COHEN & STEERS INC
Form S-1/A
June 25, 2004

As filed with the Securities and Exchange Commission on June 25, 2004.

Registration No. 333-114027

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

COHEN & STEERS, INC.*

(Exact name of Registrant as specified in its charter)

Delaware	**6282**	**14-1904657**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

757 Third Avenue
New York, NY 10017
Telephone: (212) 832-3232

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Lawrence B. Stoller, Esq.
Senior Vice President and General Counsel
Cohen & Steers, Inc.
757 Third Avenue
New York, NY 10017
Telephone: (212) 832-3232

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Vincent Pagano, Jr., Esq. **Simpson Thacher & Bartlett LLP** **425 Lexington Avenue** **New York, NY 10017-3954** **Telephone: (212) 455-2000** **Facsimile: (212) 455-2502**	**Leonard B. Mackey, Jr., Esq.** **Clifford Chance US LLP** **31 West 52nd Street** **New York, NY 10019** **Telephone: (212) 878-8000** **Facsimile: (212) 878-8375**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value $.01 per share	8,625,000 shares	$ 14.00	$ 120,750,000	$ 15,300

(1) Includes 1,125,000 shares subject to the underwriters' overallotment option.

(2) Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457(a) under the Securities Act of 1933.

(3) $12,670 of which has previously been paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

* Prior to the consummation of the offering registered by this Registration Statement and pursuant to the reorganization for the purpose of redomestication and reorganization into a holding company structure described in this Registration Statement, Cohen & Steers, Inc. will become the parent holding company of Cohen & Steers Capital Management, Inc. and, together with its direct and indirect subsidiaries (including Cohen & Steers Capital Management, Inc.), succeed to the business now conducted by Cohen & Steers Capital Management, Inc. and its subsidiaries.

Subject to Completion
Preliminary Prospectus dated June 25, 2004

PROSPECTUS

7,500,000 Shares

Cohen & Steers, Inc.

Common Stock

This is Cohen & Steers, Inc.'s initial public offering. Cohen & Steers, Inc. is selling all of the shares.

We expect the public offering price to be between $13.00 and $15.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will trade on the New York Stock Exchange under the symbol “CNS.”

Investing in the common stock involves risks that are described in the “Risk Factors” section beginning on page 17 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Cohen & Steers, Inc.	$	$

The underwriters may also purchase up to 1,125,000 additional shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2004.

Merrill Lynch & Co.

UBS Investment Bank **Wachovia Securities**

Bear, Stearns & Co. Inc.

The date of this prospectus is , 2004.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus.

All share amounts and per share data contained in this prospectus have been adjusted to reflect a 291.351127 for one stock split that we effected on June 16, 2004.

Unless indicated otherwise, the information included in this prospectus assumes no exercise by the underwriters of the overallotment option to purchase up to 1,125,000 additional shares from us and that the shares to be sold in this offering are sold at $14.00 per share, which is the midpoint of the range indicated on the front cover of this prospectus.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the section entitled "Risk Factors" and our consolidated financial statements and the notes to those statements before you decide to invest in our common stock.

Cohen & Steers

We specialize in managing portfolios of income oriented equity securities. We currently manage twelve mutual funds and, based on fund assets, we are the nation's largest manager of real estate mutual funds.

Our co-chairmen and co-chief executive officers and principals, Martin Cohen, 55, and Robert H. Steers, 51, founded Cohen & Steers as an investment advisor in 1986. While we continue to depend on the efforts of Mr. Cohen and Mr. Steers, we have built a deep and experienced team of professionals who are also vitally important to our success.

The foundation of our company is our investment department. For over 18 years we have been dedicated to providing attractive returns for our institutional clients and mutual fund shareholders through research and active portfolio management. As a complement to our asset management business, we also provide investment banking services to companies in real estate and real estate intensive businesses.

We operate in two distinct business segments:

- *Asset Management.* Asset Management primarily derives revenue from investment advisory, administration, distribution and service fees received from mutual funds and investment advisory fees received from institutional separate accounts. These fees are based on contractually specified percentages of the assets of each client's portfolio. Asset Management's revenue fluctuates with changes in the total value of the portfolios and is recognized over the period that the assets are managed. We refer to the client assets for which we provide investment advisory services as our assets under management.

- *Investment Banking.* Investment Banking derives revenue primarily from advising our clients on mergers, acquisitions, corporate restructurings, recapitalizations and similar corporate finance transactions and placing securities as agent for our clients. These fees are generally earned upon the consummation of the transaction pursuant to the terms of individual agreements.

