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riely during the brief spike in interest rates during July. There were also points in the quarter when we believed that certain segments of the preferred market, particularly foreign U.S. dollar-denominated preferreds and U.S. institutionally traded issues, offered better value than the U.S.

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----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. \$25 par exchange-traded market. Due to much greater liquidity and, in our view, much better fundamental attractiveness, such instruments make up a meaningful proportion of the fund. As we near the end of our initial investment program, we are pleased that we have been able to achieve our diversification and credit quality objectives. As of September 30, 2003, 90% of the fund's preferred and other fixed income holdings are of investment grade quality, and the fund has broad exposure to many different industry sectors. Our largest weightings are in the financial, auto and utility sectors, which collectively comprise approximately 26% of the fund's total assets. Financial companies are the largest issuers of preferred securities, comprising roughly 60% of the market. We find that financials offer relatively strong regulatory and other protections that can be lacking in other sectors. Earnings for U.S. and many European banks remain quite strong, and non-performing assets are low. Certain life and property & casualty insurance company preferreds also offer attractive yields, in our view. Insurers continue to enjoy strong demand for their products and have pricing power in certain segments. Utilities are another meaningful sector holding. In this sector we have avoided certain 'turnaround' companies, preferring to stick with issuers we consider to have remained sound throughout the troubles that the utility industry has experienced since 2001. While we are comfortable with certain turnaround stories, we generally have not found adequate yield compensation in the preferreds of weaker issuers. By comparison, auto issues, which also have challenging fundamentals, appear to us to offer more compelling value. INVESTMENT OUTLOOK Perhaps the most passionate debate in the REIT industry revolves around the current level of stock valuations. Following their strong price advance this year, REITs are trading, on average, at a modest premium to net asset value (NAV), approximately 5% to 10% compared to their long-term average of 0%. In addition, they are trading at a price/cash flow multiple of 11.5, above their long-term average of 11.3. REIT skeptics assert that this limits any further upside price potential, and makes them vulnerable to a price decline. Overlooked, however, is the fact that improving fundamentals are already translating into higher earnings -- thereby resulting in declining future price/cash flow ratios. Similarly, as property level cash flows increase, so are underlying property values. Almost every company that has reported or forecasted improving operations has seen Wall Street earnings estimates and NAV estimates rise, sometimes substantially. Just as fundamental events have validated price movements to date, further strong returns from REITs (as well as stocks in general), will require the anticipation of ongoing improvement in economic and real estate fundamentals. As this economic recovery proceeds, we expect continued increases in earnings and NAV estimates. As long as this prospect remains intact, we would expect share prices to perform in accordance. With respect to our outlook for the major property sectors, our portfolio weights reflect our view that the office sector is in the early stages of recovery, while it still has some of the lowest valuations. Regional mall growth rates have remained strong and valuations have remained favorable; however, dividend yields have been driven down, causing us to have a low weight in this sector. Rising interest rates and the creation of new jobs have begun to improve apartment demand, and we have found several attractively valued companies offering appealing

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----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. dividend yields in the apartment sector. Industrial valuations appear to already anticipate an early recovery in fundamentals, and with acceptable yield difficult to find, we have a low weight in this property type. While shopping center fundamentals have remained sound, we believe the sector is fully valued and likely to experience a slowing growth rate. We are optimistic about the preferred market despite some expected challenges ahead. The persistence of a low interest rate environment suggests that demand for higher income securities will remain strong; by comparison, the pipeline of new corporate bond and preferred issues appears to be moderate. The improving corporate earnings backdrop, consistent with the global economic recovery we see unfolding, supports our positive credit view. Also important, inflation, which is the greatest threat to long-term fixed-income securities and will signal the next Fed tightening cycle, appears to remain well in check. In short, we see an economic recovery

emerging, in which case yields on income securities could rise somewhat over the next year. Based on our positive view of the economy and the relative valuation between REITs and preferreds, we have positioned the fund with a slightly higher weight in REIT common stocks. This asset mix reflects our belief that we are at the beginning of both a new economic and real estate cycle, and that REITs are very well-positioned to prosper in such an environment. This framework would likely result in an improving credit profile for our preferred holdings. Whereas pricing upside could be limited, on a relative basis, by any increase in interest rates that may accompany an improving economy, preferred stocks continue to provide the potential for above-average current income while lowering portfolio volatility.

