

COHEN & STEERS REIT & PREFERRED INCOME FUND INC

Form N-CSR

March 07, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21326

Cohen & Steers REIT and Preferred Income Fund, Inc.  
(Exact name of registrant as specified in charter)

280 Park Avenue, New York, NY  
(Address of principal executive offices)

10017  
(Zip code)

Tina M. Payne

Cohen & Steers Capital Management, Inc.

280 Park Avenue

New York, New York 10017  
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 832-3232

Date of fiscal year end: December 31

Date of reporting period: December 31, 2013

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**Item 1. Reports to Stockholders.**

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**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.**

To Our Shareholders:

We would like to share with you our report for the year ended December 31, 2013. The net asset value (NAV) at that date was \$17.88 per common share. The Fund's common stock is traded on the New York Stock Exchange (NYSE) and its share price can differ from its NAV; at year end, the Fund's closing price on the NYSE was \$15.70.

The total returns, including income, for the Fund and its comparative benchmarks were:

	Six Months Ended December 31, 2013	Year Ended December 31, 2013
Cohen & Steers REIT and Preferred Income Fund at NAV <sup>a</sup>	0.53%	4.48%
Cohen & Steers REIT and Preferred Income Fund at Market Value <sup>a</sup>	5.64%	0.80%
FTSE NAREIT Equity REIT Index <sup>b</sup>	3.78%	2.47%
BofA Merrill Lynch Fixed-Rate Preferred Securities Index <sup>b</sup>	4.00%	3.65%
Blended Benchmark 50% FTSE NAREIT Equity REIT Index/ 50% BofA Merrill Lynch Fixed-Rate Preferred Securities Index <sup>b</sup>	3.79%	0.45%
S&P 500 Index <sup>b</sup>	16.31%	32.39%

*The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance results reflect the effects of leverage, resulting from borrowings under a credit agreement. Current total returns of the Fund can be obtained by visiting our website at [cohenandsteers.com](http://cohenandsteers.com). The Fund's returns assume the reinvestment of all dividends and distributions at prices obtained under the Fund's dividend reinvestment plan. Index performance does not reflect the deduction of any fees, taxes or expenses. An investor cannot invest directly in an index. Performance figures for periods shorter than one year are not annualized.*

*The Fund implements fair value pricing when the daily change in a specific U.S. market index exceeds a predetermined percentage. Fair value pricing adjusts the valuation of certain non-U.S. equity*

<sup>a</sup> As a closed-end investment company, the price of the Fund's NYSE-traded shares will be set by market forces and at times may deviate from the NAV per share of the Fund.

<sup>b</sup> The 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. The index is designed to reflect the performance of all publicly traded equity REITs as a whole. The BofA Merrill Lynch Fixed-Rate Preferred Securities Index tracks the performance of fixed-rate U.S. dollar denominated preferred securities issued in the U.S. market. The Standard & Poor's 500 Composite Stock Index (S&P 500 Index) is an unmanaged index of 500 large capitalization, publicly traded stocks representing a variety

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of industries that is frequently used as a general measure of stock market performance.

## **COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.**

*holdings to account for such index change following the close of foreign markets. This standard practice has been adopted by a majority of the fund industry. In the event fair value pricing is implemented on the first and/or last day of a performance measurement period, the Fund's return may diverge from the relative performance of its benchmark, which does not use fair value pricing.*

The Fund makes regular quarterly distributions at a level rate (the Policy). Distributions paid by the Fund are subject to recharacterization for tax purposes and are taxable up to the amount of the Fund's investment company taxable income and net realized gains. As a result of the Policy, the Fund may pay distributions in excess of the Fund's investment company taxable income and realized gains. This excess would be a "return of capital" distributed from the Fund's assets. Distributions of capital decrease the Fund's total assets and, therefore, could have the effect of increasing the Fund's expense ratio. In addition, in order to make these distributions, the Fund may have to sell portfolio securities at a less than opportune time.

### **Investment Review**

U.S. equity markets had a strong year in 2013, benefiting from an improving labor market, a housing recovery, increased corporate spending and a stronger global economy. These factors also resulted in strengthening fundamentals for commercial real estate, giving many landlords the leverage to raise rents as new supply continued to lag behind the growth in demand. Amid this positive backdrop, real estate investment trusts (REITs) continued to exhibit strong cash flow growth and, as of the third quarter, had raised dividend payouts by an average of 9% from the prior year. However, REIT shares were negatively affected by a sharp rise in Treasury yields and concerns of higher interest rates after the Federal Reserve said in May that it was considering tapering quantitative easing (QE).

