Whitepaper August 2014

COHEN & STEERS
REAL ASSETS. REAL RETURNS.

Introduction to Real Estate Securities

Real estate securities provide the benefits of owning commercial real estate without requiring investors to commit large amounts of capital. In this paper, we provide an overview of this unique asset class, including the structure and history of real estate investment trusts (REITs) and the characteristics of different types of commercial real estate. We also provide perspective on the global real estate securities market, which has seen significant expansion in recent years due to the increasing adoption of REIT-like structures and the securitization of private real estate.

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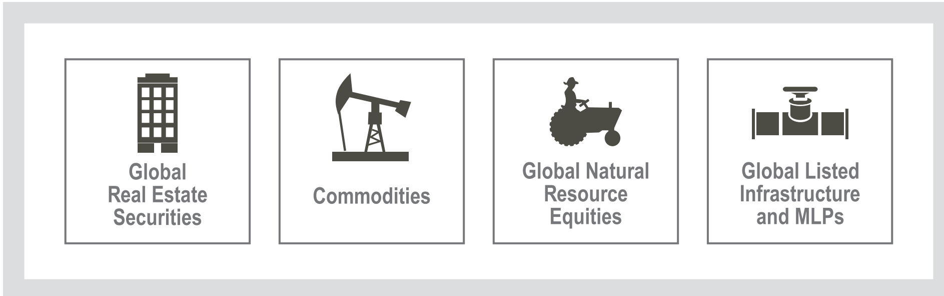
The Cohen & Steers Real Assets Strategies



Global Real Estate Securities

Executive Summary

Real estate securities provide a way to invest in companies that own properties such as shopping malls, office buildings and apartments. This large and growing segment of the global equity market offers access to a wide range of property types and geographic regions, each with distinctive characteristics.

Property Owners and Developers

Companies that issue real estate securities own and operate commercial properties that typically generate a stable stream of recurring income from rent payments. A majority of publicly traded property owners are structured as real estate investment trusts (REITs).[1] This unique corporate structure provides a tax-efficient means of distributing rental income to shareholders. Other companies focus on real estate development, which tends to be more cyclical due to its transaction-based nature—an ongoing process of land acquisition, building construction and asset disposition.

A Growing Global Market

Today's global real estate securities market is quite different from what it looked like 20 years ago. A large part of this transformation has been due to the increasing adoption of REITs and REIT-like structures, as more countries seek to encourage broader public investment in commercial real estate. Presently, there are roughly 456 real estate securities globally with a total market value of $1.7 trillion.[2]

Property and Geographic Diversification

REITs and other listed real estate companies own many properties, potentially numbering in the hundreds. These companies tend to focus on a particular property sector and geographic region, each with its own distinct economic and fundamental drivers. An investment manager can design a portfolio of real estate securities that takes advantage of a wide range of opportunities across the investment landscape.

An Investment in Real Estate

Some investors question whether real estate securities are truly an investment in real estate given that they trade on stock exchanges. The underlying assets of these securities are real estate—land and buildings that have intrinsic value based on their location and quality, as well as cash flows that are tied to legally binding leases with tenants. At the same time, they have all the features of publicly traded equities, including share prices that are quoted on the open market in real time.

By comparing a company's current share price to the underlying property fundamentals, analysts can measure the relative value offered by a real estate security. These fundamental factors may include the net value of the company's property investments (net asset value, or NAV) or the cash flows generated by these properties (measured in terms of funds from operations, or FFO). We explain these and other commonly used terms on page 11.

(1) References to REITs throughout this paper are intended to encompass REITs (originally a U.S. term) and similar REIT-like structures found in other countries.

(2) Based on the FTSE EPRA/NAREIT Global Real Estate Index as of June 30, 2014. See page 14 for index definitions.

The REIT Structure

As of June 30, 2014, about three quarters of publicly traded real estate companies were organized as REITs. This unique corporate structure provides tax considerations that help level the field for shareholders compared with investors who own real estate directly. As a result, REITs provide an efficient way for individuals to invest in commercial real estate and benefit from the rental income generated by the properties.

To qualify as a REIT, companies must follow specific rules defined by legislation in each country. In general, REITs are required to distribute the majority of their taxable net income to shareholders in the form of dividends. REITs must also adhere to certain restrictions on their operations, organization and ownership. In return, REITs do not have to pay corporate taxes on the net income and capital gains that they distribute, thereby reducing or even eliminating their tax burden.

