$26.38	2
	Brixmor Prop. Group	BRX	$21.33	2
	DDR Corp	DDR	$16.48	2
	Equity One	EQY	$22.34	3
	Federal Realty	FRT	$114.72	2
	Kite Realty Group	KRG	$6.00	1
	Kimco Realty	KIM	$21.88	2
	Regency Centers	REG	$51.06	2
	Retail Prop. of America	RPAI	$13.54	2
	Weingarten Realty	WRI	$30.00	1

SELF STORAGE - Christy McElroy (Analyst) / John Ellwanger (Associate)

Self-Storage:	CubeSmart	CUBE	$17.16	2
	Extra Space Storage	EXR	$48.51	2
	Public Storage	PSA	$168.49	2
	Sovran	SSS	$73.45	2

RESIDENTIAL - Nicholas Joseph (Analyst) / John Ellwanger (Associate)

Apartments:	AIMCO	AIV	$30.22	2
	Associated Estates	AEC	$16.94	2
	AvalonBay	AVB	$131.32	2
	Camden Prop	CPT	$67.34	2
	Equity Res	EQR	$57.99	2
	Home Prop	HME	$60.12	2
	Post Properties	PPS	$49.10	1
	UDR	UDR	$25.83	2
Student Housing:	American Campus	ACC	$37.35	1
	Campus Crest	CCG	$8.68	2H
Mfd. Homes:	Equity Lifestyle	ELS	$40.65	2
	Sun Comm	SUI	$45.09	2

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