Investors responded by selling any asset they perceived as being sensitive to interest rates, including REITs. After rising 20% year to date through May 21, 2013, REITs fell 15% through the remainder of the year. And while they managed to produce a fifth straight year of positive total returns, their 2.5% gain versus 32.4% for the S&P 500 Index was the widest margin of underperformance in 15 years. Despite the concerns over rising Treasury yields, real estate values remained relatively stable in the private market. As a result of this divergence between public and private sentiment, most REITs ended the year trading for less than the current value of their underlying properties.

### ***Short-Lease Property Sectors Generally Outperformed***

Returns diverged broadly across the REIT universe, depending largely on a company's ability to grow cash flows in a rising-rate environment. This generally favored short-lease property types such as hotel REITs (27.2% total return<sup>1</sup>), which meaningfully outperformed all other sectors. Hotel companies are typically viewed as the least vulnerable to rising Treasury yields since they can raise room rates on a nightly basis, enabling them to quickly capture increasing economic activity. The self storage sector (9.5%) experienced exceptionally strong cash flow growth, driven by accretive acquisitions and reduced promotional activity. Industrial REITs (7.4%) also did well, as a strengthening economy led to increased

<sup>1</sup> Property sector returns are based on the FTSE NAREIT Equity REIT Index.

## **COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.**

global trade, manufacturing and shipping volumes. In the shopping center sector (5.0%), expansion by anchor tenants helped offset headwinds from retailers under pressure from e-commerce. By contrast, investors viewed regional mall REITs ( - 1.0%) as more at risk to slowing retail sales.

The apartment sector ( - 6.2%) underperformed for a second straight year. Apartments were the only property sector to see meaningful supply growth, which, together with the overhang of a recovery in the "for-sale" housing market, threatened to slow the pace of income growth. Health care REITs ( - 7.1%) also struggled, affected more than others by interest-rate concerns due to their relatively "bond-like" cash flows. Free standing REITs (7.3%) also have long-term lease structures, but outperformed amid consolidation within the sector, including the notable merger of American Realty Capital Properties and Cole Real Estate.

### *Interest-Rate Concerns Impacted Exchange-Traded Preferred Securities*

The rise in Treasury yields and meaningful outflows from preferred exchange-traded funds (ETFs) resulted in a negative return for the BofA Merrill Lynch Fixed-Rate Preferred Securities Index, which consists entirely of investment-grade exchange-traded securities. By contrast, below-investment-grade and non-rated preferred securities did better, benefiting from higher income rates and wider credit spreads, which helped dampen the negative effects of rising Treasury yields as spreads narrowed. In addition, preferred securities traded in the institutional over-the-counter (OTC) market had generally positive returns. This was largely attributable to the fact that the fixed-to-floating-rate structures that dominate the OTC market are much less sensitive to interest rates than the fixed-rate-for-life securities typically found in the retail exchange-traded market.

### *Fund Performance*

The Fund had a positive total return for the year based on NAV and outperformed its blended benchmark. Based on market price, the Fund declined and underperformed its blended benchmark. The Fund's negative market-price performance reflected a challenging environment for closed-end funds broadly, as concerns of reduced monetary stimulus caused NAV discounts to widen across the closed-end-fund market.

Security selection in the preferred securities portion of the Fund was the dominant contributor to relative performance, as the Fund's allocation to preferreds had a positive absolute return compared with a decline in the preferred index. The majority of the Fund's preferred securities holdings were out-of-index positions in higher-yielding below-investment-grade securities, many of which were issued in the OTC market. Among these were a number of European companies, which generally featured higher income rates than what was available from U.S. issuers.

Stock selection among REITs also contributed to relative performance. In particular, the Fund benefited from favorable stock selection in the apartment and office sectors (the latter with a total return of 5.6% in the index), as well as stock selection in the hotel (27.2%), diversified (4.3%) and mixed-use office/industrial (5.6%) sectors. Detractors from relative returns included the Fund's underweight to free standing REITs, as well as stock selection in the shopping center and regional mall sectors.

## **COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.**

### *Impact of Derivatives on Fund Performance*

The Fund used derivatives in the form of forward foreign currency exchange contracts in order to manage currency risk on certain Fund positions denominated in foreign currencies. These contracts did not have a material effect on the Fund's total return for the period.

