

Employee Education: What Are REITs?

Real Estate Investment Trusts are like any other company except:

- No corporate taxes
- Must distribute 90% of income to shareholders via dividends
- Primary business must be real estate

...and some other fine print about ownership and corporate structure.

From an overall tax perspective, REITs are ideally suited for tax-exempt retirement accounts:

- No taxes at the corporate level
- Deferred taxes at the individual level

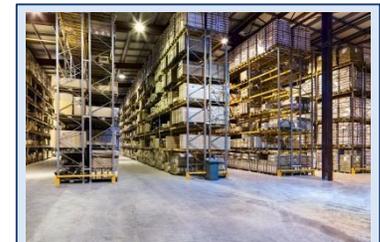
REITs own income-producing real estate such as:



Apartments



Offices



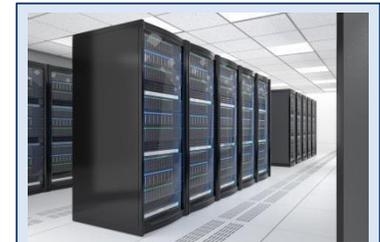
Industrial



Malls



Shopping Centers



Data Centers



Cell Towers



Hotels



Self Storage

...as well as other specialty properties, including healthcare facilities, manufactured housing, single-family rentals, billboards and net lease properties.

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Why Should You Own REITs?

Commercial real estate is the third largest asset class in the U.S., but represents only a small portion of most investment portfolios.⁽¹⁾

REITs have historically generated strong returns relative to stocks and bonds.

Adding 10% REITs to a portfolio of stocks and bonds has historically led to improved returns.

Fixed Income



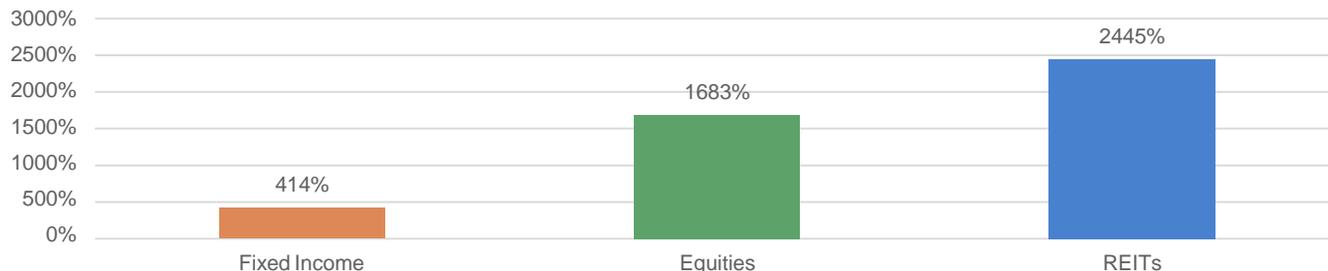
Equities



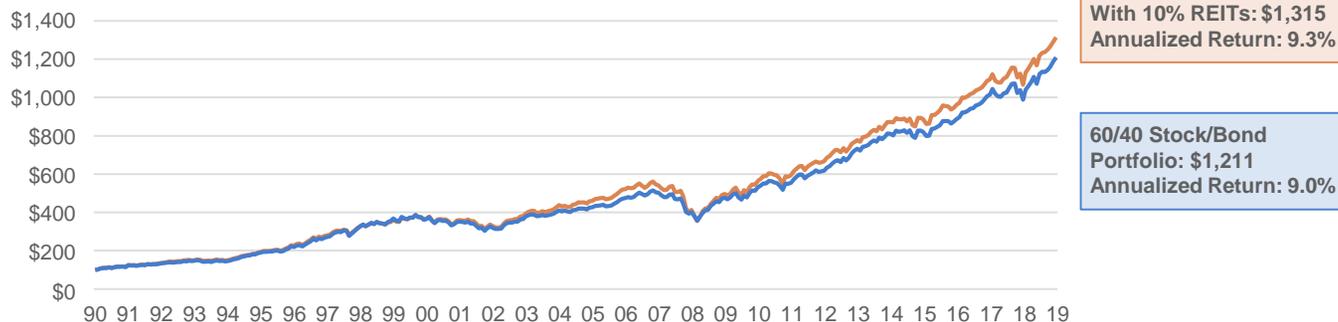
Real Estate



Cumulative Return Since 1991



Growth of \$100 Since 1991



At December 31, 2019. Sources: Securities Industry and Financial Markets Association (SIFMA), Green Street Advisors, Cohen & Steers.

Data quoted represents past performance, which is no guarantee of future results. (1) Market capitalizations for fixed-income and equities as of December 31, 2018; for real estate as of December 31, 2019. REITs: The FTSE Nareit All Equity REITs Index contains all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

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Every REIT Is Different

REITs tend to perform differently across a market cycle depending on factors such as lease duration and demand drivers

Because of these differences, performance among property sectors can vary significantly in a given year.

Why it matters:

Differences among property types create opportunities for active portfolio managers like Cohen & Steers to enhance potential returns by concentrating assets in markets that may have better return prospects—for example, investing more in cell towers and less in retail properties.

Sector Example	Lease Duration	Key Driver
Hotel	1 day	Business/leisure travel
Apartment	1 year	Job growth
Retail	3-10 years	Consumer spending
Data Center	5 years	E-commerce/Internet usage
Office	5-10 years	Business outlook
Healthcare	8-10 years	Population demographics

Best and Worst Performing Property Sector by Year
Total Return (%)



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At December 31, 2019. Sources: Morningstar, Cohen & Steers. Data quoted represents past performance, which is no guarantee of future results. Sector returns based on FTSE Nareit All Equity REIT Index. See end slide for index definitions and additional disclosures.

Index Definitions

An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. The FTSE Nareit All Equity REITs Index contains all tax-qualified REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria. S&P 500 Index is an unmanaged index of 500 large-capitalization stocks that is frequently used as a general measure of U.S. stock market performance. Barclays Capital U.S. Aggregate Bond Index is a broad-market measure of the U.S. dollar-denominated investment-grade fixed-rate taxable bond market, and includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities.

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