

COHEN & STEERS TOTAL RETURN REALTY FUND INC
Form N-CSRS
September 04, 2015

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 811-07154

Cohen & Steers Total Return Realty Fund, Inc.
(Exact name of registrant as specified in charter)

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

10017
(Zip code)

Tina M. Payne

Cohen & Steers Capital Management, Inc.

280 Park Avenue

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

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2015

Item 1. Reports to Stockholders.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

To Our Shareholders:

We would like to share with you our report for the six months ended June 30, 2015. The net asset value (NAV) at that date was \$13.21 per common share. The Fund's common stock is traded on the New York Stock Exchange (NYSE) and its share price can differ from its NAV; at period end, the Fund's closing price on the NYSE was \$12.16.

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

	Six Months Ended June 30, 2015
Cohen & Steers Total Return Realty Fund at NAV ^a	3.16%
Cohen & Steers Total Return Realty Fund at Market Value ^a	4.44%
FTSE NAREIT Equity REIT Index ^b	5.67%
Blended Benchmark 80% FTSE NAREIT Equity REIT Index/ 20% BofA Merrill Lynch REIT Preferred Securities Index ^b	4.15%
S&P 500 Index ^b	1.23%

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

Managed Distribution Policy

Cohen & Steers Total Return Realty Fund, Inc. (the Fund), acting in accordance with an exemptive order received from the Securities and Exchange Commission and with approval of its Board of Directors (the Board), adopted a managed distribution policy under which the Fund intends to include long-term capital gains, where applicable, as part of the regular quarterly cash distributions to its shareholders (the Plan). The Plan will give the Fund greater flexibility to realize long-term capital gains and to distribute those gains on a regular quarterly basis. In accordance with the Plan, the Fund currently distributes \$0.24 per share on a quarterly basis.

^a As a closed-end investment company, the price of the Fund's NYSE-traded shares will be set by market forces and can deviate from the NAV per share of the Fund.

^b The FTSE NAREIT Equity REIT Index contains all tax-qualified REITs except timber and infrastructure REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria. The BofA Merrill Lynch REIT Preferred Securities Index tracks the performance of fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market by real estate investment trusts. The S&P 500 Index is an unmanaged index of 500 large-capitalization stocks that is frequently used as a general measure of U.S. stock market performance.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

The Fund may pay distributions in excess of the Fund's investment company taxable income and realized gains. This excess would be a return of capital distributed from the Fund's assets. Distributions of capital decrease the Fund's total assets and, therefore, could have the effect of increasing the Fund's expense ratio. In addition, in order to make these distributions, the Fund may have to sell portfolio securities at a less than opportune time.

Shareholders should not draw any conclusions about the Fund's investment performance from the amount of these distributions or from the terms of the Fund's Plan. The Fund's total return based on net asset value is presented in the table above as well as in the Financial Highlights table.

The Plan provides that the Board may amend or terminate the Plan at any time without prior notice to Fund shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination. The termination of the Plan could have the effect of creating a trading discount (if the Fund's stock is trading at or above net asset value) or widening an existing trading discount.

Market Review

Following a strong start to the year, U.S. real estate investment trusts (REITs) fell back in the second quarter to post negative returns for the six-month period. The group came under pressure amid a difficult combination of mixed economic signals and rising bond yields. Gross domestic product (GDP) contracted at an annualized rate of 0.2% in the first quarter, a sharp contrast with the previous quarter's 2.2% growth. However, other aspects of the U.S. economy were relatively healthy, including job growth, housing activity, bank lending, and consumer confidence and spending.

Sovereign bond yields moved higher in response to generally improving global economic conditions. Better economic data in Europe and Japan helped lift bond yields off record lows reached earlier in the year, and U.S. bond yields rose in tandem, but also in anticipation of a possible Federal Reserve interest-rate hike in 2015. Although rate concerns often weigh on REIT returns in the short term, over longer periods REIT performance has been positively associated with rising rates, both of which tend to be propelled by stronger economic growth.