The following table provides a breakdown of our consolidated and segment revenue, operating expenses and net income for the past three years.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
			($ in thousands)		
Revenue					
Asset Management	$ 32,441	$ 42,169	$ 59,062	$ 10,765	$ 22,846
Investment Banking	2,853	13,077	11,279	978	4,463
Consolidated Revenue	$ 35,294	$ 55,246	$ 70,341	$ 11,743	$ 27,309
Operating Expenses					

Asset Management	$ 23,598	$ 37,633	$ 50,510	$ 10,843	$ 14,278
Investment Banking	4,891	8,964	7,959	1,100	2,992
Consolidated Operating Expenses	$ 28,489	$ 46,597	$ 58,469	$ 11,943	$ 17,270
Net Income					
Asset Management	$ 8,374	$ 4,656	$ 8,847	$ (115)	$ 7,955
Investment Banking	(1,770)	3,780	3,204	—	1,376
Consolidated Net Income (Loss)	$ 6,604	$ 8,436	$ 12,051	$ (115)	$ 9,331

We have historically operated as an S corporation and were not subject to U.S. federal and certain state income taxes. Prior to completion of this offering we will become subject to the additional taxes applicable to C corporations. In addition, we expect that salaries and bonuses to be paid to our co-chief executive officers in future periods will differ from the salaries and bonuses included in our historical results during our status as an S corporation. For example, the decrease in Asset Management's net income from 2001 to 2002 was primarily due to a 59% increase in the segment's employee compensation and benefits expenses, which included a $7.8 million increase in bonuses for our co-chief executive officers from $2.2 million in 2001 to $10.0 million in 2002 that accounted for 68% of this increase.

We expect to record a substantial loss in the quarter ending September 30, 2004 as the result of the grant of restricted stock units in replacement of certain employees' outstanding stock appreciation rights, which are being canceled, on the date of the consummation of this offering. We will record non-cash compensation expense in connection with the grant of these restricted stock units based on the initial public offering price of the underlying common stock, as adjusted for cumulative compensation cost recorded on our existing Stock Appreciation Rights Plan, which we will terminate at that time. Assuming an initial public offering price of $14.00 per share, we expect to record non-cash compensation expense of $57.7 million on the date of the consummation of this offering. If the initial public offering price per share is higher than $14.00, we will record a greater amount of compensation expense.

Asset Management

As of May 31, 2004, our assets under management were $14.6 billion—$7.6 billion in seven closed-end investment companies ("closed-end mutual funds"), $3.9 billion in five open-end mutual funds and $3.1 billion in 39 institutional separate account portfolios for institutional investors. In addition, as of May 31, 2004, we provided portfolio consulting services for more than $1.3 billion in assets, which are not included in our assets under management. While we have historically specialized in managing portfolios of real estate securities and such securities represented 91.8% of our assets under management as of December 31, 2003 and 79.9% of our assets under management as of May 31, 2004, our investment strategies and products currently focus on common and preferred stocks of real estate investment trusts, common and preferred stocks of utilities and preferred stocks of other types of companies. A real estate investment trust, or REIT, is a company that engages primarily in the ownership of income producing real estate and is required to pay out substantially all of its taxable income in the form of dividends.

The stock and bond markets have been volatile in the second quarter of 2004 amid concerns that the Federal Reserve would raise interest rates in response to economic data that indicate strong growth in the U.S. economy. In particular, real estate stock prices declined by approximately 8.5% from March 31, 2004 to May 31, 2004. As a result, our assets under management decreased to $14.6 billion as of May 31, 2004 from $15.5 billion as of March 31, 2004, which will adversely affect our revenue and net income. An increase in interest rates could cause the price of the real estate securities and other securities in our clients' portfolios to decline. In addition, an increase in interest rates could negatively impact net flows into open-end mutual funds and institutional separate accounts and our ability to offer new closed-end mutual funds. These events would negatively affect our revenue and net income.

Pursuant to investment advisory agreements, we furnish a continuous investment program for each of the mutual funds for which we act as investment advisor, make day-to-day investment decisions for each fund, and manage each fund's investments in accordance with the fund's stated policies. In addition, pursuant to the investment advisory agreements, we provide persons satisfactory to each fund's directors to serve as officers of the fund. Mr. Cohen and Mr. Steers serve on the board of directors of each mutual fund. The mutual funds that we manage are:

Closed-end Mutual Funds*

- Cohen & Steers Total Realty Fund, Inc.
- Cohen & Steers Advantage Income Realty Fund, Inc.
- Cohen & Steers Quality Income Realty Fund, Inc.
- Cohen & Steers Premium Income Realty Fund, Inc.
- Cohen & Steers REIT and Preferred Income Fund, Inc.
- Cohen & Steers REIT and Utility Income Fund, Inc.
- Cohen & Steers Select Utility Fund, Inc.

Open-end Mutual Funds**

- Cohen & Steers Realty Shares, Inc.
- Cohen & Steers Special Equity Fund, Inc.
- Cohen & Steers Equity Income Fund, Inc.
- Cohen & Steers Institutional Realty Shares, Inc.
- Cohen & Steers Utility Fund, Inc.

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* Closed-end mutual funds sell a finite number of shares that are traded on an exchange. Investors buy shares from, and sell shares to, other investors through the exchange.

** Open-end mutual funds are continually offered and are not listed on an exchange. Open-end mutual funds issue new shares for investor purchases and repurchase shares from those shareholders who sell.

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The following table sets forth the breakdown of our revenue from investment advisory and administration fees by account type.