Sincerely, MARTIN COHEN ROBERT H. STEERS MARTIN COHEN ROBERT H. STEERS President Chairman
 GREG E. BROOKS WILLIAM F. SCAPELL GREG E. BROOKS WILLIAM F. SCAPELL Portfolio manager
 Portfolio manager ----- 4

----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. Cohen & Steers is online at COHENANDSTEERS.COM We have enhanced both the look and features of our Web site to give you more information about our company, our funds and the REIT market in general. Check out our interactive Asset Allocation Tool, which allows you to hypothetically add REITs to any portfolio to see how they impact expected total returns and risk. Or try the Fund Performance Calculator and see how our funds have performed versus the S&P 500 Index or Nasdaq Composite. As always, you can also get daily net asset values, fund fact sheets, portfolio highlights, recent news articles and our overall insights on the REIT market. So visit us today at COHENANDSTEERS.COM ----- 5

----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2003 (UNAUDITED) NUMBER
 DIVIDEND OF SHARES VALUE YIELD (a) ----- COMMON STOCK 82.23%
 DIVERSIFIED 6.95% Colonial Properties Trust..... 225,000 \$ 8,106,750 7.38% Crescent Real Estate
 Equities Co. 1,490,500 21,612,250 10.34 iStar Financial..... 936,900 36,492,255 6.80
 Newcastle Investment Corp. 149,000 3,425,510 8.70 Vornado Realty Trust.....
 274,100 13,167,764 5.66 ----- 82,804,529 ----- HEALTH CARE 11.90% Health Care Property
 Investors..... 1,450,300 67,729,010 7.11 Health Care REIT..... 1,441,500 44,470,275 7.59
 Nationwide Health Properties..... 1,362,200 23,824,878 8.46 Ventas..... 335,000
 5,735,200 6.25 ----- 141,759,363 ----- HOTEL 0.92% Hospitality Properties Trust.....
 312,000 10,944,960 8.21 ----- INDUSTRIAL 3.97% First Industrial Realty Trust..... 1,472,200
 47,213,454 8.54 ----- OFFICE 23.16% Arden Realty..... 1,444,200 40,322,064 7.23
 Brandywine Realty Trust..... 656,500 16,865,485 6.85 CarrAmerica Realty Corp.
 982,300 29,321,655 6.70 Equity Office Properties Trust..... 2,943,300 81,029,049 7.26 Highwoods
 Properties..... 910,200 21,717,372 7.12 Mack-Cali Realty Corp. 1,240,000
 48,608,000 6.43 Maguire Properties..... 1,286,100 26,365,050 7.80 Prentiss Properties
 Trust..... 374,900 11,621,900 7.23 ----- 275,850,575 ----- OFFICE/INDUSTRIAL 4.84%
 Liberty Property Trust..... 1,243,300 45,977,234 6.54 Mission West Properties.....
 939,500 11,612,220 7.77 ----- 57,589,454 ----- (a) Dividend yield is computed by
 dividing the security's current annual dividend rate by the last sale price on the principal exchange, or market, on
 which such security trades. ----- 6

----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- RESIDENTIAL
 -- APARTMENT 17.53% AMLI Residential Properties Trust..... 541,700 \$ 14,192,540 7.33% Apartment
 Investment & Management Co. 984,700 38,757,792 8.33 Archstone-Smith Trust.....
 2,374,000 62,626,120 6.48 AvalonBay Communities..... 170,800 7,993,440 5.98 Camden Property
 Trust..... 647,800 24,894,954 6.61 Equity Residential..... 200,000 5,856,000 5.91
 Gables Residential Trust..... 1,186,100 38,334,752 7.46 Mid-America Apartment
 Communities..... 308,300 9,304,494 7.75 Post Properties..... 100,000 2,723,000 6.61 Town
 & Country Trust..... 173,400 4,073,166 7.32 ----- 208,756,258 ----- SELF STORAGE
 0.61% Sovran Self Storage..... 220,100 7,296,315 7.27 ----- SHOPPING CENTER 12.35%
 COMMUNITY CENTER 7.37% Heritage Property Investment Trust..... 1,456,100 42,052,168 7.27 New Plan

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Excel Realty Trust.....	1,538,100	35,837,730	7.08	Ramco-Gershenson Properties Trust.....	390,000
9,925,500	6.60	-----	87,815,398	-----	REGIONAL MALL 4.98% Glimcher Realty Trust.....
2,074,000	43,699,180	9.11	Macerich Co.	215,200	8,123,800
Mills Corp.	190,200	7,484,370	5.74	-----	59,307,350
SHOPPING CENTER.....	147,122,748	-----	TOTAL COMMON STOCK (Identified cost -- \$934,890,739).....	979,337,656	-----