In the U.S., the requirements are as follows:

Rule	Rationale
Distribute at least 90% of annual taxable net income (excluding capital gains) via dividends to shareholders.	*Since income is not taxed at the corporate level, this rule ensures that taxes are still incurred by REIT shareholders. These dividends are taxed as ordinary income.*
Invest at least 75% of total assets in real estate, mortgage loans or shares in other REITs.	*Its principal business must be real estate investing.*
Derive at least 95% of gross income from rents, mortgage interest or gains from the sale of real property.	*Its principal source of income must be real estate-related.*
Be managed by a board of directors or trustees.	*It must maintain a fiduciary responsibility to shareholders.*
Have shares that are fully transferable, with a minimum of 100 shareholders and no more than 50% of its shares held by five or fewer individuals.	*It must maintain a broad investor base.*
Be structured as a taxable corporation.	*It must be a for-profit company.*

REITs pay little or no corporate taxes, but must distribute nearly all of their income to shareholders.

REITs and Dividends

Due to their minimum distribution requirement and cash-flow-oriented business models, REITs have historically offered higher dividend yields than other equities with similar risk profiles.[1] This yield advantage can be seen in the exhibit below, which compares historical distribution rates of REITs, non-REIT property companies and the broad market. (The chart looks back to 2006, when the index began tracking REITs and non-REIT real estate securities separately.) More details on the dividend component of the asset class are provided in our related report, *The Case for Real Estate Securities.*

REITs have historically offered higher dividend yields than other equities with similar risk profiles.

Exhibit 1: Annual Dividend Yield by Asset Class, Since 2006

At December 31, 2013. Source: Bloomberg and Cohen & Steers.

Performance data quoted represents past performance. Past performance is no guarantee of future results. An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. Average of dividend yields calculated on a monthly basis (indicated annualized dividend rate divided by the month-end share price), from March 31, 2006, to December 31, 2013, based on the following: U.S. Stocks are represented by the S&P 500 Index; U.S. REITs are represented by the FTSE NAREIT Equity REIT Index; U.S. Real Estate Securities are represented by the Wilshire U.S. Real Estate Securities Index; Global Stocks are represented by the MSCI World Index; Global REITs are represented by REITs in the FTSE EPRA/NAREIT Developed Real Estate Index; and Global Real Estate Securities are represented by the FTSE EPRA/NAREIT Developed Real Estate Index. See page 14 for index definitions.

(1) The dividend yield, or distribution rate, is equal to the annual dividend per share divided by the share price.

The Growth of Global Real Estate Securities

Over the past 20 years, commercial real estate has seen a dramatic shift from the private sector to public markets, contributing to the substantial growth of the global real estate securities market. This shift has been due in large part to the increasing adoption of the modern REIT structure amid growing investor demand for listed real estate and global real estate allocations.

The Emergence of the REIT Structure

REIT legislation was first introduced in 1960 in the United States, followed by the Netherlands (1969) and Australia (1971). However, these entities struggled to gain traction, as early laws placed severe limitations on how REITs could operate. In the United States, tax reforms in the 1980s made the REIT structure more appealing to both property companies and investors. In addition, REIT legislation was simplified to provide companies with greater operating flexibility.

The modern REIT era emerged in the early 1990s on the heels of a major downturn in commercial real estate values. For U.S. real estate operators, many of which were over-leveraged, the REIT structure provided a way to access capital from public markets, since bank financing was unavailable at the time due to the savings-and-loan crisis. As a result, more than 100 U.S. companies formed as REITs and became public between 1991 and 1997.

REITs Go Global

Encouraged by the success of U.S. REITs, other countries began to implement similar legislation. The current status of global REIT adoption is summarized in the chart below. More information on the evolution of REITs can be found in the REIT timeline on page 12.