	Year Ended December 31,						Three Months Ended March 31,			
	2001		2002		2003		2003		2004	
	($ in thousands)									
Investment advisory and administration fees:										
Closed-end mutual funds	$ 2,009	6.6%	$ 7,837	20.4%	$ 18,575	36.0%	$ 2,741	28.8%	$ 8,801	44.6%
Open-end mutual funds	18,019	58.5%	20,871	54.3%	24,225	46.9%	4,806	50.5%	8,282	42.0%
Institutional separate accounts	10,794	35.0%	9,707	25.3%	8,808	17.1%	1,973	20.7%	2,646	13.4%
Total	$ 30,822	100.0%	$ 38,415	100.0%	$ 51,608	100.0%	$ 9,520	100.0%	$ 19,729	100.0%

For the three months ended March 31, 2004, 45% of our investment advisory and administration fees and 36% of Asset Management's revenue were from closed-end mutual funds. Unlike open-end mutual funds, closed-end mutual funds are not subject to shareholder redemptions that can result in greater volatility in asset levels. As of May 31, 2004, approximately 52% of our assets under management was in closed-end mutual funds. As a result, a large proportion of our assets under management is relatively stable, providing us with similarly stable revenue under normal market conditions with respect to that part of our current business.

While there are reductions in fees for those open-end mutual funds that achieve a certain size and for large institutional separate accounts, Asset Management's profitability tends to increase as it manages more assets. Although each new mutual fund or product must reach a certain size to become profitable, once it attains this size the incremental revenue associated with additional assets under management tends to exceed the incremental costs associated with managing these assets.

We have contractually agreed with five of the seven closed-end funds for which we are the investment advisor to waive a portion of our investment advisory fees for a period following the commencement of the fund's operations. These waived fees are not included in our revenue. In addition, we have contractually agreed with two of the five open-end mutual funds for which we are the investment advisor to waive our investment advisory fees and/or reimburse the open-end mutual funds so that their expenses do not exceed specified percentages of their net assets. These fee waivers and expense reimbursements provide a direct benefit to the mutual fund investors by lowering the expenses associated with investing in the funds and improving each fund's potential investment performance for the term of the waiver. As a result, we believe our agreements to waive fees or reimburse expenses have benefited us by aiding the sales efforts for each fund, thereby increasing our assets under management and resulting in greater revenue and net income. The following table discloses the aggregate investment advisory fees waived and expenses reimbursed for the past three years.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
	($ in thousands)				
Closed-end mutual fund investment advisory fees waived	$ 1,078	$ 4,660	$ 7,170	$ 1,542	$ 2,620
Open-end mutual fund investment advisory fees waived/ expenses reimbursed	$ —	$ 125	$ 103	$ 26	$ 10

Beginning in 2006 and continuing through 2012, certain of these fee waivers are scheduled to begin to expire, subject to approval by the fund's board of directors. We expect the expiration of these fee waivers to result in greater revenue, assuming constant asset levels. For more information about these fee waiver and expense reimbursement agreements, see “Related Party Transactions—Fee Waiver and Expense Reimbursement Agreements.”

We also have a permanent agreement in place with Cohen & Steers Institutional Realty Shares, Inc. whereby we bear all of this fund's operating expenses. Pursuant to this agreement we incurred expenses of $0.9 million in 2001, $0.7 million in 2002, $0.9 million in 2003 and $0.2 million and $0.3 million in the three months ended March 31, 2003 and 2004, respectively.

Throughout our history we have been innovators in developing income oriented equity portfolios and investment vehicles. For example:

- Our principals, while employed at another firm, organized and managed the first open-end real estate mutual fund in 1985.
- We launched the first closed-end real estate mutual fund in 1988 and the first leveraged, closed-end real estate mutual fund in 2001.
- We were the first firm to offer multiple REIT investment strategies and in 1996 we began managing REIT preferred stock portfolios.
- We have been a leader in offering mutual funds that combine complementary types of securities such as REITs with corporate preferred stocks or REITs with utility common stocks.
- We have developed and maintain the Cohen & Steers Realty Majors Index, which is the basis for the iShares Cohen & Steers Realty Majors Index Fund, the largest exchange traded real estate index fund. An index fund is a type of mutual fund whose investment objective is to achieve the same return as a particular market index.
- We have developed a strategy for leveraged, closed-end mutual funds to reduce their interest rate risk that has become a model for the industry.

Our Assets Under Management

Our assets under management have increased at a compound annual rate of growth of 36%, to $14.6 billion at May 31, 2004 from $3.8 billion at December 31, 1999. Much of this growth can be attributed to our presence in the real estate securities market. REIT securities have experienced strong market appreciation over the past several years and have gained a wider acceptance by individual and institutional investors as an asset class based on their diversification benefits, income characteristics and growth potential. In addition, we have launched six of the seven closed-end mutual funds that we manage since May 2001, including two such funds which started in 2004 with initial assets of $2.9 billion. We have also added assets under management through net sales of shares of open-end mutual funds, one of which was started in 2000 and one of which was started in 2004.

The following tables set forth a breakdown of the changes in our assets under management since 1999 attributable to net flows and net appreciation and a breakdown of our total assets under management by account and security type as of the dates shown, and the compound annual growth rates (CAGR) for our assets under management since December 31, 1999.

