COHEN & STEERS REIT & PREFERRED INCOME FUND INC
Form N-CSR
March 06, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21326

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

280 Park Avenue, New York, NY	10017
(Address of principal executive offices)	(Zip code)

Adam M. Derechin

Cohen & Steers Capital Management, Inc.

280 Park Avenue

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

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2005

Item 1. Reports to Stockholders.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

February 8, 2006

To Our Shareholders:

We are pleased to submit to you our report for the six months and year ended December 31, 2005. The net asset value at that date was $28.25 per common share. The fund's common stock is traded on the New York Stock Exchange and its share price can differ from its net asset value; at year end, the fund's closing price on the NYSE was $25.85 per share. The total return, including income, for the Cohen & Steers REIT and Preferred Income Fund and the comparative benchmarks were:

	Total Returns			
	Market Price[a]		Net Asset Value[a]	
	Six Months Ended 12/31/05	Year Ended 12/31/05	Six Months Ended 12/31/05	Year Ended 12/31/05
Cohen & Steers REIT and Preferred Income Fund	3.81%	7.98%	1.14%	6.52%
NAREIT Equity REIT Index[b]	5.44%	12.16%	5.44%	12.16%
S&P 500 Index[b]	5.77%	4.91%	5.77%	4.91%
Merrill Lynch Fixed Rate Preferred Index[b]	0.82%	0.96%	0.82%	0.96%
Blend 50% NAREIT Equity REIT Index, 50% Merrill Lynch Fixed Rate Preferred Index[b]	3.22%	6.72%	3.22%	6.72%

The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return and the principal value of an investment will fluctuate and shares, if redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Total returns of the fund current to the most recent month-end can be obtained by visiting our website at cohenandsteers.com.

A long-term capital gains distribution of $1.076 per common share was declared for shareholders of record on December 27, 2005 and was paid on December 30, 2005. In addition, during the quarter, three monthly dividends of $0.195 per share were paid to common shareholders.

Three monthly dividends of $0.195 per common share were declared and will be paid to common shareholders on January 31, 2006, February 28, 2006, and March 31, 2006.[c]

[a] As a closed-end investment company, the price of the fund's New York Stock Exchange-traded shares will be set by market forces and at times may deviate from the net asset value per share of the fund.

[b] 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. 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 Merrill Lynch Fixed Rate Preferred Index is an unmanaged index of preferred securities.

[c] Please note that distributions paid by the fund to shareholders are subject to recharacterization for tax purposes. The final tax treatment of these distributions is reported to shareholders after the close of each fiscal year on form 1099-DIV. To the extent the fund pays distributions in excess of its net investment company taxable income, this excess would be a tax-free return of capital distributed from the fund's assets. To the extent this occurs, the fund's shareholders of record would be notified of the approximate amount of capital returned for each such distribution. Distributions of capital decrease the fund's total assets and, therefore, could have the effect of increasing the fund's expense ratio. In addition, in order to make these distributions, the fund may have to sell portfolio securities at a less than opportune time.

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Investment Review

In 2005, for the sixth straight year, the total return performance of the NAREIT Equity REIT Index exceeded that of the S&P 500. For 2005, the NAREIT Equity REIT Index returned 12.2%. The total return for the Merrill Lynch Fixed Rate Preferred Index was a much more modest, 1.0% for the year.

We believe that the past year demonstrated once again the potential power of combining REITs with preferred securities. During the past year, REITs provided investors with income as well as capital growth, a secondary but important objective of the fund, while the high levels of interest and dividends generated by the fund's preferred securities continued to support its primary objective of high income. Since the fund's inception, in June of 2003, this combination of asset classes has delivered a 51% total return (18.0% annualized) based on the growth in net asset value and income distributions.

We believe that the diversification benefit of combining REITs and preferred securities may also benefit investors over time. Based on index data, there has been only one year (1999) in the past 15 in which both REITs and preferreds recorded a negative total return for the year. While the fund is required to have a minimum investment of 40% of the fund's net assets in each of REIT common stocks and preferreds at any given time, we have discretion to adjust the asset mix at the margin. During 2005, the fund held roughly 55% of its assets in REIT common stocks, which we felt had better total return potential, 43% in a diverse portfolio of preferred securities and the remaining 2% in corporate bonds and other assets.