Exhibit 2: Global REIT Adoption

Countries With Listed REITs (date notes year adopted)						**REIT Legislation in Progress**	**REITs Under Consideration**
United States	1960	Singapore	2002	Nigeria	2010	Chile	China
Netherlands	1969	France	2003	Mexico	2011	Costa Rica	India
Australia	1971	Hong Kong	2003	Thailand	2012	Hungary	
Canada	1994	Taiwan	2003	Finland	2013	Indonesia	
Ghana	1994	Bulgaria	2005	Ireland	2013	Lithuania	
Belgium	1995	Malaysia	2005	Pakistan	2013	Luxembourg	
Brazil	1995	Israel	2006	South Africa	2013	Philippines	
Greece	1999	Germany	2007	Dubai	2014	Puerto Rico	
Turkey	1999	United Kingdom	2007	Spain	2014		
Japan	2000	Italy	2007				
South Korea	2001	New Zealand	2007				

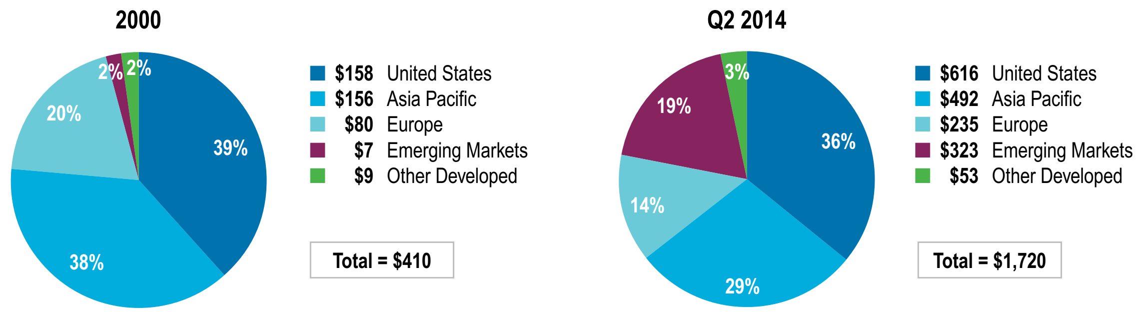
At June 30, 2014. Source: UBS and Cohen & Steers.

Today, 31 countries have adopted the REIT structure. In another 10 countries, legislation is in progress or under consideration.

The chart below illustrates the effect that global REIT adoption has had on listed real estate over the past decade. Since 2000, the global real estate securities market has tripled in size, with meaningful growth in every major region. As of June 30, 2014, the listed property market has grown to $1.7 trillion, consisting of 456 companies. The United States accounts for 35% of the current market, with 28% represented by Asia Pacific and a relatively smaller proportion from Europe and other regions. Emerging markets saw the largest growth in listed real estate, now comprising 19% of the global market, up from 2% in 2000.

The $1.7 trillion market for global real estate securities includes 456 companies.

Exhibit 3: Regional Composition of the Global Real Estate Securities Market, 2000 vs. Q2 2014
Market Capitalization in US$ billions



At June 30, 2014. Source: FTSE, Standard & Poor's and FactSet.

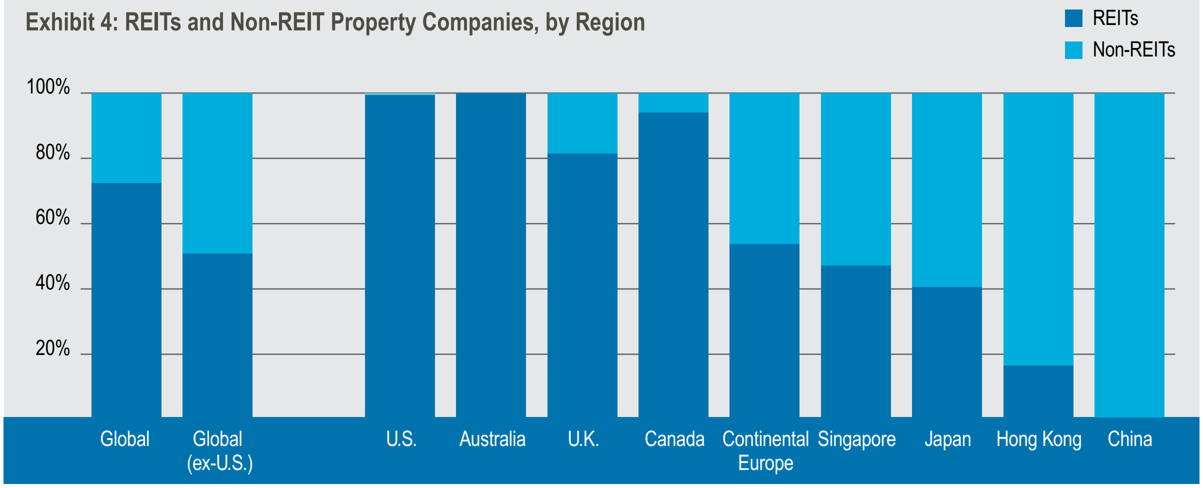
Percentages may not sum to 100% due to rounding error. Real estate securities at Q2 2014 represented by the FTSE EPRA/NAREIT Global Real Estate Index. We believe this index offers the best representation of the current global real estate securities market; however, it does not provide constituent data prior to 2006. Therefore, the real estate securities market at December 31, 2000, is represented by the S&P Global Property Index. An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. See page 14 for index definitions.