Returns were negative for most property types, despite continued strong fundamentals for U.S. commercial real estate, as reflected in earnings that generally met high expectations. Health care property REITs (- 11.7% total return) were among the poorest performers in the quarter. The sector underperformed due to its perceived bond-like characteristics in a period of rising yields, even as health care REITs have been transitioning to more economically sensitive business models over the years.

The shopping center and regional mall sectors (- 8.1% and - 6.2%, respectively) underperformed, even as tenants continued to exhibit strong interest in proven assets. Self storage companies (3.7%) were top performers, drawing support from strong earnings, with year-over-year rental growth running as high as 10%. Apartment landlords (0.8%) also outperformed with a gain, amid sustained household formation that has kept demand ahead of supply. Even apartments in markets vulnerable to lower oil prices, such as Houston, have so far shown a fair degree of resilience.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

Despite heightened volatility, the REIT market continued to see mergers and acquisitions, including the sale of apartment owner Associated Estates to Brookfield Asset Management, and Blackstone's acquisition of shopping center REIT Excel Trust, both at double-digit premiums to the prevailing share prices. Also of note, Equinix, a data center REIT, announced a \$3.6 billion takeover of the U.K.'s Telecity Group. In the office sector (- 5.3%), SL Green Realty said that it would purchase a New York City tower for \$2.6 billion, in one of New York's largest-ever property deals.

REIT Preferred Securities Advanced

Preferred securities issued by commercial real estate companies had a total return of 1.9% in the period as measured by the BofA Merrill Lynch REIT Preferred Securities Index. Good and improving real estate fundamentals continued to enhance REITs' financial profiles, while favorable technical factors low new supply of REIT preferreds combined with steady demand also supported the group's performance.

Fund Performance

The Fund had a negative total return for the period and underperformed its blended benchmark based on market price, although it outperformed on a NAV basis. Our overweight and stock selection in the apartment sector helped relative performance. In the hotel sector (- 10.3% total return in the index), we had beneficial positions in certain out-of-index companies that performed well. Our underweight and stock selection in health care REITs also contributed to relative performance. Stock selection in the office sector detracted from performance, as it did in the industrial (- 11.3% total return in the index) and shopping center sectors. The Fund's allocation to REIT preferreds aided relative performance due to favorable security selection.

Investment Outlook

We expect U.S. economic activity to accelerate after a slow start to the year, with GDP expanding nearly 2.5% in 2015. Continued employment and wage growth should support further strength in consumer confidence, in our view, and we expect to see a more-pronounced benefit from lower gasoline prices in the coming months. These potentially favorable demand trends should be met with continued low levels of new supply in most sectors.

Based on our view of a resumed expansion in the U.S. economy, we believe commercial real estate fundamentals will continue to strengthen, driving further increases in cash flows, net asset values and dividend distributions. This top-down perspective has led us to prefer cyclically sensitive short-lease sectors. However, our bottom-up analysis has also identified companies offering compelling relative value in traditionally noncyclical sectors. We believe that one area of potential opportunity at present is health care, where certain stocks are trading at discounts to underlying property values for the first time in years.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

Sincerely,

ROBERT H. STEERS
Chairman

JOSEPH M. HARVEY
Portfolio Manager

WILLIAM F. SCAPELL
Portfolio Manager

THOMAS N. BOHJALIAN
Portfolio Manager

JASON YABLON

Portfolio Manager

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

Visit Cohen & Steers online at cohenandsteers.com

For more information about the Cohen & Steers family of mutual funds, visit cohenandsteers.com. Here you will find fund net asset values, fund fact sheets and portfolio highlights, as well as educational resources and timely market updates.

