

Global Real Estate Securities

The global real estate market, as represented by the FTSE EPRA Nareit Developed Real Estate Index, had a total return of 5.80% in the quarter (in U.S. dollars, net of dividend withholding taxes).

Investment Review

Global real estate securities rose amid economic growth optimism. North America and Asia Pacific markets gained, as did the U.K., while continental Europe, which has seen some setbacks in virus containment, declined. Although government bond yields rose sharply in the quarter amid increased inflation concerns, real estate generally benefited from investor optimism around economic recovery prospects, with the U.S. bolstered by vaccine rollout progress and the passage of a \$1.9 trillion stimulus package.

In the U.S. (9.1% total return¹), retail led on vaccine rollouts. U.S. REIT performance was mostly positive across sectors in the quarter, with a generally positive fourth-quarter earnings season. Shopping centers and regional malls were the biggest winners, while hotels also outperformed amid accelerating economic sentiment. Among the laggards were sectors that performed well in 2020, such as secular-growth-oriented data centers and industrial.

Japan (15.4%) and Hong Kong (10.9%) outperformed more rate-sensitive Asia Pacific markets. In Japan, developers finished reporting earnings in February. Sumitomo Realty &

Development and Mitsui Fudosan outperformed, as both reported strong momentum in their residential businesses. The rally in Hong Kong was powered by developers, in particular large-cap companies such as CK Asset Holdings and Sun Hung Kai Properties, which were favored as proxies to the region's economic recovery. Singapore (2.8%) trailed the region overall, with underperformance among data center owner Keppel DC REIT and Mapletree Industrial Trust, as the rise in bond yields had a negative effect on share prices. Australia (1.6%) underperformed, weighed down in part by rate-sensitive residential developer Mirvac Group.

The U.K. (3.0%) rose as economic recovery expectations lifted some of the market's more beaten-down property types. Outperformers included retail landlord Capital & Counties Properties, which owns shopping centers located in London's West End. Student housing operator Unite Group also advanced, aided by optimism regarding in-person university reopenings (albeit on a qualified basis) and a nearing of an end to the company's rent discounts. Industrial company SEGRO had a relatively modest gain, despite reporting above-consensus earnings.

Continental Europe was a regional underperformer, hindered by renewed COVID concerns. Germany (-7.2%) underperformed, in part due to declines in apartment owners Vonovia and Deutsche Wohnen. Belgium (-0.2%), Switzerland (-0.6%) and Sweden (-4.1%) also struggled. Winners included Austria (15.2%), represented in the index by office

Index Performance (US\$)

| | Linked Index ⁽¹⁾ |
|---------|-----------------------------|
| Q1 2021 | 5.80% |
| 1 Year | 34.65% |
| 3 Year | 5.06% |
| 5 Year | 3.86% |
| 10 Year | 5.73% |

(1) Linked Index: The linked benchmark is represented by the performance of the FTSE EPRA Nareit Developed Real Estate Index. Prior to 12/31/06, the returns for the index are from the S&P Developed Property Index.

Data quoted represents past performance, which is no guarantee of 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 and index performance does not reflect the deduction of fees, expenses or taxes.

Periods greater than 12 months are annualized.

Index Characteristics

| | FTSE EPRA Nareit Developed Real Estate Index (Net) |
|------------------------------------|--|
| Premium or Discount to NAV | 3.2% |
| Discount to DDM | -0.4% |
| Dividend Yield | 3.3% |
| Price/Cash Flow (2021E) | 20.3x |
| Cash Flow Growth (2021E vs. 2020) | 5.6% |
| Cash Flow Growth (2022E vs. 2021E) | 7.9% |
| 5-Year Cash Flow Growth | 5.1% |
| Total Market Capitalization | \$1,903.8B |
| Weighted Average Market Cap. | \$16.8B |
| Number of Holdings | 342 |

Source: Cohen & Steers.

Characteristics are market capitalization-weighted averages of estimates for companies in the FTSE EPRA Nareit Developed Real Estate Index (Net) and are subject to change over time.

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developer CA Immobilien Anlagen. The Netherlands (8.0%) also advanced, lifted by gains from retail landlords Wereldhave and Eurocommercial Properties. We have been narrowing our overweight in continental Europe on concerns around the region's vaccine rollout and the potential impact on economic recovery.

Investment Outlook

Global real estate appears well positioned for the year ahead.

Just as COVID upended the listed real estate market in 2020, we think REITs could be a prime beneficiary of a widely available vaccine and continued economic expansion. Low interest rates and increasing fiscal spending globally could help to accelerate this process. Our expectation is for the U.S. Federal Reserve to remain accommodative in the near term.