Different Markets, Different Opportunities

The globalization of real estate securities offers investors a wide range of opportunities in markets with meaningfully different characteristics. At any given time, property markets in each region and country will offer varying levels of risk and reward potential due to differences in their property cycles, macroeconomic conditions and monetary policies.

Investors must also consider the types of property companies domiciled within a given market. For example, REITs are nearly ubiquitous in the United States and Australia, but are not as common in other countries, either because REIT legislation has not been passed or because property owners are less inclined to adopt the REIT structure due to less-attractive legislation. On the next page, we show the proportion of REITs and non-REIT property companies in various countries, plus a description of property markets by region.

Exhibit 4: REITs and Non-REIT Property Companies, by Region



At June 30, 2014. Source: Bloomberg and FactSet.

Based on the FTSE EPRA/NAREIT Global Real Estate Index. REIT and non-REIT classifications provided by FactSet. An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. See page 14 for index definitions.

United States

The U.S. REIT structure has evolved into what we would describe as the world's most efficient real estate operating model. REITs' strong corporate governance, transparency and overall sound business models, as well as their history of effective use of capital, have ensured ample access to public equity and debt markets at a generally low cost of capital. The breadth and depth of the U.S. market have made it easier for real estate companies to specialize, providing simple and efficient business models and encouraging market expansion into niche areas such as student housing and data centers.

Europe

European REITs tend to emphasize long leases that are fixed to inflation, resulting in relatively slow but stable cash flow growth. This steady income, combined with high barriers to new supply, has helped investment demand for prime European assets remain strong. However, growth prospects have been somewhat constrained by companies' reliance on rights offerings to raise additional capital, which in our view is a less-optimal approach than secondary public equity offerings.

Asia Pacific

Due to broad economic expansion across the region and greater emphasis on real estate development, Asia Pacific real estate companies tend to feature relatively high earnings growth. This characteristic is particularly evident in Hong Kong and Singapore. Recent changes to the Hong Kong REIT code have granted greater flexibility for investment companies to engage in development, although they remain less incentivized to form as REITs due to low corporate taxes. By contrast, Australia and Japan consist almost entirely of REITs that engage in very little development.

Emerging Markets

Most property markets in emerging economies are characterized by rapid urbanization and rising standards of living. There is generally a greater focus on residential development due to the significant shortage of quality housing, particularly in Latin America, China and India. Retail development is also popular, providing a means of tapping into the growing disposable incomes of emerging middle classes. Commercial landlords have a meaningful presence in many markets, but they typically operate under normal corporate structures, since some countries have yet to enact REIT legislation.

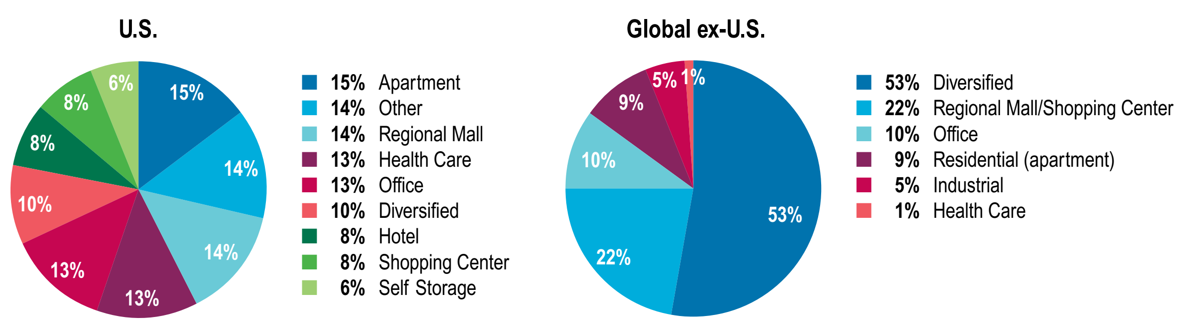
Property Sectors and Economic Drivers

The business models and drivers of supply and demand vary significantly across property sectors.