Component Changes in Assets Under Management (AUM)

	Year Ended December 31,					Three Months Ended March 31, 2004	Two Months Ended May 31, 2004
	1999	2000	2001	2002	2003		
	($ in millions)						
Total accounts							
Beginning AUM	$ 3,991.4	$ 3,762.1	$ 4,758.5	$ 5,697.5	$ 6,623.8	$ 11,680.1	$ 15,539.3
Net flows	(260.1)	9.5	647.3	817.7	2,629.4	2,648.9	199.4
Net appreciation	30.8	986.9	291.7	108.6	2,426.9	1,210.3	(1,135.8)
	$ 3,762.1	$ 4,758.5	$ 5,697.5	$ 6,623.8	$ 11,680.1	$ 15,539.3	$ 14,602.9

Total assets under management							

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Assets Under Management

	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	% as of December 31, 2003	March 31, 2004	May 31, 2004	% as of May 31, 2004	December 31, 1999 to May 31, 2004 CAGR
	($ in millions)									
Breakdown by Account Type										
Closed-end Mutual Funds	$ 98.0	$ 114.2	$ 600.7	$ 2,114.3	$ 4,790.6	41.0%	$ 7,664.5	$ 7,580.7	51.9%	167.7%
Open-end Mutual Funds	1,571.5	2,077.5	2,314.6	2,452.4	3,897.1	33.4%	4,514.0	3,916.5	26.8%	23.0%
Institutional Separate Accounts	2,092.6	2,566.8	2,782.2	2,057.1	2,992.4	25.6%	3,360.8	3,105.7	21.3%	9.4%
Total Assets Under Management	$ 3,762.1	$ 4,758.5	$ 5,697.5	$ 6,623.8	$ 11,680.1	100%	$ 15,539.3	14,602.9	100%	36.0%
Breakdown by Security Type										
Real Estate Common Stocks	$ 3,606.1	$ 4,536.0	$ 5,259.4	$ 5,908.9	$ 9,892.6	84.7%	11,605.5	10,616.0	72.7%	27.7%
Utility Common Stocks	—	—	—	—	—	—	959.4	1,472.8	10.1%	n/a
Real Estate Preferred Stocks	32.4	55.7	266.6	597.1	836.0	7.1%	996.9	1,055.7	7.2%	120.1%
Corporate Preferred Stocks (1)	—	—	—	—	683.9	5.8%	786.6	952.6	6.5%	n/a
Fixed Income (2)	2.3	2.5	6.2	13.5	109.1	1.0%	97.4	111.0	0.8%	139.7%
Cash and Short-Term Investments	121.3	164.3	165.3	104.3	158.5	1.4%	1,093.5	394.8	2.7%	n/m
Total Assets Under Management	$ 3,762.1	$ 4,758.5	$ 5,697.5	$ 6,623.8	$ 11,680.1	100%	$ 15,539.3	$ 14,602.9	100%	36.0%

(1) Corporate preferred stocks include traditional preferred stocks as well as "hybrid-preferred securities." Hybrid-preferred securities are forms of subordinated debt with many features, such as exchange listing and deferral, that replicate those of traditional preferred stock.
(2) Includes corporate bonds.

Our Investment Strategies

Each of the 12 mutual funds and 39 institutional separate accounts that we manage adhere to one of our five investment strategies:

Strategy	Accounts
Total Return • Objective of maximizing total return by balancing capital appreciation and current income	Cohen & Steers Realty Shares Cohen & Steers Institutional Realty Shares Cohen & Steers Utility Fund Cohen & Steers Total Return Realty Fund 18 institutional separate accounts
Equity Income • Primary objective of providing above average current income	Cohen & Steers Equity Income Fund 18 institutional separate accounts

Total Return and Equity Income with Leverage	
• Same as *Total Return* and *Equity Income*, but includes capital raised from borrowing money or the issuance of debt or preferred stocks	Cohen & Steers Advantage Income Realty Fund Cohen & Steers Quality Income Realty Fund Cohen & Steers Premium Income Realty Fund Cohen & Steers REIT and Utility Income Fund Cohen & Steers Select Utility Fund Cohen & Steers REIT and Preferred Income Fund
Special Equity	
• Objective of maximizing capital appreciation	Cohen & Steers Special Equity Fund 2 institutional separate accounts
REIT Preferred Stocks	
• Objective of high current income	1 institutional separate account

Our Historical Investment Performance

The following table presents the average annualized performance, net of fees, of our primary portfolio strategies which comprised 98% of our assets under management over the periods presented, for the one, five and ten year periods ended May 31, 2004 and for the period from each strategy's inception date to May 31, 2004. The table also presents the returns of the National Association of Real Estate Investment Trusts (NAREIT) Equity REIT Index, Morgan Stanley REIT Preferred Index and the S&P 500 Index over the same periods. We believe this presentation allows you to evaluate our ability to manage client assets over long periods of time.

Strategy (Inception Date)	1 Year	5 Years	10 Years	Since Inception(1)
Total Return (3/85)	28.77%	13.13%	12.12%	11.41%
Equity Income (8/88)	24.21%	13.97%	12.55%	11.71%
Total Return and Equity Income with Leverage (7/01)(1)	30.98%	—	—	16.79%
Special Equity (6/97)(2)	37.40%	16.01%	—	10.86%
REIT Preferred Stocks (8/96)	9.59%	14.31%	—	13.50%
NAREIT Equity REIT Index (3)	26.13%	13.48%	11.52%	
Morgan Stanley REIT Preferred Index (4)	4.97%	10.30%	10.03%	
S&P 500 Index (6)	18.33%	–1.52%	11.34%	

(1) Performance information for periods of less than one year represents actual performance and is not annualized.

(2) We currently waive a portion of the investment advisory fee for certain of the closed-end mutual funds which adhere to the Total Return and Equity Income with Leverage strategy. If these fees had not been waived, the total return for the Total Return and Equity Income with Leverage strategy would have been lower by approximately 0.46% for the last 12 months and 0.56% on an annualized basis since inception.

