

Cohen & Steers Real Estate Opportunities

The U.S. real estate market, as represented by the FTSE Nareit All Equity REITs Index, had a total return of 9.0% in the month, bringing the year-to-date return to 13.2%.

Investment Review

U.S. real estate securities rebounded in April, despite concerns around the ongoing Middle East conflict, as investors digested earnings results. Enthusiasm around technology stock earnings and optimism about a resolution to the conflict in Iran were supportive of equity prices broadly. The Federal Reserve left its benchmark interest rate unchanged, with inflation concerns in focus. The 10-year U.S. Treasury yield edged higher at month-end in the wake of the Fed's hawkish comments on oil prices, with Brent crude reaching a four-year high.

Residential landlords found favor in the broader rally, despite fundamental headwinds. One single-family homes REIT reported core funds from operations (FFO) and overall fundamentals in line with our expectations, despite modest jobs growth and increased supply. Apartment REITs advanced; shares of a Chicago-based landlord were supported by solid leasing activity and improved new-lease rate growth. We remain cautious on the apartment sector given the supply overhang, evidenced by a general deceleration in year-to-date rent growth.

Offices rallied following first-quarter share price weakness,

Index Performance (US\$)

	Linked Index ⁽¹⁾
MTD	9.04%
YTD	13.15%
1 Year	14.89%
3 Year	9.83%
5 Year	4.13%
10 Year	6.22%

(1) Linked Index: Prior to 3/31/2019, the index was the FTSE Nareit Equity REITs Index. Thereafter, it is the FTSE Nareit All Equity REITs Index.

Data quoted represents past performance, which is no guarantee of future results. Risk of loss is possible.

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.

with improvements in leasing activity. A New York-based REIT reported strong earnings results and affirmed its full-year FFO outlook. A Sunbelt-oriented landlord noted meaningfully increased development leasing, while a Class A office property developer reported solid quarter-over-quarter leasing and occupancies. Broadly, office fundamentals in coastal markets continued to benefit from bottoming occupancies and accelerated leasing.

Data centers extended their year-to-date outperformance, buoyed by robust demand. A Texas-based company raised its fiscal year outlook and reported first-quarter new bookings that were the second highest in the company's history (and well above consensus expectations). Shares of a California-based REIT rose despite the company missing expectations. Results from the major hyperscalers were a positive readthrough for data centers; three out of the four companies raised their capital expenditure guidance, while all produced accelerating revenue during the first quarter.

Self storage, which we favor on optimism for an inflection in fundamentals, advanced on earnings strength. One landlord beat consensus expectations on core FFO, driven by improvements in operating expenses. Another's earnings were neutral to positive; the company exceeded expectations on core earnings and maintained its outlook. Same-store revenue was strong due to existing customer rent increases.

Tower shares rallied, despite relatively benign earnings, along

Index Characteristics

	FTSE Nareit All Equity REITs Index
Premium to NAV	14.9%
Premium to DDM	12.5%
Dividend Yield	3.7%
Price/Cash Flow (2026E)	19.7x
Cash Flow Growth (2026E vs. 2025)	8.1%
Cash Flow Growth (2027E vs. 2026E)	7.3%
5-Year Cash Flow Growth	7.2%
Total Market Capitalization	\$1,535.0B
Weighted Average Market Cap.	\$58.4B
Number of Holdings	132

Source: Cohen & Steers.

Characteristics are market capitalization-weighted averages of estimates for companies in the FTSE Nareit All Equity REITs Index and are subject to change over time.

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with broader equities. Shares of a Florida-based tower REIT strongly advanced on speculation about privatization. A Houston-based tower landlord rose despite a lack of significant news in its earnings results, which were in line with expectations. Management gave no indications that it expects any change in tenant demand activity. A Boston-based telecommunications company, which reported available funds from operations that beat expectations, rose relatively modestly.

In health care, strong senior housing performance was tempered by weakness in life sciences. A senior housing specialist beat consensus expectations and raised its full-year outlook, while a rival reported FFO ahead of expectations. Shares of a life sciences operator declined after the company reported a weak leasing quarter.

Industrial property types, where we remain cautious, were hindered by slowing market rent growth. Industrial REITs rose but trailed the index amid decelerating market rent growth. Results from a bellwether company were mixed; although the industrial landlord beat expectations, raised its outlook and posted the largest quarter-over-quarter increase in free rent, its leasing spreads decelerated and rent growth disappointed.