### *Impact of Leverage on Fund Performance*

The Fund employs leverage as part of a yield-enhancement strategy. Leverage, which can increase total return in rising markets (just as it can have the opposite effect in declining markets), contributed to the Fund's performance for the year compared to its blended benchmark, which is not leveraged.

### *Investment Outlook*

Over the coming year, we expect to see a continuing trend of improving economic growth and a modest rebound in inflation from historically low levels, driving further QE tapering and somewhat higher Treasury yields. Our economic view is modestly more positive than the consensus, as we expect job growth and recent gains in household wealth (due to strong stock-market returns and rising home values) to drive increased consumer spending. According to our estimates, this additional spending, plus a stronger global economy, should contribute to the creation of 2.7 million new jobs in 2014, accelerating from 2.2 million in 2013.

While we expect all property sectors to benefit from rising employment, our focus is on those we believe are the most attractively valued in the context of rising employment and consumer spending. In particular, we favor owners of high-quality retail assets, many of which trade at compelling valuations and continue to see healthy demand from national and regional retailers. We also see attractive value in offices located in urban markets benefiting from job growth in technology, media and life sciences. In the apartment sector, we expect household formation to accelerate as new jobs are added to the economy, releasing pent up demand for all forms of housing. By contrast, we have become more cautious toward industrial REITs, as we believe the market has underestimated the potential for increased supply. We remain cautious toward companies that own health care facilities and suburban offices.

### *Preferred Securities and Our Approach to Active Management of Interest-Rate Risk*

In our view, the underperformance of REIT preferreds has created attractive values for long-term investors in many of these securities, particularly when considered in light of the strengthening of REIT credit fundamentals and commercial real estate demand. We continue to see good relative value in the space given the high income offered by REIT preferreds (roughly double that of investment-grade corporate bonds), as well as credit spreads that remain wide of historical levels. We believe that numerous securities are pricing in a much higher rate environment than currently exists, with many investment-grade securities offering yields similar to those reached in 2003-2008, when the 10-year Treasury yield averaged more than 4.0%.

Even with the potential long-term value in many REIT preferreds, we continue to position the portfolio generally defensively relative to interest-rate risk, while seeking opportunities to benefit from an economic recovery. Accordingly, we are focusing on securities with wide credit spreads and high coupons that have the most to gain from improving credit fundamentals. We also remain cautious toward





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preferreds with tighter spreads, some of which we believe remain more vulnerable to a rising interest-rate environment.

Sincerely,

MARTIN COHEN  
*Co-chairman*

ROBERT H. STEERS  
*Co-chairman*

JOSEPH M. HARVEY  
*Portfolio Manager*

WILLIAM F. SCAPELL  
*Portfolio Manager*

THOMAS N. BOHJALIAN  
*Portfolio Manager*

JASON YABLON  
*Portfolio Manager*

*The views and opinions in the preceding commentary are subject to change without notice and are as of the date of publication. There is no guarantee that any market forecast set forth in the commentary will be realized. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.*

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For more information about any of our funds, visit [cohenandsteers.com](http://cohenandsteers.com), where you will find net asset values, fund fact sheets and portfolio highlights. You can also access newsletters, education tools and market updates covering real assets including real estate, listed infrastructure, MLPs and commodities, as well as large cap value and preferred securities.

In addition, our website contains comprehensive information about our firm, including our most recent press releases, profiles of our senior investment professionals and an overview of our investment approach.

**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****Our Leverage Strategy**  
(Unaudited)

Our current leverage strategy utilizes borrowings up to the maximum permitted by the Investment Company Act of 1940 to provide additional capital for the Fund, with an objective of increasing the net income available for shareholders. As of December 31, 2013, leverage represented 29% of the Fund's managed assets.

Through a combination of variable and fixed rate financing, the Fund has locked in interest rates on a significant portion of this additional capital for periods of five, six and seven years (where we effectively reduce our variable rate obligation and lock in our fix rate obligation over various terms). Locking in a significant portion of our leveraging costs is designed to protect the dividend-paying ability of the Fund. The use of leverage increases the volatility of the Fund's net asset value in both up and down markets. However, we believe that locking in portions of the Fund's leveraging costs for the various terms partially protects the Fund's expenses from an increase in short-term interest rates.