Our website also provides comprehensive information about Cohen & Steers, including our most recent press releases, profiles of our senior investment professionals and their investment approach to each asset class. The Cohen & Steers family of mutual funds invests in major real asset categories including real estate, infrastructure, commodities and natural resource equities, as well as preferred securities and other income solutions.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

June 30, 2015

Top Ten Holdings^a
(Unaudited)

Security	Value	% of Net Assets
Simon Property Group	\$24,029,537	7.0
Equity Residential	19,122,799	5.5
UDR	12,701,144	3.7
SL Green Realty Corp.	10,885,923	3.2
Prologis	10,472,476	3.0
Vornado Realty Trust	9,246,941	2.7
Omega Healthcare Investors	9,060,923	2.6
Essex Property Trust	8,620,912	2.5
Ventas	8,372,154	2.4
Kilroy Realty Corp.	6,570,090	1.9

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

Sector Breakdown

(Based on Net Assets)
(Unaudited)

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

June 30, 2015 (Unaudited)

		Number of Shares	Value
COMMON STOCK REAL ESTATE	78.8%		
DIVERSIFIED	5.2%		
American Assets Trust		113,637	\$ 4,455,706
Forest City Enterprises, Class A ^a		78,359	1,731,734
Gramercy Property Trust		104,060	2,431,882
Vornado Realty Trust		97,408	9,246,941
			17,866,263
HEALTH CARE	7.0%		
Health Care REIT		27,690	1,817,295
Healthcare Trust of America, Class A		117,195	2,806,820
Omega Healthcare Investors		263,936	9,060,923
Physicians Realty Trust		136,464	2,096,087
Ventas		134,839	8,372,154
			24,153,279
HOTEL	5.8%		
DiamondRock Hospitality Co.		170,130	2,179,365
Extended Stay America		98,963	1,857,535
Hersha Hospitality Trust		47,004	1,205,170
Hilton Worldwide Holdings ^a		86,372	2,379,549
Host Hotels & Resorts		97,143	1,926,346
La Quinta Holdings ^a		44,812	1,023,954
Strategic Hotels & Resorts ^a		393,981	4,775,050
Sunstone Hotel Investors		322,788	4,845,048
			20,192,017
INDUSTRIALS	6.0%		
First Industrial Realty Trust		115,763	2,168,241
Prologis		282,277	10,472,476
QTS Realty Trust, Class A		113,535	4,138,351
Rexford Industrial Realty		126,098	1,838,509
STAG Industrial		103,509	2,070,180
			20,687,757

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
OFFICE	14.0%		
BioMed Realty Trust		203,635	\$ 3,938,301
Boston Properties		28,115	3,403,040
Brandywine Realty Trust		149,567	1,986,250
Corporate Office Properties Trust		80,723	1,900,219
Douglas Emmett		153,826	4,144,072
Empire State Realty Trust, Class A		215,474	3,675,986
Equity Commonwealth		136,671	3,508,345
Hudson Pacific Properties		51,801	1,469,594
Kilroy Realty Corp.		97,842	6,570,090
Liberty Property Trust		88,300	2,845,026
Parkway Properties		201,572	3,515,416
PS Business Parks		8,903	642,352
SL Green Realty Corp.		99,062	10,885,923
			48,484,614
RESIDENTIAL	16.0%		
APARTMENT	15.2%		
American Homes 4 Rent, Class A		142,399	2,284,080
Apartment Investment & Management Co.		147,341	5,441,303
AvalonBay Communities		10,178	1,627,157
Equity Residential		272,521	19,122,799
Essex Property Trust		40,569	8,620,912
New Senior Investment Group		209,056	2,795,079
UDR		396,539	12,701,144
			52,592,474
MANUFACTURED HOME	0.8%		
Sun Communities		45,334	2,803,001
TOTAL RESIDENTIAL			55,395,475
SELF STORAGE	5.6%		
CubeSmart		268,881	6,227,284
Extra Space Storage		72,604	4,735,233
Public Storage		22,827	4,208,614
Sovran Self Storage		46,554	4,046,008
			19,217,139