Improvements in REIT fundamentals continued to drive the REIT market in 2005. Higher levels of economic activity translated into greater pricing power for landlords. Demand for commercial and multi-family residential space, which was well in excess of the growth in available supply, resulted in higher occupancy levels and rising rents in most markets throughout the country. What is particularly noteworthy is that the improving real estate market conditions generally accelerated throughout the year. For example, reported rental income from apartment REITs and office rents nationally grew at a faster rate in the fourth quarter of 2005 than in the first three quarters.

The momentum and increasing visibility of the real estate recovery has had the effect of attracting an ever-growing backlog of private capital targeted at direct real estate investments. Not surprisingly, this capital flow had a direct impact on the REIT market in 2005 as seven public REITs were taken private in transactions totaling $19.5 billion in value (these transactions generated an average premium to the current share price of 11.9%), highlighting what we see as the underlying attractiveness of the real estate portfolios owned within the REIT sector.

Looking at property sector performance in 2005, self storage companies led the way with a total return of 26.6%. Self storage emerged as a mainstream commercial property type in 2005 after years of being relatively ignored by many institutional investors. Fundamentals improved as economic activity drove significantly higher demand for storage units, pressuring rental rates higher across the board. A beneficiary of these trends was U-Store-It Trust, one of the fund's best performers this year, returning 28.4%.

Regional malls, last year's leading performance sector came in a distant second this year with a 16.5% total return. Retail conditions remained strong throughout the year although investors have become increasingly worried that consumers burdened with higher interest and fuel costs, and without the benefit of continuously skyrocketing

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home prices, will curtail their spending. Our stock selection in this sector was the greatest single detractor from the fund's performance as the prohibitively low dividend yields resulted in the fund being underweight the group.

The industrial and apartment sectors, both cyclical in nature, benefited from a strong economy and generated total return of 15.9% and 14.7% respectively rounding out the top performing REIT sectors. Our stock selection in the apartment sector was a top contributor to our relative performance this year as three of the fund's holdings, AMLI Residential (24.8% total return), Gables Residential (26.1%) and Town & Country Trust (30.0%) reached agreements to be acquired at premiums to the market price.

The coastal theme was very powerful in the office markets as well in 2005. Companies concentrated in these areas dramatically outperformed the average office company total return of 13.1%. The fund's performance benefited from our significant weightings in Arden Realty Group (25.3%, additionally benefiting from an announced takeover) and Maguire Properties (19.2%) each benefiting from a very strong recovery in the west coast office market where their portfolios are concentrated. However, the fund was adversely impacted by its underweight in office companies concentrated on the east coast, which performed equally as well as the west coast office companies, but lacked the high current income requirement of the fund.

Shopping centers turned a major corner in 2005 as the deterioration in the grocery business worsened. A leading sector for the last several years, shopping centers underperformed in 2005, returning 9.5%. Having anticipated these difficulties, we maintained an underweight position is this sector throughout the year.

Although REIT share prices have shown a low correlation with changes in interest rates over long periods of time, there are some property types with flatter, more bond-like income streams that may respond negatively to a rising interest rate environment for example, health care and net-leased free standing retail properties. Both of these sectors performed poorly this year, returning 1.6% and 1.0% respectively. The fund's overweight position in health care was a large detractor from the fund's performance.

While REIT fundamentals improved with the stronger economy, the Federal Reserve's continued interest rate hike campaign weighed on preferred securities, resulting in a modest total return for this asset class in 2005. In fact, preferred prices were mostly lower, but the high income delivered by these securities nonetheless resulted in a modest positive total return. The Merrill Lynch Fixed Rate Preferred Index delivered a total return of 1.0%. For comparison purposes, over the same period, the 10-year U.S. Treasury benchmark delivered a 2.0% total return.

Important variables that continued to affect the broad preferred market were expectations for Federal Reserve monetary policy tightening and inflation concerns. The Fed continued to hike overnight rates throughout 2005, but yields on long-term fixed income securities, such as preferreds, were only modestly affected. In fact, the Treasury yield curve inverted in part at points late in the fourth quarter, as short-term interest rates rose and long-term interest rates fell, suggesting that the market believes the Fed will end its tightening cycle and potentially begin an easing cycle over the intermediate term.