Portfolio Performance

Net of fees, the portfolio had a positive total return for the month and outperformed its benchmark.

Key contributors

- Stock selection in health care: Our non-investment in a life sciences specialist was beneficial; its shares declined after it reported a weak leasing quarter. Within the health care sector, we favor senior housing property types given favorable demographic trends.
- Overweight in data centers: We broadly favor the data center sector in anticipation of continued acceleration in hyperscale spending.
- Stock selection in shopping centers: An overweight in a New York-based REIT aided performance. Its shares rebounded from March weakness, benefiting from a strong first-quarter earnings result toward month-end.

Key detractors

- Overweight in manufactured homes: Our overweight detracted, as manufactured homes rose but trailed the broader index. We believe that manufactured home fundamentals remain very healthy, both in absolute and relative terms, while the recreational vehicle business

continues to show signs of stabilization, and a return to growth is more feasible.

- Stock selection in hotels: An out-of-index position in a gaming landlord hindered performance. Shares were weak as investors awaited an update on acquisition speculation. Our hotel sector allocation favors resorts and regional gaming businesses, which are driven by consumers rather than corporate demand or air travel.
- Stock selection in free-standing retail: An overweight position in a triple net lease REIT, which we favor for its best-in-class credit tenant profile, detracted. While the company's earnings beat expectations, it maintained its full-year 2026 outlook for investments and FFO. We believe the stock should benefit from generally greater investment volume for the net lease sector this year versus 2025, with stable cap rates through at least the first half of this year.

Investment Outlook

As we move forward in an environment shaped by lower growth and greater macro uncertainty, we believe real estate stocks are well positioned. Despite an increased threat of stagflation stemming from recent geopolitical events, we maintain a generally favorable outlook for listed real estate. REITs' long-term performance has been underpinned by their stable business models, which focus on acquiring and developing high-quality assets that generate recurring (and largely domestic) income tied to leases with creditworthy tenants. A lower-supply environment should be supportive of rents and company cash flows. Also, compared with multiples in the broad equity markets, REITs screen attractively.

We have a preference for assets with strong secular growth profiles and good pricing power. The single-family rental sector is still benefiting from affordability issues in the for-sale market, which have led to higher demand for rental housing. We have trimmed some of our position in response to increased government policy risk. Within health care, we believe senior housing will continue to enjoy strong occupancy growth amid favorable demographic trends.

Data center REITs are well situated, in our view. While tech companies are slowing spending, capital expenditures for cloud computing remain healthy. Supply is constrained by limitations on power infrastructure serving key data center markets; as a result, the sector has enjoyed its strongest rent growth in a decade. We have recently added to our data center exposure, as valuations have become more compelling. Similarly, we continue to see attractive value in the cell tower space.

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We are generally cautious on some of the more economically sensitive sectors, though we have selectively added exposure. We have added to our timber allocation, aiming to gain cyclical exposure. We remain selective in offices due to generally weak fundamentals and uncertain longer-term demand. Within the sector, our holdings are concentrated in companies and markets with potential to benefit from AI, as well as those that have seen strong demand from return-to-office trends. We have become more cautious on industrial properties. We have grown more positive on self storage in anticipation of an inflection in sector fundamentals.

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Index Sector Total Returns		
Sector	Apr 2026	YTD 2026
Data Centers	12.86 %	39.78 %
Specialty	11.09 %	24.52 %
Hotel	11.34 %	16.63 %
Self Storage	10.80 %	15.96 %
Shopping Center	6.12 %	14.63 %
Free Standing	5.27 %	14.50 %
Diversified	7.66 %	14.44 %
Health Care	7.75 %	13.50 %
Regional Mall	9.72 %	11.99 %
Industrial	7.69 %	10.44 %
Gaming	7.57 %	6.89 %
Telecommunications	10.45 %	5.45 %
Manufactured Home	1.70 %	4.39 %
Single Family Homes	15.11 %	3.05 %
Timberland	1.01 %	2.97 %
Apartment	9.58 %	1.34 %
Office	13.59 %	-5.19 %

Source: Cohen & Steers.

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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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Risks of investing in real estate securities are similar to those associated with direct investments in real estate, including falling property values due to increasing vacancies or declining rents resulting from economic, legal, political or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions.

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