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
SHOPPING CENTERS	18.0%		
COMMUNITY CENTER	6.6%		
Brixmor Property Group		123,312	\$ 2,852,207
DDR Corp.		246,607	3,812,544
Kimco Realty Corp.		102,956	2,320,628
Ramco-Gershenson Properties Trust		152,315	2,485,781
Regency Centers Corp.		86,645	5,110,322
Retail Properties of America, Class A		112,551	1,567,836
Urban Edge Properties		48,704	1,012,556
Weingarten Realty Investors		85,612	2,798,656
WP GLIMCHER		62,404	844,326
			22,804,856
FREE STANDING	1.1%		
Spirit Realty Capital		395,688	3,826,303
REGIONAL MALL	10.3%		
General Growth Properties		139,596	3,582,033
Macerich Co. (The)		42,471	3,168,337
Pennsylvania REIT		79,992	1,707,029
Simon Property Group		138,883	24,029,537
Taubman Centers		41,566	2,888,837
			35,375,773
TOTAL SHOPPING CENTERS			62,006,932
SPECIALTY	1.2%		
CyrusOne		135,582	3,992,890
TOTAL COMMON STOCK (Identified cost \$206,861,028)			271,996,366
PREFERRED SECURITIES \$25 PAR VALUE	16.7%		
BANKS	0.6%		
First Republic Bank, 5.625%		39,300	934,554
Regions Financial Corp., 6.375%, Series B		40,000	1,028,400
			1,962,954
FINANCE INVESTMENT BANKER/BROKER	0.3%		
Morgan Stanley, 6.375%, Series I		40,000	1,018,400

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
INDUSTRIALS CHEMICALS	0.2%		
CHS, 6.75%		30,000	\$ 762,600
REAL ESTATE	15.6%		
DIVERSIFIED	4.6%		
Colony Financial, 8.50%, Series A		49,220	1,272,829
DuPont Fabros Technology, 7.875%, Series A		40,000	1,013,200
DuPont Fabros Technology, 7.625%, Series B		40,000	1,021,200
EPR Properties, 6.625%, Series F		50,000	1,300,000
Lexington Realty Trust, 6.50%, Series C (\$50 Par Value)		11,300	539,349
National Retail Properties, 6.625%, Series D		124,000	3,186,800
National Retail Properties, 5.70%, Series E		24,000	581,280
NorthStar Realty Finance Corp., 8.50%, Series D		17,500	436,100
NorthStar Realty Finance Corp., 8.75%, Series E		73,800	1,860,498
PS Business Parks, 5.75%, Series U		55,139	1,309,551
Urstadt Biddle Properties, 7.125%, Series F		20,000	525,200
Vornado Realty Trust, 6.625%, Series I		30,796	774,520
Vornado Realty Trust, 5.70%, Series K		30,000	712,800
Wells Fargo Real Estate Investment Corp., 6.375%, Series A		50,135	1,282,453
			15,815,780
FINANCE	0.5%		
iStar Financial, 7.50%, Series I		67,101	1,610,424
HEALTH CARE	0.4%		
Health Care REIT, 6.50%, Series J		58,400	1,484,528
HOTEL	1.7%		
Ashford Hospitality Trust, 8.45%, Series D		19,350	495,167
Ashford Hospitality Trust, 9.00%, Series E		20,000	526,600
Chesapeake Lodging Trust, 7.75%, Series A		20,000	535,000

Edgar Filing: COHEN & STEERS TOTAL RETURN REALTY FUND INC - Form N-CSRS

Hersha Hospitality Trust, 8.00%, Series B	45,000	1,160,775
Hospitality Properties Trust, 7.125%, Series D	38,600	986,230
LaSalle Hotel Properties, 6.375%, Series I	25,000	647,500
Pebblebrook Hotel Trust, 7.875%, Series A	35,000	896,350
Sunstone Hotel Investors, 8.00%, Series D	25,000	657,500
		5,905,122

See accompanying notes to financial statements.