The devastating hurricanes in the United States were a meaningful event for the preferred market. Many insurance and reinsurance companies with liabilities in the affected areas had preferred issues outstanding. The securities of these companies fell meaningfully at first, but began to recover later in the year. While the ultimate impact on the credit quality of most insurers was not significant, a large amount of new insurance preferreds came to market as companies sought to raise more capital, and the new supply pressured prices in the sector. The fund had some significant positions in insurance preferreds, and certain issues, such as those of Liberty Mutual, Hanover Insurance (formerly, Allmerica) and Oil Casualty Insurance, were among the fund's worst performers over the second half of the year. However, we believe that the result for the insurance industry will be a "harder" pricing market and improved earnings going forward.

Turning to top performers, the fund's generally defensive posturing in preferreds once again paid off during 2005. Higher coupon and floating rate issues, such as those of HSBC USA, were among the fund's best performers. Other standout performers included tax-advantaged issues, such as those of MetLife and the CIT Group. Prices for these instruments rose significantly in the second half of the year as a competing preferred structure came to market. The new structure offers tax benefits to the issuer instead of investors, making them a cheaper funding source and leading to much speculation that tax-advantaged issues would become rare and therefore more valuable.

Investment Outlook

Our view of the REIT sector for 2006 is generally similar to our outlook for 2005. We are anticipating steady forward progression in fundamentals for most major property types, driven by continued solid economic growth and restrained new construction. Occupancies and rents should continue to rise as the economic growth creates jobs and increased disposable income, which should drive continued cash flow and dividend growth for REITs. We believe that real estate cycles play out over several years. Historically, once the dynamic in the market for commercial space shifts from a lessees' market to a lessors' market, it has taken a while to reverse. On the other hand, a severe economic slowdown that interrupts demand, or a building boom that creates too much supply, could disrupt the positive environment we predict, although in our view, neither of these is likely to occur over the next 18 months.

What we do expect for 2006 is slightly less economic growth than 2005. Due to the lagged impact of higher interest rates, a stronger dollar, higher energy prices and a presumed slowdown in owned-home price increases, which have enhanced consumer spending recently, we are projecting GDP growth in the 2.5% to 3.0% range for 2006. In addition, we are expecting an end to the Fed's interest rate hikes in the first half of 2006.

In our view another important theme for 2006 will be the rotation in economic strength from the consumer sector to the corporate sector. We believe the consumer slowdown should be replaced by an accelerating corporate sector that has begun ramping up its capital expenditures and hiring activity. In our view, this should result in a shift in relative strength among the major REIT property types.

Retail property types (as well as owner-occupied homes, which are not a part of our investment universe) have led the way over the last several years, driven by the strength of consumer spending and investing. While we do *not* subscribe to the view that the consumer is "tapped out" or is going to "roll over," the rate of growth in consumer spending should moderate. At the same time, we believe that accelerated corporate activity should drive accelerated revenue growth for offices, industrial warehouses and hotels, (where the business traveler is the provider of the marginal dollar of revenue), enabling these property types to challenge the recent years' leadership of retail REIT returns in 2006.

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We believe that rental apartment properties should also benefit from this rotation from the consumer sector to the corporate sector. Higher home prices and interest costs mean that owned housing today is less affordable than at any time in the last 20 years. We believe the percentage of households that rent their homes should continue to rise, driving higher occupancy levels and higher rents for apartments. In addition, continued hiring by corporate America, in our view, will also continue to drive household formation, the other primary driver of apartment demand.

It is important to note that the U.S. office market is a long way from the sub-9% vacancy rate and nearly $25 average rents (per square foot) established at the peak of the last cycle in 2000. Rents would have to increase nearly 25% (in nominal dollar terms that is, ignoring inflation, which has been substantial for all property values as replacement costs for offices and other assets have increased dramatically) from current levels and vacancies would have to decline another six percentage points to achieve the prior peak. We believe this process will take several years, potentially allowing the office sector a longer run in the current cycle.

We believe the fund is positioned to benefit from the economic and property type-specific trends we anticipate will unfold during the year. REITs, on average, are trading at very slight premiums to the value of their underlying real estate assets a historically average level. REIT dividend yields are lower than in years past, partially as a result of lower payout ratios engineered to retain capital for reinvestment. However, REIT dividend growth has accelerated and, in our view, this should continue. Countering the fact that REIT cash flow multiples are above their historical average levels: our belief in above-average anticipated cash flow growth, given the accelerating rental revenue growth that we expect. In summary, our forecast for solid economic growth, improving real estate fundamentals and fair valuation levels present what we see as a favorable backdrop for REIT total return prospects for 2006.