**Leverage Facts<sup>a,b</sup>**

Leverage (as a % of managed assets)	29%
% Fixed Rate	85%
% Variable Rate	15%
Weighted Average Rate on Financing	1.9%
Weighted Average Term on Financing	4.4 years

The Fund seeks to enhance its dividend yield through leverage. The use of leverage is a speculative technique and there are special risks and costs associated with leverage. The net asset value of the Fund's common shares may be reduced by the issuance and ongoing costs of leverage. So long as the Fund is able to invest in securities that produce an investment yield that is greater than the total cost of leverage, the leverage strategy will produce higher current net investment income for the common shareholders. On the other hand, to the extent that the total cost of leverage exceeds the incremental income gained from employing such leverage, the common shareholders would realize lower net investment income. In addition to the impact on net income, the use of leverage will have an effect of magnifying capital appreciation or depreciation for common shareholders. Specifically, in an up market, leverage will typically generate greater capital appreciation than if the Fund were not employing leverage. Conversely, in down markets, the use of leverage will generally result in greater capital depreciation than if the Fund had been unlevered. To the extent that the Fund is required or elects to reduce its leverage, the Fund may need to liquidate investments, including under adverse economic conditions which may result in capital losses potentially reducing returns to common shareholders. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed.

<sup>a</sup> Data as of December 31, 2013. Information is subject to change.

<sup>b</sup> See Note 7 in Notes to Financial Statements.

**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.**

December 31, 2013

Top Ten Holdings<sup>a</sup>  
(Unaudited)

	Value	% of Managed Assets
Security		
Simon Property Group	\$67,763,847	5.6
Prologis	34,194,158	2.8
Ventas	32,079,034	2.7
Equity Residential	32,051,096	2.7
Vornado Realty Trust	27,652,935	2.3
Boston Properties	24,176,222	2.0
Public Storage	20,442,272	1.7
SL Green Realty Corp.	19,548,162	1.6
JPMorgan Chase & Co., 7.90%, Series I	18,208,014	1.5
UDR	16,608,575	1.4

<sup>a</sup> Top ten holdings are determined on the basis of the value of individual securities held. The Fund may also hold positions in other types of securities issued by the companies listed above. See the Schedule of Investments for additional details on such other positions.

Sector Breakdown

(Based on Managed Assets)  
(Unaudited)



**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****SCHEDULE OF INVESTMENTS**

December 31, 2013

		Number of Shares	Value
COMMON STOCK	71.0%		
REAL ESTATE			
DIVERSIFIED	6.9%		
American Assets Trust <sup>a</sup>		175,367	\$ 5,511,785
Cousins Properties <sup>a</sup>		674,083	6,943,055
Duke Realty Corp. <sup>a,b</sup>		641,600	9,649,664
Forest City Enterprises, Class A <sup>a,b,c</sup>		179,196	3,422,644
Vornado Realty Trust <sup>a,b</sup>		311,442	27,652,935
WP Carey <sup>a</sup>		91,044	5,585,549
			58,765,632
HEALTH CARE	6.5%		
Aviv REIT <sup>a</sup>		158,317	3,752,113
Emeritus Corp. <sup>a,c</sup>		71,050	1,536,811
Health Care REIT <sup>a,b</sup>		282,837	15,151,578
Healthcare Trust of America, Class A		282,284	2,777,675
Ventas <sup>a,b</sup>		560,039	32,079,034
			55,297,211
HOTEL	5.5%		
Hersha Hospitality Trust <sup>a,b</sup>		1,059,536	5,901,616
Hilton Worldwide Holdings <sup>c</sup>		152,660	3,396,685
Host Hotels & Resorts <sup>a,b</sup>		665,003	12,927,658
Hyatt Hotels Corp., Class A <sup>a,b,c</sup>		81,114	4,011,898
Pebblebrook Hotel Trust <sup>a</sup>		259,300	7,976,068
Strategic Hotels & Resorts <sup>a,c</sup>		781,001	7,380,460
Sunstone Hotel Investors		444,220	5,952,548
			47,546,933
INDUSTRIALS	4.8%		
First Industrial Realty Trust <sup>a</sup>		174,616	3,047,049
Gramercy Property Trust (Restricted) <sup>c,d,e,f,g</sup>		725,502	3,866,999
Prologis <sup>a,b</sup>		925,417	34,194,158
			41,108,206

See accompanying notes to financial statements.