REITs have historically delivered their strongest returns—both in absolute terms and relative to broader equities—in the early stages of economic recoveries, as GDP accelerates but interest rates remain relatively low. Entering 2021, valuations relative to the broad market and fixed income are at attractive levels. In addition, we believe REITs' attractive and growing dividends are likely to appeal to investors in an environment of very low interest rates.

We maintain a generally positive view on U.S. REITs, and favor health care and self-storage companies. Within the U.S. REIT market, we have a favorable view on health care, where various businesses—including medical offices and hospitals—have shown resilience in the face of COVID, aided by steady rental collections and a resumption of elective surgeries. We also see value in assisted living landlords, despite the prospect that it could take a few years to rebuild occupancy and cash flows. Self storage is expected to enjoy improving demand due to the increased migration of apartment dwellers in large urban centers to less dense environments. We believe companies that provide data and logistics infrastructure, including data centers, cell towers and industrial warehouses, may continue to benefit from strong secular demand in the shift toward a digital economy, though we are mindful of valuations.

We continue to see challenging U.S. retail fundamentals, although certain retail landlords with high-quality properties and strong balance sheets stand to gain market share over time. We are cautious toward offices based on oversupply and difficult leasing conditions amid weakening demand. Apartments are contending with a deceleration in fundamentals in certain urban markets amid a greater interest in suburban living, although we believe fundamentals are bottoming. We remain cautious toward Canada based on a

challenging economic outlook and the lasting impact of low oil prices.

Our European focus is primarily on secular investment themes and defensive businesses. Governments and central banks are likely to continue to provide significant support, but credit markets could be tested. We have been narrowing our overweight in continental Europe on concerns around the region's vaccine rollout and the potential impact on economic recovery. European markets that depend more on tourism may be more vulnerable in the medium term. In the U.K., we like companies with more defensive or structural growth characteristics, including logistics, health care and self storage. We remain underweight U.K. retail.

We remain overweight Asia Pacific as a group. Valuations for Hong Kong appear attractive and economic activity is beginning to rebound, although political uncertainty is still a risk. We favor non-discretionary retail and prefer China domestic plays over Hong Kong. In Australia, property sectors that are relatively insulated from global demand drivers and the encroachment of e-commerce activity are the most attractive. In Singapore, we have a favorable view of data centers and health care. We remain overweight Japanese developers on the view that they should benefit from a rotation into a cyclical recovery, although we slightly reduced our positioning recently due to less attractive relative valuation. In March, we also reduced our diversified J-REIT exposure to buy industrial.

(1) All country returns in this commentary are in local currencies.

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Index Performance by Country

| | Q1 2021 | | YTD 2021 | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | Local | USD | Local | USD |
| North America | 9.13% | 9.20% | 9.13% | 9.20% |
| Canada | 9.09% | 10.54% | 9.09% | 10.54% |
| United States | 9.13% | 9.13% | 9.13% | 9.13% |
| Asia Pacific | 10.24% | 6.22% | 10.24% | 6.22% |
| Hong Kong | 10.94% | 10.66% | 10.94% | 10.66% |
| Japan | 15.35% | 7.78% | 15.35% | 7.78% |
| Singapore | 2.80% | 1.16% | 2.80% | 1.16% |
| Australia | 1.58% | 0.26% | 1.58% | 0.26% |
| New Zealand | -2.51% | -5.17% | -2.51% | -5.17% |
| Middle East - Africa | 0.81% | -2.94% | 0.81% | -2.94% |
| Israel | 0.81% | -2.94% | 0.81% | -2.94% |
| Europe | -1.50% | -4.44% | -1.50% | -4.44% |
| Austria | 15.15% | 10.61% | 15.15% | 10.61% |
| United Kingdom | 3.02% | 3.93% | 3.02% | 3.93% |
| Netherlands | 8.02% | 3.76% | 8.02% | 3.76% |
| Spain | 7.54% | 3.30% | 7.54% | 3.30% |
| Ireland | 3.32% | -0.76% | 3.32% | -0.76% |
| Norway | -2.21% | -1.92% | -2.21% | -1.92% |
| France | 0.06% | -3.88% | 0.06% | -3.88% |
| Belgium | -0.24% | -4.18% | -0.24% | -4.18% |
| Italy | -1.53% | -5.41% | -1.53% | -5.41% |
| Switzerland | -0.60% | -6.64% | -0.60% | -6.64% |
| Sweden | -4.12% | -9.66% | -4.12% | -9.66% |
| Finland | -6.89% | -10.56% | -6.89% | -10.56% |
| Germany | -7.15% | -10.81% | -7.15% | -10.81% |

Source: Cohen & Steers.

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The FTSE EPRA Nareit Developed Real Estate Index-net is an unmanaged market-capitalization-weighted total-return index, which consists of publicly traded equity REITs and listed property companies from developed markets and is net of dividend withholding taxes.

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