Slower growth and a cessation in the rate hikes should go a long way toward laying the groundwork for improved preferred securities performance in 2006. Generally stable credit market conditions and attractive credit spreads relative to corporate bonds should also contribute to good performance. As mentioned in past letters, more shareholder friendly activity, such as increased leverage, will remain an important risk. We also look for a large amount of new supply in 2006 as issuers take advantage of new structures. However, we believe that markets will view these new securities as cheap when compared with other fixed income alternatives, as we do, and easily digest the new supply.

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The fund attempts to balance investments in REITs and preferred securities with the goal of providing attractive current income and total return potential while reducing the overall asset volatility that could be associated with just one or the other of these asset classes. We believe the fund is well positioned to continue to deliver these objectives.

Sincerely,

MARTIN COHEN

Co-chairman

ROBERT H. STEERS

Co-chairman

JOSEPH M. HARVEY

Portfolio Manager

JAMES S. CORL

Portfolio Manager

WILLIAM F. SCAPELL

Portfolio Manager

The views and opinions in the preceding commentary are as of the date stated and are subject to change. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.

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For more information about any of our funds, visit cohenandsteers.com, where you'll find daily net asset values, fund fact sheets and portfolio highlights. You can also access newsletters, education tools and market updates covering REIT, utility and preferred securities sectors.

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

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

Our Leverage Strategy
(Unaudited)

While we do not attempt to predict what future interest rates will be, it has been our philosophy to utilize interest rate swap transactions to seek to reduce the interest rate risk inherent in our utilization of leverage. Our leverage strategy involves issuing auction market preferred shares (AMPS) to raise additional capital for the fund, with an objective of increasing the net income available for shareholders. As of December 31, 2005, AMPS represented 35% of the fund's managed assets. Considering that AMPS have variable dividend rates, we seek to lock in the rate on a majority of this additional capital through interest rate swap agreements (where we effectively convert our variable rate obligation to a fixed rate obligation for the term of the swap agreements). Specifically, we have fixed the rate on 63% of our borrowings at an average interest rate of 3.7% for an average remaining period of 3.0 years (when we first entered into the swaps, the average term was 5.3 years). By locking in a large portion or our leveraging costs, we have endeavored to adequately protect the dividend-paying ability of the fund. The use of leverage increases the volatility of the fund's net asset value in both up and down markets. However, we believe that locking in a portion of the fund's leveraging costs for the term of the swap agreements partially protects the fund from any impact that an increase in short-term interest rates may have as a result of the use of leverage.

Leverage Facts[a]

Leverage (as a % of managed assets)	35%
% Fixed Rate	63%
% Variable Rate	37%
Weighted Average Rate on Swaps	3.7%
Weighted Average Term on Swaps	3.0 years
Current Rate on AMPS	4.4%

[a] Data as of December 31, 2005. Information subject to change.

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December 31, 2005

Top Ten Holdings[a]
(Unaudited)

Security	Market Value	% of Managed Assets
1. Equity Office Properties Trust	$ 80,244,081	3.8%
2. Arden Realty	66,738,421	3.2
3. Heritage Property Investment Trust	61,776,640	3.0
4. Health Care Property Investors	60,198,912	2.9
5. Health Care REIT	59,175,840	2.8
6. Mack-Cali Realty Corp.	55,010,880	2.6
7. Liberty Property Trust	48,990,405	2.3
8. Glimcher Realty Trust	44,617,472	2.1
9. Archstone-Smith Trust	44,071,087	2.1
10. First Industrial Realty Trust	41,345,150	2.0

[a] Top ten holdings determined on the basis of the value of individual securities held.