Just like with broad market sectors such as technology and consumer staples, real estate securities within a given property sector tend to perform similarly in a particular economic environment. The reason has to do with the distinct characteristics of each property type, including lease duration, barriers to supply and specific economic drivers that affect the property's tenants. These factors will lead some property sectors to perform better than others, depending on the economic and property cycle and a sector's relative valuation.

The exhibit below shows the relative size of property sectors in the U.S. and non-U.S. real estate securities markets on a look-through basis.

Exhibit 5: Underlying Assets of Real Estate Securities by Property Sector
U.S. vs. Non-U.S.



At June 30, 2014. Source: Cohen & Steers and FTSE.

Global ex-U.S. real estate securities market represented by the FTSE EPRA/NAREIT Developed Ex-U.S. Real Estate Index (property sectors presented on a look-through basis are based on Cohen & Steers' assessment of the underlying property ownership of the companies in the index). U.S. real estate securities represented by the FTSE NAREIT Equity REIT Index (property sector breakdown provided by the index). An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. "Other" includes Free Standing, Industrial, Manufactured Home and Office/Industrial. See page 14 for index definitions.

On the following page, we offer insight into the economic drivers and characteristics of each property sector.

Exhibit 6: Characteristics of Commercial Real Estate Sectors

Property Sector	Economic Drivers	Lease Duration	Construction Cycle (post approval)	Relative Cyclicality
Hotel	Business and consumer sentiment; corporate profits; fuel prices (higher costs for air travel)	1 day	2 years	Very high
	Hotels are highly cyclical due to their nightly leases, as room rates and occupancies can change swiftly with economic conditions. Low relative operating margins and significant recurring capital expenditures add volatility to the cash flow profile.			
Self Storage	Population; employment growth (particularly in urban areas, where space is more limited)	1 month	6 months	Medium
	Lease terms are relatively short, but self storage companies have strong pricing power, since small businesses and apartment dwellers will typically agree to higher rents rather than discard belongings or move into a larger space.			
Apartment	Household formation; job growth; home affordability; single-family housing sentiment	1 year	1–1½ years	High to medium
	Apartment REITs are largely cyclical, as profitability is tied to employment rates. However, they tend to be inversely (negatively) correlated to residential housing (tighter mortgage requirements and uncertainty on home prices tend to benefit apartment demand).			
Shopping Center	Consumer spending; disposable income; employment	3–5 years	12 months	Low to medium
	Tenants are generally geared toward non-discretionary (grocery, discount retail, pharmacy), offering some defensive qualities. Big box centers generally have stronger-credit tenants, but are also at greater risk from e-commerce penetration. Neighborhood centers typically include more local businesses (nail salons, pizza parlors), which are more dependent on the local economy.			
Industrial	Exports; manufacturing activity; inventories; shipping volumes; business sentiment	3–6 years	6 months	Medium
	Despite long lease durations, industrial properties have short construction times due to less-complex building requirements, so supply tends to closely track demand. A shorter property cycle results in greater sensitivity to domestic and global economic growth.			
Regional Mall	Discretionary spending; consumer sentiment; employment	5–10+ years	1½–2 years	Low
	Tenants tend to be discretionary-focused (department stores, boutique retail). Leases typically include rent step-ups, providing some support in the event of a downturn in the economy.			
Office	Corporate profits; employment growth; business outlook	5–10+ years	1½–2 years	Low to medium
	Lengthy lease durations (10 years or more for urban offices) provide long-term cash flow visibility. Offices in central business districts often see near-constant low supply conditions.			
Health Care	Government reimbursement rates (i.e., Medicare and Medicaid); population aging; home sales	8–10 years	1–1½ years	Very low to medium
	Long-term tenants such as hospitals and medical office buildings provide generally stable, bond-like income payments, resulting in a defensive investment profile. In recent years companies have shifted more of their net operating income to private pay, a source that adds more cyclicality to their cash flow, but limits exposure to government reimbursement risk.			

Source: NAREIT and Cohen & Steers.

Lease Duration

Lease terms can range from a single day for a hotel room, to more than a decade for offices and health care facilities. Typically, properties with shorter leases are more sensitive to economic cycles, since rents and occupancy levels adjust more quickly to changes in demand. Properties with longer leases are considered more bond-like due to their more predictable cash flows.