(3) We currently reimburse expenses for the Cohen & Steers Special Equity Fund, which adheres to the Special Equity strategy. If these expenses had not been reimbursed, the total return for the Special Equity strategy would have been lower by approximately 0.27% for the last 12 months, 0.05% on an annualized basis for the last five years and 0.04% on an annualized basis since inception.

(4) The 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.

(5) The Morgan Stanley REIT Preferred Index is an unmanaged index that is designed to reflect the performance of all publicly traded REIT preferred stocks as a whole.

(6) The S&P 500 Index is an unmanaged index of common stocks that is frequently used as a general measure of stock market performance.

The following table presents the average annualized performance, net of fees, of each of the mutual funds for which we are the investment advisor and of institutional separate accounts in the aggregate for each strategy for which we have at least one continuous year of institutional separate account investment activity for the one, five and ten year periods ended May 31, 2004 and for the period from the inception date to May 31, 2004.

Mutual Fund (Inception Date)	1 Year	5 Years	10 Years	Since Inception(1)
Cohen & Steers Realty Shares, Inc. (7/91)	28.85%	12.87%	11.96%	13.57%
Cohen & Steers Total Return Realty Fund, Inc. (6/93)	23.23%	13.96%	11.66%	11.41%
Cohen & Steers Special Equity Fund, Inc. (5/97)(1)	37.12%	16.07%	—	11.78%
Cohen & Steers Equity Income Fund, Inc., Class A Shares (7/97)	24.71%	13.97%	—	10.76%
Cohen & Steers Institutional Realty Shares, Inc. (2/00)	28.89%	—	—	18.00%
Cohen & Steers Advantage Income Realty Fund, Inc. (5/01)(2)	34.96%	—	—	19.13%
Cohen & Steers Quality Income Realty Fund, Inc. (2/02)(4)	33.89%	—	—	19.21%
Cohen & Steers Premium Income Realty Fund, Inc. (8/02)(3)	37.74%	—	—	26.18%
Cohen & Steers REIT and Preferred Income Fund, Inc. (6/03)	—	—	—	15.45%
Cohen & Steers REIT and Utility Income Fund, Inc. (1/04)(5)	—	—	—	–4.19%
Cohen & Steers Utility Fund, Inc., Class A Shares (4/04)	—	—	—	3.23%
Cohen & Steers Select Utility Fund, Inc. (6/04)(6)	—	—	—	–2.14%
Institutional Separate Accounts by Strategy (Inception Date)				
Total Return Institutional Separate Accounts (1/88)	29.18%	13.46%	12.49%	14.22%
Equity Income Institutional Separate Accounts (7/98)	26.48%	14.28%	—	11.63%

(1) Performance information for periods of less than one year represents actual performance and is not annualized.

(2) We currently reimburse expenses for Cohen & Steers Special Equity. If these expenses had not been reimbursed, the fund's total return would have been lower by approximately 0.49% for the last 12 months, 0.21% on an annualized basis for the last 5 years and 0.15% on an annualized basis since inception.

(3) We currently waive a portion of the investment advisory fee for Cohen & Steers Advantage Income Realty Fund. If these fees had not been waived, Cohen & Steers Advantage Income Realty Fund's total return would have been approximately 0.60% lower on an annualized basis.

(4) We currently waive a portion of the investment advisory fee for Cohen & Steers Premium Income Realty Fund. If these fees had not been waived, Cohen & Steers Premium Income Realty Fund's total return would have been approximately 0.38% lower on an annualized basis.

(5) We currently waive a portion of the investment advisory fee for Cohen & Steers Quality Income Realty Fund. If these fees had not been waived Cohen & Steers Quality Income Realty Fund's total return would have been approximately 0.48% lower on an annualized basis.

(6) We currently waive a portion of the investment advisory fee for Cohen & Steers REIT and Utility Income Fund. If these fees had not been waived Cohen & Steers REIT and Utility Income Fund's total return would have been approximately 0.07% lower.

(7) We currently waive a portion of the investment advisory fee for Cohen & Steers Select Utility Fund. If these fees had not been waived Cohen & Steers Select Utility Income Fund's total return would have been approximately 0.03% lower.

Our Distribution Network

We have developed an effective distribution network that has contributed, along with our investment performance, to the rapid growth in our assets under management and encompasses the major channels in the asset management industry, including large brokerage firms, registered investment advisors and institutional investors:

- We have raised $6.5 billion of assets in closed-end mutual funds since May 2001.
- The open-end mutual funds for which we are the investment advisor are available for purchase with and without commissions through full service and discount broker-dealers and the significant networks serving financial advisors.
- We extend the reach of our distribution network by providing investment advisory services to several mutual funds which are sponsored by other financial institutions and distributed in the United States and in Canada and

Japan.

Asset Management Strategy

As a firm dedicated to creating portfolios of income producing equity securities with growth potential, we have capitalized, and we believe we are well positioned to continue to capitalize, on the increase in demand for these portfolios. As the U.S. population ages and retirement savings continue to increase, we believe individuals will reallocate assets in their investment accounts in a manner that reduces volatility and produces higher levels of current income. We believe this change will also be true for many institutional investors, such as pension and endowment funds that are seeking higher yielding, lower volatility investments to meet their investment objectives. Additionally, recently enacted federal tax legislation has removed the long held advantage that long-term capital gains have held over corporate dividends, furthering demand for dividend income. Accordingly, we believe U.S. investors will continue to seek out current income opportunities. We expect mutual funds to be a primary vehicle for this investment.