Sector Breakdown

(Based on Managed Assets)
(Unaudited)

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS

December 31, 2005

		Number of Shares	Value
COMMON STOCK	84.4%		
DIVERSIFIED	6.5%		
Colonial Properties Trust		300,000	$ 12,594,000
Crescent Real Estate Equities Co.		562,400	11,146,768
Entertainment Properties Trust		119,200	4,857,400
iStar Financial		990,000	35,293,500
Spirit Finance Corp.		470,400	5,339,040
Vornado Realty Trust		239,100	19,957,677
			89,188,385
HEALTH CARE	12.3%		
Health Care Property Investors[a]		2,355,200	60,198,912
Health Care REIT		1,745,600	59,175,840
Healthcare Realty Trust		173,000	5,755,710
Medical Properties Trust		314,500	3,075,810
Nationwide Health Properties		1,362,200	29,151,080
Ventas		335,000	10,726,700
			168,084,052
HOTEL	3.3%		
DiamondRock Hospitality Co.		565,600	6,764,576
Hospitality Properties Trust		597,400	23,955,740
Strategic Hotel Capital		671,500	13,819,470
			44,539,786
INDUSTRIAL	3.0%		
First Industrial Realty Trust		1,073,900	41,345,150
MORTGAGE	2.4%		
Gramercy Capital Corp.		200,000	4,556,000
Newcastle Investment Corp.		1,135,074	28,206,589
			32,762,589

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
OFFICE	25.4%		
American Financial Realty Trust		907,600	$ 10,891,200
Arden Realty		1,488,700	66,738,421
Brandywine Realty Trust		787,800	21,987,498
CarrAmerica Realty Corp.		935,700	32,403,291
Equity Office Properties Trust		2,645,700	80,244,081
Highwoods Properties		910,200	25,895,190
HRPT Properties Trust		947,200	9,803,520
Mack-Cali Realty Corp.		1,273,400	55,010,880
Maguire Properties		1,286,100	39,740,490
Reckson Associates Realty Corp.		87,500	3,148,250
			345,862,821
OFFICE/INDUSTRIAL	5.6%		
Duke Realty Corp.		584,600	19,525,640
Liberty Property Trust		1,143,300	48,990,405
Mission West Properties		778,800	7,585,512
			76,101,557
RESIDENTIAL APARTMENT	11.3%		
American Campus Communities		275,500	6,832,400
Apartment Investment & Management Co.		374,000	14,163,380
Archstone-Smith Trust		1,052,067	44,071,087
Camden Property Trust		581,800	33,697,856
Education Realty Trust		399,300	5,146,977
GMH Communities Trust		604,200	9,371,142
Home Properties		447,123	18,242,618
Mid-America Apartment Communities		349,000	16,926,500
Town & Country Trust		173,400	5,862,654
			154,314,614

See accompanying notes to financial statements.

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SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
SELF STORAGE	1.5%		
Extra Space Storage[b]		94,500	$ 1,455,300
Sovran Self Storage		222,200	10,436,734
U-Store-It Trust		402,600	8,474,730
			20,366,764
SHOPPING CENTER	13.1%		
COMMUNITY CENTER	8.1%		
Cedar Shopping Centers		577,300	8,122,611
Heritage Property Investment Trust		1,849,600	61,776,640
Inland Real Estate Corp.		395,700	5,852,403
New Plan Excel Realty Trust		1,029,800	23,870,764
Ramco-Gershenson Properties Trust		390,000	10,393,500
			110,015,918
REGIONAL MALL	5.0%		
Glimcher Realty Trust (Note 2)		1,834,600	44,617,472
Macerich Co.		215,200	14,448,528
Mills Corp.		224,000	9,394,560
			68,460,560
TOTAL SHOPPING CENTER			178,476,478
TOTAL COMMON STOCK (Identified cost $896,589,716)			1,151,042,196
PREFERRED SECURITIES $25 PAR VALUE	27.7%		
AUTOMOTIVE	0.2%		
DaimlerChrysler, 7.25%, due 8/1/97, Series (CBTCS)		44,808	990,257
DaimlerChrysler, 7.50%, due 8/1/97, Series (CBTCS)		50,500	1,179,175
			2,169,432