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----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- PREFERRED SECURITIES -- \$25 PAR VALUE 21.58% AGRICULTURAL CHEMICALS 0.09% Agrium, 8.00% (COPrS)(a)..... 43,300 \$ 1,092,892 7.92% ----- AUTOMOTIVE 0.88% DaimlerChrysler, 7.50% (CBTCS)(b)..... 34,200 877,230 7.33 DaimlerChrysler, 7.875% (CORTS)(c)..... 9,600 249,504 7.58 DaimlerChrysler, 8.00% (CORTS)(c)..... 10,000 261,000 7.66 Ford Motor Co., 7.40% (CORTS)(c)..... 33,000 810,150 7.54 Ford Motor Co., 7.50%, Note..... 172,251 4,280,437 7.57 Ford Motor Co., 8.00% (CORTS)(c)..... 125,000 3,156,250 7.92 Ford Motor Co., 8.125%, Series F (SATURNS)(d)..... 32,200 817,880 7.99 General Motors Corp., 7.375%, Senior Notes..... 3,100 77,965 7.32 ----- 10,530,416 ----- BANK 1.59% ASBC Capital I, 7.625%, Series A (TOPrS)(e)..... 65,300 1,742,204 7.16 BAC Capital Trust III, 7.00%..... 11,800 317,892 6.50 Chittenden Capital Trust I, 8.00%, Capital Securities..... 13,700 367,160 7.46 Colonial Capital Trust IV, 7.875%..... 300,000 7,641,000 7.73 Compass Capital III, 7.35%, Capital Securities..... 8,600 228,330 6.93 Countrywide Capital II, 8.00% (CORTS)(c)..... 5,500 147,730 7.45 Countrywide Capital IV, 6.75%..... 74,600 1,879,920 6.71 Fleet Capital Trust VII, 7.20% Series..... 94,800 2,484,708 6.87 Fleet Capital Trust VIII, 7.20% Series..... 87,900 2,335,503 6.77 Old Second Bancorp Capital Trust I, 7.80%..... 90,000 967,500 7.26 VNB Capital Trust I, 7.75% (TOPrS)(e)..... 9,300 251,100 7.19 Zions Capital Trust B, 8.00%..... 18,600 502,758 7.40 ----- 18,865,805 ----- BANK -- FOREIGN 1.42% Abbey National PLC, 7.25%, Perpetual Subordinated Notes..... 11,800 310,340 6.88 Abbey National PLC, 7.375%, Series B..... 130,700 3,555,040 6.76 Abbey National PLC, 7.375%, Series C..... 493,264 13,096,159 6.93 ----- 16,961,539 ----- (a) (COPrS) Canadian Origin Preferred Securities. (b) (CBTCS) Corporate Backed Trust Certificates. (c) (CORTS) Corporate Backed Trust Securities. (d) (SATURNS) Structured Asset Trust Unit Repackagings. (e) (TOPrS) Trust Originated Preferred Securities.

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----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- ELECTRIC -- INTEGRATED 1.04% Energy East Capital Trust I, 8.25%..... 61,000 \$ 1,645,170 7.64% Entergy Louisiana, 7.60% Series, due 4/1/32..... 11,900 315,945 7.16 Georgia Power Capital Trust V, 7.128%..... 20,200 537,522 6.69 Gulf Power Capital Trust III, 7.375% (TruPS)(a).... 11,199 293,526 7.02 Northern States Power Co., 8.00%, Notes (PINES)(b). 38,200 1,027,580 7.43 PSEG Funding Trust II, 8.75% Series..... 170,100 4,626,720 8.05 Puget Sound Energy Capital Trust II, 8.40% (TOPrS)(c)..... 77,500 2,070,800 7.86 Southern Company Capital Trust VI, 7.125% Series... 7,800 209,508 6.63 Virginia Power Capital Trust II, 7.375%, (TruPS)(a)..... 62,061 1,666,338 6.85 ----- 12,393,109 ----- FINANCE 2.56% AUTO LOAN 0.49% Ford Motor Credit Co., 7.375%, Note..... 88,000 2,173,600 7.45 Ford Motor Credit Co., 7.60%, Note..... 39,300 993,111 7.52 General Motors Acceptance Corp., 7.25%, Notes..... 104,900 2,627,745 7.23 ----- 5,794,456 ----- CREDIT CARD 0.68% MBNA Capital, 8.125%, Series D (TruPS)(a)..... 189,800 5,029,700 7.66 MBNA Capital, 8.10%, Series E (TOPrS)(c)..... 115,900 3,099,166 7.59 ----- 8,128,866 ----- DIVERSIFIED FINANCIAL SERVICES 0.12% Household Capital Trust VII, 7.50%..... 6,400 173,440 6.94 National Rural Utilities, 7.40% (QUICS)(d)..... 48,300 1,297,821 6.89 ----- 1,471,261 ----- INVESTMENT BANKER/BROKER 1.27% JP Morgan Chase Capital Co. X, 7.00% Series J..... 5,900 155,701 6.63 Lehman Brothers Holdings, 6.50%, Series F..... 550,000 14,492,500 6.19 Merrill Lynch Preferred Capital Trust V, 7.28% (TOPrS)(c)..... 16,500 440,880 6.81 -----