**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****SCHEDULE OF INVESTMENTS (Continued)**

December 31, 2013

		Number of Shares	Value
<b>OFFICE</b>	<b>11.0%</b>		
American Realty Capital Properties <sup>a,b</sup>		618,677	\$ 7,956,186
Boston Properties <sup>a,b</sup>		240,871	24,176,222
Corporate Office Properties Trust <sup>a</sup>		320,421	7,590,774
Douglas Emmett <sup>a</sup>		382,532	8,909,170
Empire State Realty Trust, Class A <sup>a</sup>		435,908	6,669,392
Hudson Pacific Properties <sup>a,b</sup>		296,511	6,484,696
Parkway Properties <sup>a</sup>		255,112	4,921,111
PS Business Parks <sup>a</sup>		104,131	7,957,691
SL Green Realty Corp. <sup>a,b</sup>		211,606	19,548,162
			94,213,404
<b>RESIDENTIAL APARTMENT</b>	<b>10.5%</b>		
Apartment Investment & Management Co. <sup>a,b</sup>		264,535	6,854,102
AvalonBay Communities <sup>a</sup>		65,019	7,687,196
Education Realty Trust <sup>a</sup>		648,131	5,716,515
Equity Residential <sup>a,b</sup>		617,912	32,051,096
Essex Property Trust <sup>a</sup>		76,806	11,022,429
Mid-America Apartment Communities <sup>a</sup>		161,297	9,797,180
UDR <sup>a,b</sup>		711,288	16,608,575
			89,737,093
<b>SELF STORAGE</b>	<b>4.0%</b>		
CubeSmart <sup>a,b</sup>		327,876	5,226,343
Public Storage <sup>a,b</sup>		135,811	20,442,272
Sovran Self Storage <sup>a</sup>		130,024	8,473,664
			34,142,279
<b>SHOPPING CENTERS</b>	<b>20.5%</b>		
<b>COMMUNITY CENTER</b>	<b>5.6%</b>		
DDR Corp. <sup>a,b</sup>		606,974	9,329,190
Kimco Realty Corp. <sup>a,b</sup>		372,746	7,361,734
Ramco-Gershenson Properties Trust <sup>a,b</sup>		395,910	6,231,623
Regency Centers Corp. <sup>a,b</sup>		249,571	11,555,137
Tanger Factory Outlet Centers <sup>a</sup>		130,112	4,166,186
Weingarten Realty Investors <sup>a,b</sup>		317,235	8,698,584
			47,342,454

See accompanying notes to financial statements.

**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****SCHEDULE OF INVESTMENTS (Continued)**

December 31, 2013

		Number of Shares	Value
<b>FREE STANDING</b>	<b>1.5%</b>		
National Retail Properties <sup>a,b</sup>		194,100	\$ 5,887,053
Realty Income Corp. <sup>a,b</sup>		183,063	6,833,742
			12,720,795
<b>REGIONAL MALL</b>	<b>13.4%</b>		
General Growth Properties <sup>a,b</sup>		804,854	16,153,420
Glimcher Realty Trust <sup>a</sup>		831,850	7,786,116
Macerich Co. (The) <sup>a</sup>		265,189	15,616,980
Simon Property Group <sup>a,b</sup>		445,346	67,763,847
Taubman Centers		116,829	7,467,710
			114,788,073
<b>TOTAL SHOPPING CENTERS</b>			174,851,322
<b>SPECIALTY</b>	<b>1.3%</b>		
Digital Realty Trust <sup>a,b</sup>		220,854	10,848,347
<b>TOTAL COMMON STOCK</b> (Identified cost \$475,123,977)			606,510,427
<b>PREFERRED SECURITIES \$25 PAR</b>			
<b>VALUE</b>	<b>22.3%</b>		
<b>BANKS</b>	<b>7.7%</b>		
AgriBank FCB, 6.875%, (\$100 Par Value)		26,000	2,566,689
Ally Financial, 7.25%, due 2/7/33 <sup>a,b,h</sup>		244,274	6,194,789
Ally Financial, 7.375%, due 12/16/44 <sup>a</sup>		239,651	6,084,739
Citigroup, 6.875%, Series K		51,050	1,293,607
CoBank ACB, 6.25%, 144A (\$100 Par Value) <sup>a,i</sup>		33,000	3,178,312
CoBank ACB, 6.125%, Series G (\$100 Par Value)		20,000	1,635,626
Countrywide Capital IV, 6.75%, due 4/1/33 <sup>a,b</sup>		245,277	6,104,945
Countrywide Capital V, 7.00%, due 11/1/36 <sup>a</sup>		362,112	9,179,539
Farm Credit Bank of Texas, 6.75%, 144A <sup>i</sup>		53,000	5,329,812
First Niagara Financial Group, 8.625%, Series B		100,000	2,786,000
Huntington Bancshares, 8.50%, Series A (\$1,000 Par Value)(Convertible) <sup>a</sup>		4,598	5,816,470
PNC Financial Services Group, 6.125%, Series P <sup>a</sup>		192,500	4,860,625
US Bancorp, 6.50%, Series F <sup>a</sup>		78,991	2,077,463

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Wells Fargo & Co., 5.85%	53,100	1,251,567
Wells Fargo & Co., 6.625%	32,902	846,239
Zions Bancorp, 7.90%, Series F <sup>a</sup>	168,802	4,527,270
Zions Bancorp, 6.30%, Series G	80,000	1,863,200
		65,596,892

See accompanying notes to financial statements.