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
BANK	2.3%		
Cobank ACB, 7.00%, 144A[c]		200,000	$ 10,350,000
Colonial Capital Trust IV, 7.875%, due 10/1/33		390,000	10,023,000
Countrywide Capital IV, 6.75%, due 4/1/33		90,200	2,275,746
First Republic Bank, 6.70%		217,100	5,427,500
Fleet Capital Trust VIII, 7.20%, due 3/15/32		87,900	2,234,418
HSBC USA, Series F		46,000	1,175,300
Old Second Bancorp Capital Trust I, 7.80%, due 6/30/33		52,450	535,514
			32,021,478
BANK FOREIGN	1.2%		
Abbey National PLC, 7.375%, Series C		493,264	12,627,558
Banco Santander Central Hispano SA, 6.41%, Series 1		65,000	1,631,500
Northern Rock PLC, 8.00%, Series A		41,227	1,032,963
Royal Bank of Scotland Group PLC, 7.25%, Series H		55,600	1,412,796
			16,704,817
ELECTRIC INTEGRATED	1.9%		
Aquila, 7.875%, due 3/1/32, Series		46,100	1,158,493
DTE Energy Trust I, 7.80%, due 2/1/32, Series A		39,800	1,013,308
DTE Energy Trust II, 7.50%, due 6/1/44		76,800	2,016,000
Energy East Capital Trust I, 8.25%, due 7/31/31		61,000	1,565,260
Entergy Mississippi, 6.25%		120,000	3,018,000
FPC Capital I, 7.10%, due 5/13/39, Series A (QUIPS)		103,800	2,617,836
Northern States Power Co., 8.00%, due 7/1/42, (PINES)		41,700	1,073,358
NVP Capital I, 8.20%, Series A (QUIPS)		21,400	538,210
NVP Capital III, 7.75%, Series B		93,500	2,353,395
PSEG Funding Trust II, 8.75%, due 12/31/32		199,900	5,253,372
Puget Sound Energy Capital Trust II, 8.40%, due 6/30/41 (TOPrS)		70,800	1,787,700
Sierra Pacific Power Co., 7.80%, Series 1		40,000	1,008,000
Virginia Power Capital Trust II, 7.375%, due 7/30/42 (TruPS)		79,761	2,043,477
			25,446,409

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
FINANCE	1.2%		
CIT Group, 6.35%, Series A		160,000	$ 4,136,000
MBNA Capital, 8.125%, Series D (TruPS)		154,100	4,034,338
MBNA Capital, 8.10%, due 2/15/33, Series E (TOPrS)		166,300	4,431,895
Merrill Lynch & Co., Series 1, (FRN)		140,000	3,563,000
			16,165,233
GAS-DISTRIBUTION	3.4%		
Dominion CNG Capital Trust I, 7.80%, due 10/31/41		78,700	2,008,424
Laclede Capital Trust I, 7.70%, due 12/1/32 (TOPrS)		56,300	1,447,473
Southern Union Co., 7.55%, Series A[d]		1,040,000	27,060,800
Southwest Gas Capital Trust II, 7.70%, due 9/15/43		600,000	15,726,000
			46,242,697
INSURANCE	5.7%		
LIFE/HEALTH INSURANCE	0.7%		
AmerUs Group Co., 7.25%, Series A		160,000	4,160,000
Principal Financial Group, 6.518%, Series B		200,000	5,288,000
			9,448,000
LIFE/HEALTH INSURANCE FOREIGN	0.3%		
Prudential PLC, 6.50%, Series A		191,000	4,841,850
MULTI-LINE	2.2%		
Aegon NV, 6.375%		60,000	1,515,600
ING Groep NV, 7.05%		138,600	3,546,774
ING Groep NV, 7.20%		165,700	4,253,519
MetLife, 6.50%, Series B		800,000	20,736,000
			30,051,893
PROPERTY CASUALTY	1.8%		
ACE Ltd., 7.80%, Series C		389,300	10,160,730
Berkley W R Capital Trust II, 6.75%, due 7/26/45		483,000	12,075,000
XL Capital Ltd., 7.625%, Series B		84,262	2,148,681
			24,384,411

See accompanying notes to financial statements.