Our business strategy includes the following key elements:

- Capitalize on the Cohen & Steers brand
- Diversify product offerings
- Expand wholesaling sales force
- Pursue new areas of distribution
- Pursue acquisitions

Investment Banking

As a complement to Asset Management, and to capitalize on our extensive expertise in public real estate securities and companies, in 1999 we established a specialized investment banking practice that services companies in real estate and real estate intensive businesses, such as the health care and hospitality businesses.

We have assembled a highly experienced team of investment banking professionals with a long-standing transactional track record in the real estate and health care industries. Since 1999, we have completed 44 transactions representing over $5 billion in value. Our professionals have developed long-standing relationships with many companies and have established a strong presence in our targeted market. As a result, we believe we are well positioned to take advantage of new advisory opportunities.

Our investment banking strategy focuses on providing a full range of services, including the following areas:

Mergers & Acquisitions—We provide a full range of merger and acquisition advisory services involving the purchase or sale of public or private companies or their business units. We also facilitate leveraged buyouts and strategic capital infusions, and provide our clients with advice relating to takeover defenses. We have advised clients in 11 merger and acquisition transactions representing over $900 million in value.

Restructurings—We have developed a broad range of corporate restructuring advisory services. These services include advice with respect to debt and lease restructurings, recapitalization transactions, exchange offers and bankruptcy advisory services. We have advised clients in five restructuring assignments encompassing 17 transactions representing over $3.3 billion in value.

Capital Raising—We provide capital raising services as agent, and have completed 16 transactions which raised over $860 million, primarily SEC-registered direct placements of equity and preferred securities.

The following table provides a breakdown of Investment Banking's revenue by service area for the years ended December 31, 2001, 2002 and 2003, and for the three months ended March 31, 2003 and 2004.

	Year Ended December 31,			Three Months Ended March 31,	
	2001	2002	2003	2003	2004
			($ in thousands)		
Revenue					
Mergers & Acquisitions	$ 505	$ 2,067	$ 2,477	$ 587	$ 50
Restructurings	1,891	9,337	4,958	308	—
Capital Raising	457	1,673	3,843	83	4,413
Investment Banking Revenue	$ 2,853	$ 13,077	$ 11,279	$ 978	$ 4,463

Each Investment Banking engagement for which a fee is earned is generally highly profitable. However, only a limited proportion of Investment Banking engagements result in a completed transaction for which a fee is earned and, accordingly, the employees of Investment Banking spend significant amounts of time on transactions that are not completed and for which no fee will be earned. As a result, the revenue and profitability of Investment Banking can be very volatile. For example, Investment Banking had net income of $3.8 million on $13.1 million of revenue in 2002 as compared to net income of $3.2 million on $11.3 million of revenue in 2003.

Of the 21 clients from which Investment Banking has generated revenue since it was established in 1999, four are companies in which Asset Management has invested client assets. Investment Banking, acting in its capacity as placement agent for these clients, generated revenue of $0.3 million in 2002, $3.6 million in 2003 and $3.8 million in the three months ended March 31, 2004. Investment Banking did not generate any revenue from these clients in 2001 or the three months ended March 31, 2003. Of the total revenue generated by Investment Banking relating to these four companies, $0.5 million related to the direct purchase of securities in two transactions by Asset Management.

Dividend Policy

We intend to pay cash dividends on a quarterly basis and expect to declare our first quarterly dividend payment at an initial rate of $0.10 per share in the third quarter of 2004. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition and earnings, legal requirements and other factors as our board of directors deems relevant. See “Dividend Policy.”

Our business is presently conducted by Cohen & Steers Capital Management, Inc. and its subsidiaries. Cohen & Steers Capital Management, Inc. was incorporated as a New York corporation in 1986 and is wholly owned by our principals and two trusts benefiting their families. Cohen & Steers, Inc. is a Delaware corporation that was formed on March 17, 2004. Cohen & Steers, Inc. has not engaged in any business or other activities except in connection with its formation and the reorganization whereby Cohen & Steers, Inc. will become the parent holding company of Cohen & Steers Capital Management, Inc. and, together with its direct and indirect subsidiaries (including Cohen & Steers Capital Management, Inc.), continue to conduct the business now conducted by Cohen & Steers Capital Management, Inc. and its subsidiaries. Completion of the reorganization is a condition to the consummation of this offering. See “Reorganization and S Corporation Status—Reorganization.”

Our principal executive offices are located at 757 Third Avenue, New York, NY 10017, and our telephone number is (212) 832-3232. Our Web site is located at www.cohenandsteers.com. The information on our Web site is not a part of this prospectus.

