

COHEN & STEERS QUALITY INCOME REALTY FUND INC

Form N-14MEF

February 25, 2010

As filed with the Securities and Exchange Commission on February 25, 2010

Securities Act Registration No. 333-160355

Investment Company Registration No. 811-10481

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-14**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

☐ Pre-Effective Amendment No.

☒ Post-Effective Amendment No. 3

**COHEN & STEERS QUALITY INCOME REALTY FUND, INC.**

(Exact Name of Registrant as Specified in Charter)

**280 Park Avenue**

**New York, New York 10017**

**(Address of Principal Executive Offices)**

**212-832-3232**

**(Registrant's Telephone Number, including Area Code)**

**Tina M. Payne, Esq.**

**Cohen & Steers, Inc.**

**280 Park Avenue**

**New York, New York 10017**

**(Name and Address of Agent for Service)**

***With Copies to:***

**Janna Manes, Esq.**

**Stroock & Stroock & Lavan LLP**

**180 Maiden Lane**

**New York, New York 10038**

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT**

<b>Title of Securities</b>	<b>Amount</b>	<b>Proposed Maximum Offering Price Per Unit</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
<b>Being Registered</b>	<b>Being Registered</b>			
Common Shares, \$.001 par value	14,596,578 shares	\$7.34*	\$107,138,883	\$ 7,639
Common Shares, \$.001 par value**	74,852,248 shares	\$4.13	\$309,139,784	\$17,250

\* Estimated solely for the purpose of calculating the registration fee for the shares being registered on Post-Effective Amendment No. 3. Based on the Registrant's net asset value per share at the close of business on February 19, 2010.

\*\* Shares previously registered on Registrant's initial Registration Statement filed on June 30, 2009. Price per unit based on Registrant's net asset value per share as of the close of business on June 26, 2009. Amount of Registration Fee has been previously paid, and was based on the then-effective fee rate of \$55.80 per million dollars.

**This form is being filed to register additional shares of the Registrant in connection with an offering on an effective Registration Statement on Form N-14 (333-160355). It is proposed that this filing will go effective automatically pursuant to Rule 462(d) under the**

**Securities Act of 1933, as amended.**

**COHEN & STEERS WORLDWIDE REALTY INCOME FUND, INC.**

280 Park Avenue

New York, New York 10017

**Reconvened Special Meeting of Stockholders to be held February 26, 2010**

January 8, 2010

Dear Stockholder:

You are being asked to vote on a proposal to merge Cohen & Steers Worldwide Realty Income Fund, Inc. ( RWF ) with and into Cohen & Steers Quality Income Realty Fund, Inc. ( RQI ) and, together with RWF, the Funds and each a Fund ) in accordance with the Maryland General Corporation Law (the Merger ). Detailed information about the proposed transaction is contained in the enclosed materials.

The Board of Directors (the Board ) of RWF believes that combining the Funds will benefit stockholders of RWF by reducing the management fee paid by stockholders and providing the potential for:

a lower operating expense ratio;

portfolio management efficiencies; and

enhanced market liquidity for RQI's shares of common stock (which RWF stockholders would hold after the Merger).

**The Board of RWF recommends that you vote FOR the proposed Merger.**

The Board of RWF initially called a special meeting of stockholders of the Fund (the Meeting ), to be held on October 22, 2009, in order to vote on the proposed Merger. Stockholders of RQI also were asked to approve the Merger. The Meeting was adjourned until November 24, 2009 in order to solicit additional votes of each Fund's stockholders to approve the Merger. **On November 24, 2009, the stockholders of RQI approved the Merger.** Stockholders of RWF, however, did not submit sufficient votes to approve the Merger, and the Meeting was again adjourned with respect to RWF. Although stockholders of RWF overwhelmingly voted FOR the Merger, with approximately 90% of shares voting in favor of the proposal, on November 27, 2009, the Meeting was adjourned with respect to RWF due to an insufficient number of votes to approve the Merger, and the Board of RWF considered various alternatives, including continuing to solicit votes necessary to consummate the proposed Merger.

