

Cohen & Steers Emerging Markets Real Estate Securities Strategy

We would like to share with you our review and outlook for emerging markets real estate securities as of April 30, 2012. For the month, the FTSE EPRA/NAREIT Emerging Real Estate Index had a total return of +0.8% in U.S. dollars (net of dividend withholding taxes), compared with +2.3% for the FTSE EPRA/NAREIT Developed Real Estate Index (net), a broad measure of the global real estate securities market. Year to date, the indexes returned +21.5% and +15.3%, respectively.

Investment Review

Emerging market real estate securities had modest gains in April as inflation pressures continued to moderate. With price stability less of a concern, policymakers had greater flexibility to enact additional monetary easing and other stimulus measures. Investors discounted a more favorable growth trajectory in many emerging markets, helping to offset renewed macroeconomic worries stemming from deteriorating credit conditions in Europe and disappointing economic data in the United States.

In China (+10.7% total return¹), GDP growth slowed to an annualized rate of 8.1% in the first quarter, weighed down by declining home prices. Developers rallied in anticipation of easing policies for specific segments of the housing market, as well as broader measures such as a cut in the reserve requirement ratio. The prospect of a better growth outlook and milder inflation in the region helped other Asia Pacific countries, including Thailand (+9.1%), Indonesia (+7.2%) and the Philippines (+3.0%). India was an outlier, declining 5.7%. The Reserve Bank of India lowered its repo rate for the first time in three years, but a concerning inflation reading led to expectations that further cuts were unlikely.

Brazil (-5.7%) cut its benchmark interest rate by 75 basis points and announced a significant fiscal package designed to stimulate growth, with a focus on protecting domestic manufacturing from the adverse effects of a strong currency. However, several large homebuilders suffered sharp declines, as earnings results revealed significant operational challenges, including cost overruns and project delays related to third-party contractors. PDG Realty suffered the most, declining nearly 30% (in local currency terms) amid difficulties with integrating a recent acquisition, as well as concerns over CEO succession.

Brazilian landlords generally outperformed within the country, benefiting from strong commercial fundamentals. Notable news included the announcement of a joint venture between BR Malls and Simon Property Group to build outlet malls, bringing what has been a very successful business model in the United States to Brazil's retail market.

Investment Outlook

In a global economy characterized by moderating inflation and tepid growth in developed markets, we believe emerging markets real estate securities offer attractive upside potential on a risk-adjusted basis. Policymakers in emerging economies

Index Performance (USD)

Period	FTSE EPRA/NAREIT Emerging Index (Net)
April 2012	0.8%
YTD 2012	21.5%
1 Year	-10.3%
3 Years	15.4%

Past performance does not guarantee future results. This information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index. Total returns of the FTSE EPRA/NAREIT Emerging Index (Net), is an unmanaged portfolio of approximately 89 constituents from 14 countries, the returns of which reflect no deduction for fees and expenses but are net of dividend withholding taxes.

Index Characteristics

Discount to Net Asset Value	-0.8%
Premium to Dividend Discount Model	10.8%
Dividend Yield	2.7%
Price/Cash Flow (2012E)	15.0x
Cash Flow Growth (2012E vs. 2011)	17.0%
Cash Flow Growth (2013E vs. 2012E)	14.6%
Weighted-Average Market Cap.	\$4.7B%
Total Market Capitalization	\$216.1B
Number of Securities	121
Number of Countries	17

Source: Cohen & Steers.

Characteristics are market capitalization-weighted averages of estimates for companies in the FTSE EPRA/NAREIT Emerging Index and are subject to change over time.

(1) Country returns are in local currency as measured by the FTSE EPRA/NAREIT Emerging Real Estate Index.

Cohen & Steers Emerging Markets Real Estate Securities Strategy

Index Performance by Country

	April 2012		YTD 2012	
	Local	USD	Local	USD
Asia Pacific	6.7%	6.8%	27.0%	29.4%
Philippines	3.0%	4.7%	36.3%	41.5%
China	10.7%	10.7%	39.5%	39.6%
Taiwan	-15.0%	-14.1%	33.5%	38.4%
Thailand	9.1%	9.4%	30.9%	34.3%
Indonesia	7.2%	6.7%	26.1%	24.5%
India	-5.7%	-8.4%	16.3%	17.9%
Malaysia	-2.3%	-1.1%	1.7%	6.5%
Europe	-1.5%	-1.5%	13.3%	20.9%
Turkey	-0.9%	0.5%	25.8%	35.1%
Czech Republic	-0.6%	-1.3%	6.0%	6.6%
Poland	5.0%	3.9%	-8.0%	0.2%
Russia	-2.5%	-3.1%	-6.8%	-6.4%
Middle East/Africa	3.3%	2.5%	15.4%	19.2%
Egypt	-2.2%	-2.3%	101.8%	101.3%
United Arab Emirates	6.1%	6.1%	27.9%	27.9%
South Africa	2.8%	1.8%	11.6%	16.3%
Latin America	-5.9%	-9.1%	10.1%	9.4%
Chile	-4.8%	-4.1%	11.3%	19.3%
Brazil	-5.7%	-9.2%	11.3%	9.6%
Mexico	-9.3%	-10.7%	-4.4%	2.6%

Source: Bloomberg.

The FTSE EPRA/NAREIT Emerging Index is an unmanaged portfolio of approximately 89 constituents from 14 countries, the returns of which reflect no deduction for fees and expenses but are net of dividend withholding taxes. You cannot invest directly in an index, and index performance does not reflect the deduction of any fees or expenses.

have indicated increasing comfort with accommodative monetary policies, while domestic demand remains robust, creating a positive operating environment for both landlords and developers. On a relative value basis, we are finding more opportunities in residential developers, as we believe share prices remain depressed following their poor 2011 returns.

With the changes to the FTSE EPRA/NAREIT Emerging Index in March, the index now provides greater balance between Brazil and China, with the latter now accounting for approximately 25% of the index (up from 8%). We shifted some of our Brazil allocation to China, as we believe China developers will be among the primary beneficiaries of policy easing. However, Brazil remains one of our favored markets due to its growing consumption trends, natural resources and shareholder-friendly business environment. We particularly like the retail market, which continues to exhibit strong fundamentals.

We also like Thailand, the Philippines and Indonesia, which are able to manage inflation through effective central bank policies. We remain underweight Mexico and continue to view the Middle East as unsuitable for investment due to political instability and corporate governance issues. Although we remain cautious in Eastern Europe, we have assumed a modest position in the Czech Republic in response to index rebalancing.

Past performance is no guarantee of future results. The performance information in the preceding commentary does not reflect the performance of any fund, product or account managed or serviced by Cohen & Steers. The views and opinions in the preceding commentary are as of the date of publication and are subject to change. There is no guarantee that any market forecast set forth in this presentation will be realized. This material should not be relied upon as investment advice, does not constitute a recommendation to buy or sell a security or other investment and is not intended to predict or depict performance of any investment.