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SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
REINSURANCE	0.2%		
Everest Re Capital Trust II, 6.20%, due 3/29/34, Series B		135,100	$ 2,992,465
REINSURANCE FOREIGN	0.5%		
PartnerRe Ltd., 6.75%, Series C		206,500	4,991,105
PartnerRe Ltd., 6.50%, Series D		54,000	1,265,220
			6,256,325
TOTAL INSURANCE			77,974,944
MEDIA DIVERSIFIED SERVICES	0.9%		
AOL Time Warner, 7.625%, due 5/1/32, Series A-1 (CABCO)		124,300	3,182,702
Liberty Media Corp., 8.75%, due 2/1/30, (CBTCS)		153,600	3,801,600
Liberty Media Corp., 8.75%, due 2/1/30, (PPLUS)		95,345	2,307,349
Viacom, 7.25%, due 6/30/51, Series		121,700	3,060,755
			12,352,406
OIL EXPLORATION AND PRODUCTION	1.1%		
Nexen, 7.35%, due 11/1/43, Series B		608,660	15,715,601
REAL ESTATE	8.3%		
DIVERSIFIED	1.3%		
Digital Realty Trust, 8.50%, Series A		29,000	733,700
Digital Realty Trust, 7.875%, Series B		40,000	968,400
iStar Financial, 7.875%, Series E		400,000	10,080,000
iStar Financial, 7.80%, Series F		183,600	4,599,180
iStar Financial, 7.65%, Series G		80,000	1,974,400
			18,355,680
HEALTH CARE	0.6%		
Health Care REIT, 7.875%, Series D		100,000	2,523,000
Health Care REIT, 7.625%, Series F		21,400	531,790
Omega Healthcare Investors, 8.375%, Series D		200,000	5,044,000
			8,098,790
HOTEL	0.2%		
Eagle Hospitality Trust, 8.25%, Series A		50,000	1,222,500
Innkeepers USA Trust, 8.00%, Series C		93,500	2,284,205
			3,506,705

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
OFFICE	1.8%		
Cousins Properties, 7.75%, Series A		457,500	$ 11,780,625
Kilroy Realty Corp., 7.80%, Series E		100,000	2,576,000
Maguire Properties, 7.625%, Series A		248,900	6,098,050
SL Green Realty Corp., 7.625%, Series C		100,000	2,519,000
SL Green Realty Corp., 7.875%, Series D		60,000	1,506,000
			24,479,675
OFFICE/INDUSTRIAL	0.2%		
PS Business Parks, 7.00%, Series H		100,000	2,420,000
RESIDENTIAL APARTMENT	2.2%		
Apartment Investment & Management Co., 8.00%, Series T		93,700	2,342,500
Apartment Investment & Management Co., 8.00%, Series V		101,000	2,546,210
Apartment Investment & Management Co., 7.875%, Series Y		110,000	2,761,000
Associated Estates Realty Corp., 8.70%, Series B		40,000	1,000,400
Hovnanian Enterprises, 7.625%, Series A		140,500	3,182,325
Mid-America Apartment Communities, 8.30%, Series H		690,600	17,724,249
			29,556,684
SELF STORAGE	0.2%		
Public Storage, 7.00%, Series G		109,500	2,726,550
SHOPPING CENTER	1.8%		
COMMUNITY CENTER	0.3%		
Developers Diversified Realty Corp., 8.00%, Series G		38,700	992,655
Developers Diversified Realty Corp., 7.50%, Series I		47,800	1,195,000
Saul Centers, 8.00%, Series A		69,400	1,776,640
			3,964,295
REGIONAL MALL	1.5%		
CBL & Associates Properties, 7.375%, Series D		80,000	2,001,600
Glimcher Realty Trust, 8.75%, Series F (Note 2)		277,800	7,118,625
Glimcher Realty Trust, 8.125%, Series G (Note 2)		240,000	6,010,800
Mills Corp., 8.75%, Series E		197,600	5,058,560
			20,189,585
TOTAL SHOPPING CENTER			24,153,880
TOTAL REAL ESTATE			113,297,964

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
TELECOMMUNICATION SERVICES	1.5%		
AT & T (SBC Communications), 7.00%, due 6/1/41 (PINES)		102,100	$ 2,560,668
Telephone & Data Systems, 6.625%, due 3/31/45		249,852	6,091,392
Telephone & Data Systems, 7.60%, due 12/1/41, Series A		197,800	4,958,846
United States Cellular Corp., 7.50%, due 6/15/34		201,500	5,077,800
Verizon South, 7.00%, due 4/30/41, Series F		51,800	1,312,612
			20,001,318
TOTAL PREFERRED SECURITIES $25 PAR VALUE			
(Identified cost $375,734,811)			378,092,299
PREFERRED SECURITIES CAPITAL TRUST	38.0%		
BANK	5.9%		
AgFirst Farm Credit Bank, 7.30%, 144A[c]		29,100,000	29,900,657
Astoria Capital Trust I, 9.75%, due 11/1/29, Series B		13,500,000	15,622,875
First Tennessee Bank, 144A[c]		4,000	3,996,000
Great Western Financial Trust II, 8.206%, due 2/1/27, Series A		2,232,000	2,384,089
Roslyn Preferred Trust I, 4.78%, due 4/1/32, (FRN), 144A[c]		7,500,000	7,537,500
Roslyn Real Estate Asset Corp., 4.813%, due 9/30/08, Series D (FRN)		100	10,025,000
Sky Financial Capital Trust I, 9.75%, due 5/1/30, Series B		3,000,000	3,429,150
Webster Capital Trust I, 9.36%, due 1/29/27, 144A[c]		7,400,000	7,972,020
			80,867,291
BANK FOREIGN	8.1%		
BNP Paribas Capital Trust V, 7.20%		15,550,000	15,963,459
CA Preferred Funding Trust, 7.00%, (Eurobond)		25,200,000	26,066,124
CA Preferred Funding Trust II, 7.00%, (Eurobond)		2,000,000	2,073,908
HBOS Capital Funding LP, 6.85%		26,000,000	26,438,984
HSBC Capital Funding LP, 10.176%, 144A[c]		9,680,000	14,831,115
Lloyds TSB Bank PLC, 6.90%		2,000,000	2,033,314
RBS Capital Trust B, 6.80%		22,700,000	23,050,012
			110,456,916