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15,089,081 ----- TOTAL FINANCE..... 30,483,664 ----- (a)
 (TruPS) Trust Preferred Securities. (b) (PINES) Public Income Notes (c) (TOPrS) Trust Originated Preferred
 Securities. (d) (QUICS) Quarterly Income Capital Securities.

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----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- GAS --
 DISTRIBUTION 1.61% Dominion CNG Capital, 7.80%..... 3,300 \$ 89,727 7.72% Dominion CNG
 Capital, 8.40%..... 78,700 2,140,640 7.17 Laclede Capital Trust I, 7.70% (TOPrS)(a)..... 47,400
 1,279,800 7.15 Southwest Gas Capital Trust II, 7.70%..... 600,000 15,690,000 7.38 ----- 19,200,167
 ----- INSURANCE 2.97% BROKERS 0.05% Aon Capital, 7.50%, Class A (SATURNS)(b)..... 22,528
 559,821 7.57 ----- LIFE/HEALTH INSURANCE 0.30% Lincoln National Capital V, 7.65%, Series E
 (TruPS)(c)..... 52,300 1,393,795 7.17 PLC Capital Trust III, 7.50% (TOPrS)(a)..... 42,000
 1,109,640 7.12 Torchmark Capital Trust I, 7.75%..... 41,000 1,103,310 7.21 ----- 3,606,745
 ----- MULTI-LINE 1.12% ING Groep NV, 7.05% Series..... 341,600 8,908,928 6.75 ING Groep
 NV, 7.20% Series..... 165,700 4,379,451 6.81 ----- 13,288,379 -----
 PROPERTY/CASUALTY 1.12% ACE Ltd., 7.80%, Series C..... 380,400 9,966,480 7.44 St. Paul Capital
 Trust I, 7.60% (TruPS)(c)..... 114,130 3,030,151 7.16 XL Capital Ltd., 7.625%, Series B..... 12,800 346,240
 7.06 ----- 13,342,871 ----- REINSURANCE -- FOREIGN 0.38% Everest Re Capital Trust,
 7.85%..... 12,700 345,567 7.20 PartnerRe Ltd., 6.75%, Series C..... 65,000 1,638,000 6.71
 RenaissanceRE Holdings Ltd., 8.10%, Series A..... 30,900 830,901 7.55 RenaissanceRE Holdings Ltd., 7.30%,
 Series B..... 65,900 1,756,235 6.87 ----- 4,570,703 ----- TOTAL INSURANCE.....
 35,368,519 ----- (a) (TOPrS) Trust Originated Preferred Securities. (b) (SATURNS)
 Structured Asset Trust Unit Repackagings. (c) (TruPS) Trust Preferred Securities.