The Offering

Common stock offered	7,500,000 shares
Shares outstanding after the offering	34,200,000 shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately \$93.5 million. We intend to use these net proceeds to continue to expand our asset management platform, to establish new investment vehicles, to make strategic acquisitions and for general corporate purposes.
Dividend policy	We intend to pay cash dividends on a quarterly basis and expect to declare our first quarterly dividend payment at an initial rate of \$0.10 per share in the third quarter of 2004. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition and earnings, legal requirements and other factors as our board of directors deems relevant. See “Dividend Policy.”
Voting rights	Each share of common stock will entitle its holder to one vote per share.
Risk factors	See “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Determination of initial public offering price	Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives of the underwriters following a marketing period during which the underwriters will assess the demand for our common stock from potential investors. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are: • investor demand for our common stock; • the market condition for initial public offerings; • our financial information; • an analysis of our earnings and the price to projected earnings multiples of publicly traded companies that the representatives believe to be comparable to us; • our history and the prospects for us and the asset management and investment banking industries in which we compete; • an assessment of our management and management's ability to execute its business plan, our past and present operations, and the prospects for, and timing of, our future revenue.
Proposed New York Stock Exchange symbol	CNS

The number of shares of common stock outstanding after the offering excludes 9,500,000 shares reserved for issuance under the 2004 Stock Incentive Plan and 500,000 shares reserved for issuance under the 2004 Employee Stock Purchase Plan. We expect to grant certain employees an aggregate of 5,086,000 restricted stock units pursuant to the 2004 Stock Incentive Plan on the date of the consummation of this offering. See “Management—IPO Date Employee Awards.”

Summary Consolidated Financial and Other Data

The following tables present summary consolidated financial and other data as of the dates and for the periods indicated. We derived the consolidated statement of financial condition data as of December 31, 2002 and 2003 and the consolidated statement of income data for each of the three years in the period ended December 31, 2003 from our consolidated financial statements audited by Deloitte & Touche LLP which are included elsewhere in this prospectus.

We derived the consolidated statement of financial condition data as of December 31, 1999, 2000 and 2001 and the consolidated statement of income data for each of the two years in the period ended December 31, 2000 from our unaudited consolidated financial statements which are not included in this prospectus. The unaudited consolidated financial statements have been prepared on substantially the same basis as the audited consolidated financial statements and include all adjustments that we consider necessary for a fair presentation of our consolidated financial position and results of operations for all periods presented.

We derived the consolidated statement of financial condition data as of March 31, 2004 and the consolidated statement of income data for each of the three months ended March 31, 2003 and 2004 from our unaudited interim consolidated financial statements which are included elsewhere in this prospectus. In the opinion of management, the unaudited interim consolidated financial statements financial statements have been prepared on a basis consistent with the audited consolidated financial statements and include all adjustments, which are of a normal recurring nature, that we consider necessary for a fair presentation of our consolidated financial position and results of operations for the interim periods presented.

Our wholly owned subsidiary, Cohen & Steers Securities, LLC, commenced operations on July 1, 2002. On the same date, Cohen & Steers Securities, LLC succeeded to the business of Cohen & Steers Securities, Inc. (previously wholly owned by our principals) pursuant to a transaction accounted for as a merger of entities under common control and recorded in a manner similar to a pooling-of-interests. Accordingly, the previously separate historical financial position and results of operations of Cohen & Steers Securities, Inc. are combined with our consolidated financial position and results of operations for all periods presented.

For all periods presented, we operated as an S corporation and were not subject to U.S. federal and certain state income taxes. Our historical income tax expense consisted of New York State and New York City income taxes. Prior to the completion of this offering, we will become subject to U.S. federal and certain state and local income taxes applicable to C corporations. See "—Unaudited Consolidated Pro Forma Financial Information" and "Reorganization and S Corporation Status."

The historical consolidated results for "Employee compensation and benefits" include salaries and bonuses paid to our co-chief executive officers during our status as an S corporation that we expect will differ from the salaries and bonuses to be paid to our co-chief executive officers in future periods.

You should read this summary consolidated financial and other data together with the other information contained in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements.

Consolidated Statement of Income Data

	Year Ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	($ in thousands, except per share data)						
Revenue							
Investment advisory and administration fees:							
Closed-end mutual funds	$ 743	$ 729	$ 2,009	$ 7,837	$ 18,575	$ 2,741	$ 8,801
Open-end mutual funds	15,291	15,102	18,019	20,871	24,225	4,806	8,282
Institutional separate accounts	9,749	11,288	10,794	9,707	8,808	1,973	2,646
Total investment advisory and administration fees	25,783	27,119	30,822	38,415	51,608	9,520	19,729
Distribution and service fee revenue	211	397	1,112	3,071	5,880	974	2,408
Portfolio consulting and other	1,618	1,104	507	683	1,574	271	709
Investment banking fees	3,375	8,097	2,853	13,077	11,279	978	4,463
Total revenue	30,987	36,717	35,294	55,246	70,341	11,743	27,309
Expenses							
Employee compensation and benefits	12,715	15,571	16,719	32,312	37,193	7,754	8,980
General and administrative	4,385	5,568	6,651	6,916	8,007	1,719	2,757
Distribution and service fee expenses	2,973	2,721	4,069	4,744	9,190	1,427	4,195
Amortization, deferred commissions	162	170	533	1,698	3,077	810	1,057
Depreciation and amortization	257	402	517	927	1,002	233	281
Total operating expenses	20,492	24,432	28,489	46,597	58,469	11,943	17,270
Operating income (loss)	10,495	12,285	6,805	8,649	11,872	(200)	10,039
Non-operating income (expense)							
Interest and dividend income	369	692	513	525	435	97	101
Interest expense	(32)	(42)	(60)	(127)	(156)	(36)	(42)
Total non-operating income	337	650	453	398	279	61	59
Income (loss) before income taxes	10,832	12,935	7,258	9,047	12,151	(139)	10,098
Income tax expense (benefit)(1)	1,089	1,297	654	611	100	(24)	767
Net income (loss)	$ 9,743	$ 11,638	$ 6,604	$ 8,436	$ 12,051	$ (115)	$ 9,331
Net income (loss) per share—basic and diluted(2)	$ 0.37	$ 0.44	$ 0.25	$ 0.32	$ 0.45	$ (0.00)	$ 0.35
Weighted average shares outstanding—basic and diluted(2)	26,250,737	26,250,737	26,250,737	26,475,368	26,700,000	26,700,000	26,700,000