9

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
INDUSTRIALS	0.3%		
First Potomac Realty Trust, 7.75%, Series A		15,000	\$ 384,000
Monmouth Real Estate Investment Corp., 7.875%, Series B		20,000	522,000
			906,000
OFFICE	2.1%		
American Realty Capital Properties, 6.70%, Series F		152,647	3,665,055
Corporate Office Properties Trust, 7.375%, Series L		28,428	747,656
Kilroy Realty Corp., 6.875%, Series G		75,000	1,960,500
SL Green Realty Corp., 6.50%, Series I		40,000	1,030,400
			7,403,611
RESIDENTIAL	0.5%		
APARTMENT	0.2%		
Apartment Investment & Management Co., 6.875%		23,456	641,287
MANUFACTURED HOME	0.3%		
Campus Crest Communities, 8.00%, Series A		24,650	610,087
Equity Lifestyle Properties, 6.75%, Series C		23,971	620,849
			1,230,936
TOTAL RESIDENTIAL			1,872,223
SELF STORAGE	0.9%		
Public Storage, 5.875%, Series A		34,536	861,673
Public Storage, 6.35%, Series R		50,000	1,270,500
Public Storage, 6.375%, Series Y		34,000	888,420
			3,020,593

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
SHOPPING CENTERS	3.7%		
COMMUNITY CENTER	1.8%		
Cedar Realty Trust, 7.25%, Series B		36,000	\$ 918,000
DDR Corp., 6.50%, Series J		77,100	1,962,581
DDR Corp., 6.25%, Series K		20,697	521,978
Kimco Realty Corp., 6.90%, Series H		60,000	1,511,400
Kite Realty Group Trust, 8.25%, Series A		35,000	898,765
WP GLIMCHER, 7.50%, Series H		19,000	513,950
			6,326,674
FREE STANDING	0.3%		
Realty Income Corp., 6.625%, Series F		36,479	941,523
REGIONAL MALL	1.6%		
CBL & Associates Properties, 7.375%, Series D		63,830	1,604,048
General Growth Properties, 6.375%, Series A		50,000	1,265,500
Pennsylvania REIT, 8.25%, Series A		25,000	664,500
Taubman Centers, 6.50%, Series J		33,470	843,779
Taubman Centers, 6.25%, Series K		39,613	1,007,358
			5,385,185
TOTAL SHOPPING CENTERS			12,653,382
SPECIALTY	0.9%		
Digital Realty Trust, 7.00%, Series E		35,000	894,600
Digital Realty Trust, 7.375%, Series H		88,000	2,369,840
			3,264,440
TOTAL REAL ESTATE			53,936,103
TOTAL PREFERRED SECURITIES \$25 PAR VALUE (Identified cost \$56,226,133)			57,680,057
PREFERRED SECURITIES CAPITAL SECURITIES	3.3%		
BANKS	0.5%		
Bank of America Corp., 6.50%, Series Z		1,000,000	1,036,250
Farm Credit Bank of Texas, 10.00%, Series I		500	621,406
			1,657,656

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Number of Shares	Value
BANKS FOREIGN	1.7%		
Banco Bilbao Vizcaya Argentaria SA, 9.00% (Spain)		400,000	\$ 431,000
Barclays PLC, 8.25% (United Kingdom)		1,000,000	1,057,960
Credit Agricole SA, 7.875%, 144A (France) ^b		400,000	412,457
Deutsche Bank AG, 7.50% (Germany)		1,000,000	998,750
Dresdner Funding Trust I, 8.151%, due 6/30/31, 144A (Germany) ^b		500,000	625,625
Lloyds Banking Group PLC, 7.50% (United Kingdom)		1,000,000	1,032,500
Royal Bank of Scotland Group PLC, 7.648% (United Kingdom)		1,000,000	1,250,000
			5,808,292
FINANCE DIVERSIFIED FINANCIAL SERVICES	0.2%		
UBS Group AG, 7.00% (Switzerland)		400,000	407,000
UBS Group AG, 7.125% (Switzerland)		400,000	417,140
			824,140
INSURANCE LIFE/HEALTH	0.6%		
INSURANCE FOREIGN	0.1%		
La Mondiale Vie, 7.625% (France)		500,000	543,032
MULTI-LINE FOREIGN	0.3%		
AXA SA, 6.463%, 144A (France) ^b		1,000,000	1,022,500
PROPERTY CASUALTY FOREIGN	0.2%		
QBE Insurance Group Ltd., 6.75%, due 12/2/44 (Australia)		606,000	639,330
TOTAL INSURANCE			2,204,862
UTILITIES ELECTRIC UTILITIES FOREIGN	0.3%		
Enel SpA, 8.75%, due 9/24/73, 144A (Italy) ^b		750,000	863,438
TOTAL PREFERRED SECURITIES CAPITAL SECURITIES			11,358,388