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----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- MEDIA 1.24%
 CABLE TELEVISION 0.67% Shaw Communications, 8.45%, Series A (COPrS)(a).... 146,092 \$ 3,646,456 8.45%
 Shaw Communications, 8.50%, Series B (COPrS)(a).... 173,500 4,332,295 8.53 ----- 7,978,751 -----
 DIVERSIFIED SERVICES 0.57% AOL Time Warner, 7.625%, Series A-1 (CABCO)(b).... 53,200 1,373,624 7.40
 Liberty Media Corp., 8.75% (CBTCS)(c)..... 143,300 3,814,646 8.23 Liberty Media Corp., 8.75%
 (PPLUS)(d)..... 44,145 1,191,915 8.11 Viacom, 7.25%, Senior Notes..... 16,500 436,095 6.85
 ----- 6,816,280 ----- TOTAL MEDIA..... 14,795,031 ----- MEDICAL --
 HMO 0.05% Aetna, 8.50%, Senior Notes..... 23,800 644,266 7.87 ----- REAL ESTATE 6.20%
 Apartment Investment and Management Co., 8.00%, Series T..... 93,700 2,342,500 8.00 CBL &
 Associates Properties, 7.75%, Series C..... 200,000 5,140,000 7.55 CarrAmerica Realty Corp., 7.50%, Series E.....
 300,000 7,590,000 7.43 Cousins Properties, 7.75%, Series A..... 457,500 11,629,650 7.63 Developers
 Diversified Realty Corp., 8.00%, Series G..... 88,700 2,328,375 7.62 Glimcher Realty Trust,
 8.75%, Series F..... 280,000 7,168,000 8.55 Health Care REIT, 7.875%, Series D..... 100,000 2,550,000
 7.73 iStar Financial, 7.875%, Series E..... 400,000 10,180,000 7.74 iStar Financial, 7.80%, Series
 F..... 168,000 4,242,000 7.72 Mid-America Apartment Communities, 8.30%, Series
 H..... 690,600 18,024,660 7.97 Mills Corp., 8.75%, Series E..... 100,000 2,645,000
 8.28 ----- 73,840,185 ----- RETAIL -- DEPARTMENT STORE 0.41% Sears Roebuck Acceptance
 Corp., 7.00%, Notes..... 166,500 4,240,755 6.87 Sears Roebuck Acceptance Corp., 7.40%, Notes..... 22,417 593,602
 6.99 ----- 4,834,357 ----- (a) (COPrS) Canadian Origin Preferred Securities. (b)
 (CABCO) Corporate Assets Backed Corporation. (c) (CBTCS) Corporate Backed Trust Certificates. (d) (PPLUS)
 Preferred Plus Trust. ----- 11

----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD -----

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TELECOMMUNICATION SERVICES 1.42% Centaur Funding Corp., 9.08%..... 11,028 \$ 12,802,685
 7.82% Telephone & Data Systems, 7.60%, Series A..... 156,000 4,110,600 7.21 ----- 16,913,285
 ----- TELEPHONE -- INTEGRATED 0.10% Bellsouth Telecommunications, 6.75% (CABCO)(a)..... 3,700
 93,906 6.66 Bellsouth Telecommunications, 7.00% (CBTCS)(b)..... 7,300 190,895 6.69 Bellsouth
 Telecommunications, 7.00% (CORTS)(c)..... 2,000 53,500 6.54 Bellsouth Telecommunications, 7.125%
 (SATURNS)(d).. 2,600 67,132 6.89 Verizon Global Funding Trust, 7.75% (CBTCS)(b)..... 2,000 54,000 7.07 Verizon
 Global Trust, 7.375% (CORTS)(c)..... 4,600 123,510 6.85 Verizon New England, 7.00% (QUIBS)(e).....
 11,900 315,707 6.60 Verizon South, 7.00%, Series F..... 10,200 270,402 6.60 ----- 1,169,052
 ----- TOTAL PREFERRED SECURITIES -- \$25 PAR VALUE (Identified cost -- \$252,929,000).....
 257,092,287 ----- PREFERRED SECURITIES -- CAPITAL TRUST 22.75% BANK 2.35% Astoria Capital
 Trust I, 9.75%, due 11/1/29, Series B..... 12,500,000 14,750,000 8.26 BankBoston Capital Trust
 II, 7.75%, due 12/15/26... 1,500,000 1,692,150 6.87 BT Capital Trust B, 7.90%, due 1/15/27..... 365,000 406,618
 7.09 Great Western Financial Trust II, 8.206%, due 2/1/27, Series A..... 5,232,000 6,013,305 7.14 NB
 Capital Trust IV, 8.25%, due 4/15/27..... 570,000 679,474 6.92 Republic New York Capital I, 7.75%, due
 11/15/26 (TruPS)(f)..... 1,000,000 1,105,193 7.01 Sky Financial Capital Trust I, 9.75%, due
 5/1/30, Series B..... 3,000,000 3,359,355 8.34 ----- 28,006,095 -----
 ----- (a) (CABCO) Corporate Assets Backed Corporation. (b) (CBTCS) Corporate Backed Trust
 Certificates. (c) (CORTS) Corporate Backed Trust Securities. (d) (SATURNS) Structured Asset Trust Unit
 Repackagings. (e) (QUIBS) Quarterly Interest Bonds. (f) (TruPS) Trust Preferred Securities.