Supply Constraints

The supply side of a real estate cycle depends heavily on the location and type of property. For example, dense population centers typically have limited land. Certain properties require lengthy construction lead times due to the size of the building, the municipal approval process and infrastructure requirements. Sectors with short construction periods tend to have more-compressed (volatile) property cycles, since developers can often respond quickly to new demand. In contrast, long lead times result in greater supply visibility, but the downside is that new supply may be delivered to a market that no longer has the same level of demand.

Economic Drivers

When it comes to driving demand for a particular property sector, some parts of the economy are more important than others. For example, rising employment has a direct impact on the need for office space and apartments, but is likely less relevant to a hospital owner. By understanding the relationships between economic forces and individual property sectors, professional investors can identify opportunities and position a portfolio based on their economic and property sector outlook.

Allocating to Real Estate Securities

The simplicity of using real estate securities to access the real estate investment market has led to some noticeable trends in portfolio allocations. Some of our observations include:

- More 401K plans are offering real estate as a separate allocation.
- Target-date retirement funds now typically allocate around 10% of their portfolio to real estate.
- The number of real estate exchange-traded funds (ETFs) continues to grow amid expanding ETF interest.
- The demand for real assets strategies has led to increased focus on real estate, often considered a core real asset holding.
- Institutional investors are increasingly looking to listed real estate for its liquidity.
- Demand for global real estate allocations naturally favors real estate securities, which enable broad geographic diversification and opportunistic flexibility.

More investors are using real estate securities to achieve real assets diversification. Not only are these allocation trends providing investors with more options to participate in real estate ownership, but we believe strong investment demand could provide long-term support for property values. We discuss some of the features and benefits that we believe make real estate securities attractive in the next part of our educational series: *The Case for Real Estate Securities*.

Appendix A:
The Vocabulary of Real Estate Securities Analysis

Real estate analysts have adopted the use of special financial metrics over time to provide a more meaningful and consistent representation of real estate companies' ongoing financial performance. Below are four of the most commonly used terms.

Term	Similar to...	Definition
NAV (net asset value)	Book Value	NAV is essentially the marked-to-market book value of a company's property investments, measuring the estimated market value of the assets less any liabilities. Using various inputs, analysts can estimate a company's NAV and form an opinion about whether the share price is trading at a discount, a premium or parity to its underlying assets.
	NAV = net property value – liabilities	
FFO (funds from operations)	Earnings	FFO measures a real estate company's operating performance. It begins with net income and deducts the gains (or adds back the losses) from property sales, since they are non-recurring and do not contribute to the sustainable dividend-paying capacity of the company. It also adds in non-cash expenses like depreciation and amortization, because real estate tends to rise in value over time rather than depreciating like other fixed-plant or equipment investments. FFO/share is often used in place of earnings/share (EPS) when analyzing real estate companies.
	FFO = GAAP net income – gains from asset sales + real estate depreciation/amortization	
NOI (net operating income)	EBITDA	NOI measures the cash flow a property generates by subtracting property-level expenses (including real estate taxes) from the property's rental income. It is therefore similar to the corporate measure of EBITDA (earnings before interest, taxes, depreciation and amortization).
	NOI = rental income – property expenses	
Cap Rate (capitalization rate)	Yield	The cap rate is an expression of real estate value in terms of yield. In general, the lower the cap rate, the better the property or portfolio of assets (i.e., better cash flow growth and good tenants). When used to characterize the purchase price of an individual property—for example, "XYZ REIT purchased the office building at a cap rate of 6.5%"—the cap rate is the property's NOI (income less expenses) divided by the transaction price. A property's current cap rate is the NOI divided by the estimated present value. The cap rate of a company is the company's NOI divided by its gross asset value. Cap rates are sometimes quoted in terms of the spread to Baa corporate bond yields, where a negative spread may be indicative of high property prices.
	Property Cap Rate = property income / acquisition cost (or current value) ***Company Cap Rate = Total NOI / gross asset value of the company's property portfolio***	

Appendix B:
A 50-Year Timeline of REIT Evolution

U.S. Congress enacts the first REIT legislation

1960

The Tax Reform Acts of 1984 and 1986 transform the real estate investment market

1980s

1960s–1970s: The Early Years and the Rise of the Tax Shelter

In 1960, Congress enacted U.S. Real Estate Investment Trust (REIT) legislation to facilitate investment in commercial real estate by individuals. REITs were designed to unite the capital of many into a single economic enterprise geared toward the production of income.