(1) See “Management's Discussion and Analysis of Financial Condition and Results of Operations” for the explanation of the decrease in income tax expense (benefit) from the year ended December 31, 2002 to the year ended December 31, 2003.

(2)

All per share amounts and weighted average shares outstanding have been adjusted to reflect a 291.351127 for one stock split that we effected on June 16, 2004.

Consolidated Statement of Income Data by Segment

	Year Ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	($ in thousands)						
Asset Management							
Total revenue	$ 27,612	$ 28,506	$ 32,441	$ 42,169	$ 59,062	$ 10,765	$ 22,846
Total operating expenses	17,542	18,197	23,598	37,633	50,510	10,843	14,278
Operating income (loss)	10,070	10,309	8,843	4,536	8,552	(78)	8,568
Total non-operating income	333	426	396	325	249	53	53
Income (loss) before income taxes	10,403	10,735	9,239	4,861	8,801	(25)	8,621
Income tax expense (benefit)	1,046	1,067	865	205	(46)	90	666
Net income (loss)	$ 9,357	$ 9,668	$ 8,374	$ 4,656	$ 8,847	$ (115)	$ 7,955
Investment Banking							
Total revenue	$ 3,375	$ 8,211	$ 2,853	$ 13,077	$ 11,279	$ 978	$ 4,463
Total operating expenses	2,950	6,235	4,891	8,964	7,959	1,100	2,992
Operating income (loss)	425	1,976	(2,038)	4,113	3,320	(122)	1,471
Total non-operating income	4	224	57	73	30	8	6
Income (loss) before income taxes	429	2,200	(1,981)	4,186	3,350	(114)	1,477
Income tax expense (benefit)	43	230	(211)	406	146	(114)	101
Net income (loss)	$ 386	$ 1,970	$ (1,770)	$ 3,780	$ 3,204	$ —	$ 1,376

Consolidated Statement of Financial Condition Data

	December 31, 1999	December 31, 2000	December 31, 2001	December 31, 2002	December 31, 2003	March 31, 2004
	($ in thousands)					
Cash and cash equivalents	$ 4,699	$ 4,737	$ 2,750	$ 6,090	$ 7,526	$ 8,574
Total assets	14,343	16,547	17,853	24,394	34,523	39,927
Total current liabilities	2,019	2,370	2,712	2,904	7,257	14,419
Total long-term liabilities	500	500	1,430	4,798	6,492	6,324
Total liabilities	2,519	2,870	4,142	7,702	13,749	20,743
Total stockholders' equity	11,824	13,677	13,711	16,692	20,774	19,184

Component Changes in Assets Under Management (AUM)

	Year Ended December 31, 1999	2000	2001	2002	2003	Three Months Ended March 31, 2004	Two Months Ended May 31, 2004
	($ in millions)						
Total accounts							
Beginning AUM	$3,991.4	$3,762.1	$4,758.5	$5,697.5	$ 6,623.8	$11,680.1	$15,539.3
Net flows	(260.1)	9.5	647.3	817.7	2,629.4	2,648.9	199.4
Net appreciation	30.8	986.9	291.7	108.6	2,426.9	1,210.3	(1,135.8)
Total assets under management	$3,762.1	$4,758.5	$5,697.5	$6,623.8	$11,680.1	$15,539.3	$14,602.9
Closed-end mutual funds							
Beginning AUM	$ 113.6	$ 98.0	$ 114.2	$ 600.7	$ 2,114.3	$ 4,790.6	$ 7,664.5
Net flows	0.0	0.0	478.6	1,573.1	1,973.5	2,472.0	460.2
Net appreciation	(15.6)	16.2	7.9	(59.5)	702.8	401.9	(544.0)
Total closed-end mutual funds	98.0	114.2	600.7	2,114.3	4,790.6	7,664.5	7,580.7
Open-end mutual funds							
Beginning AUM	2,043.6	1,571.5	2,077.5	2,314.6	2,452.4	3,897.1	4,514.0
Net flows	(484.8)	113.5	138.7	121.3	528.9	166.8	(249.5)
Net appreciation	12.7	392.5	98.4	16.5	915.8	450.1	(348.0)
Total open-end mutual funds	1,571.5	2,077.5	2,314.6	2,452.4	3,897.1	4,514.0	3,916.5
Institutional separate accounts							
Beginning AUM	1,834.2	2,092.6	2,566.8	2,782.2	2,057.1	2,992.4	3,360.8
Net flows	224.7	(104.0)	30.0	(876.7)	127.0	10.1	(11.3)
Net appreciation	33.7	578.2	185.4	151.6	808.3	358.3	(243.8)

Total institutional separate accounts	2,092.6