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 ----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD ----- BANK --
 FOREIGN 7.23% BNP Paribas Capital Trust V, 7.20%..... 12,000,000 \$ 12,368,040 6.99% CA Preferred Fund
 Trust, 7.00%, due 1/29/49 (Eurobond)..... 25,700,000 25,947,285 6.93 HBOS Capital Funding
 LP, 6.85%..... 19,500,000 19,546,781 6.83 HSBC Capital Funding LP, 10.176%..... 9,680,000
 14,539,360 6.78 RBS Capital Trust B, 6.80%..... 13,700,000 13,733,866 6.78 ----- 86,135,332
 ----- ELECTRIC -- INTEGRATED 1.07% Dominion Resources Capital Trust III, 8.40%, due
 1/15/31..... 10,421,000 12,767,257 6.86 ----- FINANCE 4.13% CREDIT CARD 0.18%
 MBNA Capital, 8.278%, due 12/1/26, Series A..... 2,000,000 2,167,806 7.64 ----- DIVERSIFIED
 FINANCIAL SERVICES 1.99% Old Mutual Capital Funding, 8.00%, due 5/29/49 (Eurobond).....
 23,500,000 23,676,250 7.94 ----- INVESTMENT BANKER/BROKER 0.85% Chase Capital I, 7.67%, due
 12/1/06..... 2,519,000 2,817,862 6.86 JPM Capital Trust II, 7.95%, due 2/27/07..... 6,400,000 7,289,235
 6.98 ----- 10,107,097 ----- MORTGAGE LOAN/BROKER 1.11% Countrywide Capital III, 8.05%, due
 6/15/27, Series B (SKIS)(a)..... 11,285,000 13,295,874 6.83 ----- TOTAL
 FINANCE..... 49,247,027 ----- INSURANCE 7.02% BROKERS 0.53% Aon Capital Trust
 A, 8.205%, due 1/1/27..... 5,500,000 6,319,395 7.15 ----- LIFE/HEALTH 0.35% AmerUS Capital, 8.85%,
 due 2/1/27, Series A..... 4,000,000 4,203,392 8.42 ----- MULTI-LINE 5.67% AXA, 7.10%, due 5/29/49
 (Eurobond)..... 25,000,000 25,053,750 7.08 GenAmerica Capital I, 8.525%, due 6/30/27..... 10,000,000
 11,300,060 7.55 USF&G Capital, 8.312%, due 7/1/46..... 2,000,000 2,137,170 7.78 Zurich Capital Trust I,
 8.376%, due 6/1/37..... 25,212,000 28,991,657 7.29 ----- 67,482,637 ----- (a) (SKIS)
 Subordinated Capital Income Securities. ----- 13

----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NUMBER DIVIDEND OF SHARES VALUE YIELD -----
 PROPERTY/CASUALTY 0.47% W.R. Berkley Capital Trust, 8.197% due 12/15/45.... 5,100,000 \$ 5,582,144 7.49%
 ----- TOTAL INSURANCE..... 83,587,568 ----- PIPELINES 0.95% K N Capital
 Trust I, 8.56%, due 4/15/27 (TruPS)(a). 9,513,000 11,266,094 7.23 ----- TOTAL PREFERRED SECURITIES
 -- CAPITAL TRUST (Identified cost -- \$263,966,314)..... 271,009,373 ----- CORPORATE BOND 5.62%
 AUTOMOTIVE 4.33% Ford Holdings, 9.30%, due 3/1/30..... \$ 2,500,000 \$ 2,676,998 Ford Motor Co.,
 9.98%, due 2/15/47..... 14,400,000 16,078,032 General Motors Corp., 7.375%, due 5/23/48..... 18,500,000

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17,132,924 General Motors Corp, 8.25%, due 7/15/23..... 15,000,000 15,725,550 ----- 51,613,504
 ----- MEDIA -- DIVERSIFIED SERVICES 1.20% Liberty Media, 8.25%, due 2/1/30..... 12,250,000
 14,231,389 ----- REAL ESTATE 0.09% Highwoods/Forsyth Limited Partnership, 7.50%, due
 4/15/18..... 1,000,000 1,034,604 ----- TOTAL CORPORATE BOND (Identified cost --
 \$64,029,651)..... 66,879,497 ----- (a) (TruPS) Trust Preferred Securities.