For the first three decades of this asset class, REITs played a very limited role in the world of real estate investment. Upon inception, REITs were only permitted to own real estate; they could not operate or manage the properties owned. This concept of external management was not readily accepted by the marketplace due to potential conflicts of interest between owners and managers.

1980s: The Era of Tax Reform

The Tax Reform Acts of 1984 and 1986 brought sweeping changes to the real estate investment landscape:

1) Investors in highly leveraged real estate tax shelters were limited in their ability to deduct passive losses.
2) Depreciation lives were lengthened.
3) Congress empowered REITs to operate and manage most types of commercial properties.

As a result of these changes, the economic interests of REIT shareholders became more aligned with those of the REIT's operators and managers. More income-oriented investments were ushered in as the ability to generate a tax shelter through real estate was phased out.

By the end of the decade, the real estate industry was in the midst of a perfect storm, brought on by the combined effects of tax reform, overbuilding and declining property values. A crisis was also looming in the savings and loan industry, which was heavily exposed to commercial real estate.

The modern REIT era emerges

Early 1990s

The globalization of REITs gains momentum

2000s

REITs begin recapitalization process after the global financial crisis

2009

Global market capitalization approaches $1.7 trillion

Q2 2014

1990s: The Modern REIT Era Emerges

During the early 1990s, credit and capital for commercial real estate became largely unavailable and property values dropped dramatically. As a means of accessing capital, private real estate companies began to embrace the REIT structure. Kimco Realty Corporation was the first to go public in 1991. About a year later, Taubman Centers issued an IPO using an innovative structure called the UPREIT, which allowed owners to go public without triggering adverse tax consequences. This structure proved to be a game changer for the REIT industry.

Around the same time, investors believed that a real estate recovery was near, and they were right. Spurred by the success of the U.S. model, the REIT structure began to expand into the global marketplace, as an increasing number of countries adopted REIT legislation.

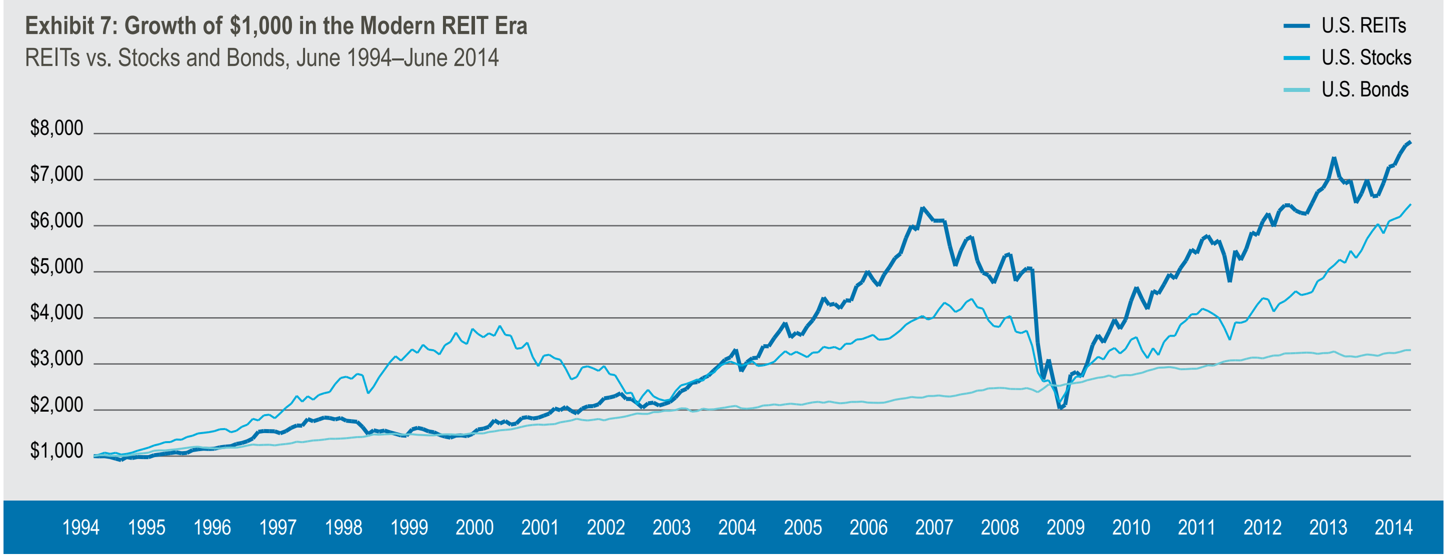
2000–2014: A Top Performing Asset Class as REITs Go Global

REITs flourished in the first seven years of the decade, both in the U.S. and internationally. But like most investments, real estate suffered a serious downturn in the global financial crisis. As the REIT market bottomed in early 2009, many listed companies began the process of equity recapitalization. Since that time, REITs have continued to issue equity, debt and preferred stock in large volumes at historically attractive levels. This capital has been put to good use, as companies have strengthened their balance sheets, lowered their debt costs and positioned themselves for growth through property acquisitions.