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**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****SCHEDULE OF INVESTMENTS (Continued)**

December 31, 2013

		Number of Shares	Value
<b>BANKS FOREIGN</b>	<b>0.8%</b>		
Barclays Bank PLC, 7.75%, Series IV (United Kingdom)		100,000	\$ 2,533,000
National Westminster Bank PLC, 7.76%, Series C (United Kingdom) <sup>a</sup>		172,192	4,335,795
			6,868,795
<b>ELECTRIC INTEGRATED</b>	<b>0.4%</b>		
Integrus Energy Group, 6.00%, due 8/1/73		158,209	3,789,106
<b>FINANCE INVESTMENT BANKER/BROKER</b>	<b>0.2%</b>		
Morgan Stanley, 6.875%		57,777	1,446,158
<b>INSURANCE</b>	<b>5.0%</b>		
<b>LIFE/HEALTH INSURANCE</b>	<b>0.4%</b>		
Principal Financial Group, 5.563%, Series A (\$100 Par Value)		20,000	2,010,000
Principal Financial Group, 6.518%, Series B (FRN)		80,000	1,900,000
			3,910,000
<b>LIFE/HEALTH INSURANCE FOREIGN</b>	<b>0.7%</b>		
Aegon NV, 6.875% (Netherlands) <sup>a</sup>		158,294	3,920,942
Aviva PLC, 8.25%, due 12/1/41 (United Kingdom)		65,839	1,803,989
			5,724,931
<b>MULTI-LINE</b>	<b>1.0%</b>		
Hanover Insurance Group/The, 6.35%, due 3/30/53		78,400	1,635,424
Hartford Financial Services Group, 7.875%, due 4/15/42 <sup>a</sup>		240,000	6,878,400
			8,513,824
<b>MULTI-LINE FOREIGN</b>	<b>1.3%</b>		
ING Groep N.V., 7.05% (Netherlands)		149,060	3,754,821
ING Groep N.V., 7.375% (Netherlands) <sup>a</sup>		294,873	7,489,774
			11,244,595
<b>REINSURANCE</b>	<b>0.4%</b>		
Reinsurance Group of America, 6.20%,		140,000	3,397,800

due 9/15/42

See accompanying notes to financial statements.

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**COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.****SCHEDULE OF INVESTMENTS (Continued)**

December 31, 2013

	Number of Shares	Value
<b>REINSURANCE FOREIGN</b> 1.2%		
Aspen Insurance Holdings Ltd., 5.95% (Bermuda)	138,391	\$ 3,137,324
Aspen Insurance Holdings Ltd., 7.25% (Bermuda)	106,000	2,598,060
Axis Capital Holdings Ltd., 6.875%, Series C (Bermuda)	32,514	766,680
Endurance Specialty Holdings Ltd., 7.50%, Series B (Bermuda)	94,092	2,381,469
Montpelier Re Holdings Ltd., 8.875% (Bermuda) <sup>a</sup>	40,035	1,076,541
		9,960,074
<b>TOTAL INSURANCE</b>		42,751,224
<b>INTEGRATED TELECOMMUNICATIONS SERVICES</b> 1.0%		
Qwest Corp., 6.125%, due 6/1/53 <sup>a</sup>	200,000	3,790,000
Qwest Corp., 7.00%, due 4/1/52	78,395	1,719,987
Qwest Corp., 7.375%, due 6/1/51 <sup>a,b</sup>	146,586	3,390,534
		8,900,521
<b>REAL ESTATE</b> 6.8%		
<b>DIVERSIFIED</b> 2.3%		
Coresite Realty Corp., 7.25%, Series A	79,200	1,788,336
EPR Properties, 6.625%, Series F	119,700	2,536,443
Gramercy Property Trust, 8.125%, Series A	203,584	7,027,720
Lexington Realty Trust, 6.50%, Series C (\$50 Par Value) <sup>a</sup>	96,586	4,302,906
National Retail Properties, 5.70%	73,266	1,392,054