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 ----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) PRINCIPAL AMOUNT VALUE ----- COMMERCIAL PAPER 21.16% American
 General Financial Corp., 0.90% due 10/1/03..... 50,000,000 50,000,000 BNP Paribas Financial,
 0.90% due 10/1/03..... 50,000,000 50,000,000 General Electric Capital Corp., 0.90% due
 10/1/03..... 1,969,000 1,969,000 San Paolo U.S. Finance Co., 0.90% due
 10/1/03..... 50,000,000 50,000,000 State Street Boston Corp., 0.90% due 10/1/03... 50,000,000
 50,000,000 UBS Financial, 0.90% due 10/1/03..... 50,000,000 50,000,000 ----- TOTAL COMMERCIAL
 PAPER (Identified cost -- \$251,969,000)..... 251,969,000 ----- TOTAL INVESTMENTS (Identified
 cost -- \$1,767,784,704) 153.34% 1,826,287,813 LIABILITIES IN EXCESS OF OTHER ASSETS
 (1.28)% (15,284,779) LIQUIDATION VALUE OF TAXABLE AUCTION MARKET PREFERRED
 SHARES: SERIES M7, SERIES T7, SERIES W7, SERIES TH7, SERIES F7 (Equivalent to \$25,000 per share based
 on 3,280 shares outstanding per class), SERIES W28A, SERIES W28B AND SERIES W28C (Equivalent to \$25,000
 per share based on 2,800 shares outstanding per class) ... (52.06)% (620,000,000) ----- NET ASSETS -- COMMON
 STOCK (Equivalent to \$24.68 per share based on 48,251,666 shares of capital stock outstanding)
 100.00% \$1,191,003,034 -----

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 ----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. SCHEDULE OF INVESTMENTS -- (CONTINUED) SEPTEMBER 30, 2003
 (UNAUDITED) NOTE 1. INVESTMENTS IN INTEREST RATE SWAPS The fund has entered into interest rate
 swap transactions with UBS AG and Royal Bank of Canada. Under the agreements, the fund receives a floating rate of
 interest and pays a respective fixed rate of interest on the nominal values of the swaps. Details of the interest rate swap
 transactions as of September 30, 2003 are as follows: NOTIONAL FLOATING RATE(a) UNREALIZED
 COUNTERPARTY AMOUNT FIXED RATE (RESET MONTHLY) TERMINATION DATE DEPRECIATION
 ----- Royal Bank of Canada.... \$58,125,000
 3.3980% 1.1200% 8/27/2007 \$(1,455,411) Royal Bank of Canada.... 43,250,000 3.4525% 1.1200% 9/16/2008
 (610,557) UBS AG..... 58,125,000 2.8325% 1.1200% 8/25/2006 (960,962) UBS AG..... 58,125,000
 3.9900% 1.1200% 8/25/2009 (1,667,009) UBS AG..... 58,125,000 4.3975% 1.1200% 8/25/2010 (2,468,734)
 UBS AG..... 58,125,000 4.5950% 1.1200% 8/25/2011 (2,654,767) ----- \$(9,817,440) -----
 ----- (a) Based on LIBOR (London Interbank Offered Rate).

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 ----- COHEN & STEERS REIT AND PREFERRED
 INCOME FUND, INC. FINANCIAL HIGHLIGHTS (a) SEPTEMBER 30, 2003 (UNAUDITED) NET ASSET
 VALUE TOTAL NET ASSETS PER SHARE ----- NET ASSET VALUE:
 Beginning of period: 6/27/03..... \$ 100,275 \$23.88 Net investment income..... \$ 17,697,425 \$ 0.30 Net
 realized and unrealized gain on investments and interest rate swap transactions..... 48,266,370 1.07 Offering
 and organization costs charged to paid in capital -- common shares..... (2,409,500) (0.05) Offering and organization
 costs charged to paid in capital -- preferred shares..... (7,185,000) (0.16) Distributions from net investment income
 to: Common shareholders..... (16,395,797) (0.34) Preferred shareholders..... (982,733) (0.02) -----
 Capital stock transactions: Sold..... 1,150,536,250 Distributions reinvested..... 1,375,744
 ----- Net increase in net asset value..... 1,190,902,759 0.80 ----- End of period:
 9/30/03..... \$1,191,003,034 \$24.68 ----- AVERAGE ANNUAL TOTAL
 RETURNS(b) (PERIOD ENDED SEPTEMBER 30, 2003) (UNAUDITED) SINCE INCEPTION (6/27/03) -----
 4.83% REINVESTMENT PLAN We urge shareholders who want to take advantage of this plan and whose shares are
 held in 'Street Name' to consult your broker as soon as possible to determine if you must change registration into your

own name to participate. Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the fund may purchase, from time to time, shares of its common stock in the open market. -----

(a) Financial information included in this report has been taken from the records of the fund without examination by independent accountants. (b) Based on net asset value.