Today, the value of the global market for REITs and non-REIT publicly traded property companies is $1.7 trillion, roughly triple that of the U.S. market alone.

Exhibit 7: Growth of $1,000 in the Modern REIT Era

REITs vs. Stocks and Bonds, June 1994–June 2014



At June 30, 2014. Source: Bloomberg.

Performance data quoted represents past performance. Past performance is no guarantee of future results. The information presented above does not reflect the performance of any fund or other account managed or serviced by Cohen & Steers, and there is no guarantee that investors will experience the type of performance reflected above. There is no assurance that any historical trend illustrated above will be repeated in the future, and there is no way to predict precisely when such a trend will begin. An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. U.S. REITs are represented by the FTSE EPRA/NAREIT Equity REIT Index. U.S. stocks are represented by the S&P 500 Index. U.S. bonds are represented by the Barclays Capital U.S. Aggregate Bond Index. See page 14 for index definitions.

Index Definitions

An investor cannot invest directly in an index, and index performance does not reflect the deduction of any fees, expenses or taxes.

Barclays Capital Global Aggregate Bond Index is designed to be a broad-based measure of the global investment-grade, fixed-rate, fixed-income corporate markets outside the United States.

Barclays Capital U.S. Aggregate Bond Index (formerly the Lehman Brothers U.S. Aggregate Bond Index) is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds.

FTSE NAREIT Equity REIT Index is an unmanaged, market-capitalization-weighted index of all publicly traded REITs that invest predominantly in the equity ownership of real estate.

FTSE EPRA/NAREIT Developed Real Estate Index is an unmanaged market-weighted total return index which consists of many companies from developed markets whose floats are larger than $100 million and who derive more than half of their revenue from property-related activities.

FTSE EPRA/NAREIT Developed Ex-U.S. Real Estate Index is an unmanaged portfolio of approximately 183 constituents from 19 countries.

FTSE EPRA/NAREIT Global Real Estate Index is an unmanaged portfolio of approximately 456 constituents from 37 countries, including both developed and emerging markets.

MSCI World Index consists of a wide selection of stocks traded in 24 developed countries. It is weighted for market capitalization and is considered an important benchmark of the state of global stock markets.

S&P 500 Index is an unmanaged index of 500 large-capitalization, publicly traded stocks representing a variety of industries.

S&P Developed Property Index defines and measures the investable universe of publicly traded property companies domiciled in developed markets.

S&P Global Property Index is an unmanaged portfolio of approximately 535 constituents from 36 countries.

Wilshire Real Estate Securities Index is an unmanaged, market-capitalization-weighted index of 105 publicly traded real estate securities that invest predominantly in the equity ownership of real estate.

Important Disclosures

The views and opinions in the preceding commentary are as of the date of publication and are subject to change. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice, is not intended to predict or depict performance of any investment and does not constitute a recommendation or an offer for a particular security. We consider the information in this presentation to be accurate, but we do not represent that it is complete or should be relied upon as the sole source of suitability for investment. Performance data quoted represents past performance. Past performance does not guarantee future results. There is no guarantee that any historical trend illustrated in this commentary will be repeated in the future, and there is no way to predict precisely when such a trend will begin. There is no guarantee that a market forecast made in this commentary will be realized.

Risks of Investing in Real Estate Securities

Property values may fall due to increasing vacancies, declining rents resulting from economic, legal, tax, political or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions. The risks of investing in REITs are similar to those associated with direct investments in real estate securities. Foreign securities involve special risks, including currency fluctuations, lower liquidity, political and economic uncertainties, and differences in accounting standards. Some international securities may represent small- and medium-sized companies, which may be more susceptible to price volatility and less liquidity than larger companies.

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Cohen & Steers

REAL ESTATE • The Original Real Asset

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