(Identified cost \$10,214,077)

See accompanying notes to financial statements.

12

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS (Continued)

June 30, 2015 (Unaudited)

		Principal Amount	Value
CORPORATE BONDS INTEGRATED TELECOMMUNICATIONS SERVICES	0.3%		
Embarq Corp., 7.995%, due 6/1/36		\$1,000,000	\$ 1,111,200
TOTAL CORPORATE BONDS (Identified cost \$1,113,527)			1,111,200
		Number of Shares	
SHORT-TERM INVESTMENTS	0.3%		
MONEY MARKET FUNDS			
State Street Institutional Treasury Money Market Fund, 0.00% ^c		1,000,000	1,000,000
TOTAL SHORT-TERM INVESTMENTS (Identified cost \$1,000,000)			1,000,000
TOTAL INVESTMENTS (Identified cost \$275,414,765)	99.4%		343,146,011
OTHER ASSETS IN EXCESS OF LIABILITIES	0.6		2,139,288
NET ASSETS (Equivalent to \$13.21 per share based on 26,135,469 shares of common stock outstanding)	100.0%		\$345,285,299

Glossary of Portfolio Abbreviations

REIT Real Estate Investment Trust

Note: Percentages indicated are based on the net assets of the Fund.

^a Non-income producing security.^b Resale is restricted to qualified institutional investors. Aggregate holdings equal 0.8% of the net assets of the Fund.^c Rate quoted represents the annualized seven-day yield of the Fund.

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2015 (Unaudited)

ASSETS:	
Investments in securities, at value (Identified cost \$275,414,765)	\$343,146,011
Cash	1,247,651
Receivable for:	
Dividends and interest	1,490,982
Investment securities sold	113,040
Other assets	16,625
Total Assets	346,014,309
LIABILITIES:	
Payable for:	
Dividends declared	230,412
Investment securities purchased	211,710
Investment advisory fees	205,726
Administration fees	11,756
Directors' fees	444
Other liabilities	68,962
Total Liabilities	729,010
NET ASSETS	\$345,285,299
NET ASSETS consist of:	
Paid-in capital	\$261,015,301
Dividends in excess of net investment income	(7,906,854)
Accumulated undistributed net realized gain	24,445,606
Net unrealized appreciation	67,731,246
	\$345,285,299
NET ASSET VALUE PER SHARE:	
(\$345,285,299 ÷ 26,135,469 shares outstanding)	\$ 13.21
MARKET PRICE PER SHARE	\$ 12.16
MARKET PRICE DISCOUNT TO NET ASSET VALUE PER SHARE	(7.95)%

See accompanying notes to financial statements.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

STATEMENT OF OPERATIONS

For the Six Months Ended June 30, 2015 (Unaudited)

Investment Income:	
Dividend income	\$ 4,984,370
Interest income	393,507
Total Investment Income	5,377,877
Expenses:	
Investment advisory fees	1,306,592
Administration fees	108,206
Shareholder reporting expenses	62,294
Professional fees	46,422
Custodian fees and expenses	14,041
Transfer agent fees and expenses	11,915
Directors' fees and expenses	11,890
Miscellaneous	22,035
Total Expenses	1,583,395
Net Investment Income	3,794,482
Net Realized and Unrealized Gain (Loss):	