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----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. MEET THE COHEN & STEERS FAMILY OF OPEN-END FUNDS: FOR HIGH CURRENT INCOME: FOR TOTAL RETURN: COHEN & STEERS COHEN & STEERS EQUITY INCOME FUND LOGO REALTY SHARES LOGO IDEAL FOR INVESTORS SEEKING A HIGH DIVIDEND IDEAL FOR INVESTORS SEEKING MAXIMUM TOTAL YIELD AND CAPITAL APPRECIATION, INVESTING RETURN THROUGH BOTH CURRENT INCOME AND PRIMARILY IN REITS CAPITAL APPRECIATION, INVESTING PRIMARILY IN A, B, C AND I SHARES AVAILABLE REITS SYMBOLS: CSEIX, CSBIX, CSCIX, SYMBOL: CSRSX CSDIX FOR CAPITAL APPRECIATION: FOR TOTAL RETURN: COHEN & STEERS COHEN & STEERS SPECIAL EQUITY FUND LOGO INSTITUTIONAL REALTY SHARES LOGO IDEAL FOR INVESTORS SEEKING MAXIMUM CAPITAL IDEAL FOR INVESTORS SEEKING MAXIMUM TOTAL APPRECIATION, INVESTING IN A LIMITED NUMBER RETURN THROUGH BOTH CURRENT INCOME AND OF REITS AND OTHER REAL ESTATE COMPANIES CAPITAL APPRECIATION, INVESTING PRIMARILY IN CONCENTRATED, HIGHLY FOCUSED PORTFOLIO REITS SYMBOL: CSSPX OFFERS LOW TOTAL EXPENSE RATIO HIGHER MINIMUM PURCHASE REQUIRED SYMBOL: CSRIX FOR MORE INFORMATION ABOUT ANY COHEN & STEERS FUND OR TO OBTAIN A PROSPECTUS PLEASE CONTACT US AT: 1-800-330-REIT, OR VISIT OUR WEB SITE AT COHENANDSTEEERS.COM THE PROSPECTUS CONTAINS MORE INFORMATION ABOUT EACH FUND INCLUDING ALL CHARGES AND EXPENSES, AND SHOULD BE READ CAREFULLY BEFORE YOU INVEST. COHEN & STEERS SECURITIES, LLC, DISTRIBUTOR ----- 18

----- COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC. OFFICERS AND DIRECTORS KEY INFORMATION Robert H. Steers INVESTMENT MANAGER Director and chairman Cohen & Steers Capital Management, Inc. 757 Third Avenue Martin Cohen New York, NY 10017 Director and president (212) 832-3232 Gregory C. Clark FUND SUBADMINISTRATOR AND CUSTODIAN Director State Street Bank and Trust Company 225 Franklin Street Bonnie Cohen Boston, MA 02110 Director TRANSFER AGENT -- COMMON SHARES George Grossman Equiserve Trust Company Director 150 Royall Street Canton, MA 02021 Richard J. Norman (800) 426-5523 Director LEGAL COUNSEL Willard H. Smith Jr. Simpson Thacher & Bartlett Director 425 Lexington Avenue New York, NY 10017 Greg E. Brooks Vice president New York Stock Exchange Symbol: RNP Web site: cohenandsteers.com Adam Derechin Vice president and assistant This report is for shareholder treasurer information. This is not a prospectus intended for use in the purchase or sale Lawrence B. Stoller of fund shares. Past performance is of Assistant secretary course no guarantee of future results and your investment may be worth more or less at the time you sell.

----- 19 COHEN & STEERS REIT AND PREFERRED INCOME FUND 757 THIRD AVENUE NEW YORK, NY 10017 COHEN & STEERS REIT AND PREFERRED INCOME FUND ----- QUARTERLY REPORT SEPTEMBER 30, 2003