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
ELECTRIC INTEGRATED	3.5%		
Dominion Resources Capital Trust III, 8.40%, due 1/15/31		21,732,000	$ 26,061,949
DPL Capital Trust II, 8.125%, due 9/1/31		3,000,000	3,525,000
Entergy Arkansas, 7.40%		12,099	1,251,641
Entergy Louisiana LLC, 6.95%, 144A[c]		40,000	4,010,000
Enterprise Capital Trust II, due 6/30/28, Series B		3,000,000	2,977,473
Southern California Edison Co., 6.125%, due 9/30/10, Series B		92,500	9,342,500
			47,168,563
FINANCE	5.0%		
DIVERSIFIED FINANCIAL SERVICES	2.5%		
Old Mutual Capital Funding, 8.00%, (Eurobond)		29,950,000	31,503,057
ZFS Finance USA Trust II, 6.45%, due12/15/65, 144A[c]		3,000,000	3,047,442
			34,550,499
INVESTMENT BANKER/BROKER	1.5%		
JPM Capital Trust I, 7.54%, due 1/15/27		1,925,000	2,033,370
NBP Capital Trust III, 7.375%, due 10/29/49		16,900,000	17,672,229
			19,705,599
MORTGAGE LOAN/BROKER	1.0%		
Countrywide Capital III, 8.05%, due 6/15/27, Series B (SKIS)		11,285,000	13,603,706
TOTAL FINANCE			67,859,804
FOOD	1.6%		
Dairy Farmers of America, 7.875%, 144A[c,e]		135,000	13,127,738
Gruma S.A., 7.75%, 144A[c]		9,000,000	9,135,000
			22,262,738

See accompanying notes to financial statements.

COHEN & STEERS REIT AND PREFERRED INCOME FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2005

		Number of Shares	Value
INSURANCE	7.4%		
LIFE/HEALTH INSURANCE	1.3%		
AmerUS Capital I, 8.85%, due 2/1/27, Series A		2,000,000	$ 2,124,782
Liberty Mutual Insurance, 7.697%, due 10/15/97, 144A[c]		15,230,000	16,109,609
			18,234,391
LIFE/HEALTH INSURANCE FOREIGN	0.2%		
Prudential PLC, 6.50%		3,000,000	2,977,146
MULTI-LINE	4.9%		
AFC Capital Trust I, 8.207%, due 2/3/27, Series B[e]		13,750,000	14,180,183
AXA, 7.10%, due 5/29/49 (Eurobond)		26,500,000	27,251,275
GenAmerica Capital I, 8.525%, due 6/30/27, 144A[c]		9,000,000	9,748,125
USF&G Capital, 8.312%, due 7/1/46, 144A[c]		3,845,000	4,629,814
Zurich Capital Trust I, 8.376%, due 6/1/37, 144A[c]		10,212,000	11,055,705
			66,865,102
PROPERTY CASUALTY	0.5%		
Oil Casualty Insurance, 8.00%, due 9/15/34, 144A[c]		7,000,000	6,943,461
REINSURANCE	0.2%		
Reinsurance Group of America, 6.75%, due 12/15/65, Series A		2,000,000	2,021,370
REINSURANCE FOREIGN	0.3%		