On December 10, 2009, the Board of RWF determined that the proposed Merger continues to be in the best interests of RWF and its stockholders and, as such, set a new record date for stockholders to vote at, and called to reconvene, the Meeting for RWF on February 26, 2010 at the offices of Cohen & Steers, 280 Park Avenue, New York, New York 10017 at 10:00 a.m., Eastern time, in order to vote on the Merger.

**Stockholders of record of RWF as of July 30, 2009 who voted at the Meeting, as adjourned, who continue to hold common stock of RWF as of December 17, 2009, may not need to take further action with respect to this proposal.** Please review the enclosed materials for additional information.

As a result of the Merger, each full (and fractional) share of common stock of RWF would convert into an equivalent dollar amount (to the nearest \$0.001) of full (and fractional) shares of common stock of RQI, based on the net asset value of each Fund. The currently issued and outstanding shares of common stock of RQI will remain issued and outstanding.

Each Fund is a closed-end, non-diversified management investment company with common stock listed on the New York Stock Exchange. The Funds have substantially similar investment objectives and similar investment policies. Each Fund focuses its investments in real estate companies and is managed by Cohen & Steers Capital Management, Inc.

Your vote is very important to us regardless of the number of shares you own. Whether or not you plan to attend the Meeting in person, please read the Proxy Statement/Prospectus and cast your vote promptly. To vote, simply date, sign and return the proxy card in the enclosed postage-paid envelope or follow the instructions on the proxy card for voting by touch-tone telephone or on the Internet.

It is important that your vote be received no later than the time of the Meeting.

Sincerely,

Adam M. Derechin

President of RWF

**COHEN & STEERS WORLDWIDE REALTY INCOME FUND, INC.**

**IMPORTANT NEWS FOR STOCKHOLDERS**

The enclosed Proxy Statement/Prospectus (the "Proxy/Prospectus") describes a proposal to merge Cohen & Steers Worldwide Realty Income Fund, Inc. ("RWF") with and into Cohen & Steers Quality Income Realty Fund, Inc. ("RQI") and, together with RWF, the "Funds" and each a "Fund"), in accordance with the Maryland General Corporation Law (the "MGCL") (the "Merger").

While we encourage you to read the full text of the enclosed Proxy/Prospectus, the following is a brief overview of the proposed Merger. Please refer to the more complete information contained elsewhere in the Proxy/Prospectus about the Merger.

**COMMON QUESTIONS YOU MAY HAVE ABOUT THE PROPOSED MERGER**

**Q. WHAT IS HAPPENING?**

A. The Board of Directors (the "Board") of RWF initially called a special meeting of stockholders of the Fund (the "Meeting"), to be held on October 22, 2009, in order to vote on the proposed Merger. Stockholders of RQI also were asked to approve the proposed Merger. The Meeting was adjourned until November 24, 2009 in order to solicit additional votes of each Fund's stockholders to approve the Merger. **On November 24, 2009, the stockholders of RQI approved the proposed Merger.** Stockholders of RWF, however, did not submit sufficient votes to approve the Merger, and the Meeting was again adjourned with respect to RWF. Although the stockholders of RWF overwhelmingly voted **FOR** the Merger, with approximately 90% of shares voting in favor of the proposal, on November 27, 2009, the Meeting was adjourned with respect to RWF due to an insufficient number of votes to approve the Merger, and the Board of RWF considered various alternatives, including continuing to solicit votes necessary to consummate the proposed Merger. On December 10, 2009, the Board of RWF determined that the proposed Merger continues to be in the best interests of RWF and its stockholders and, as such, set a new record date for stockholders to vote at, and called to reconvene, the Meeting in order to vote on the Merger. **Stockholders of record of RWF as of July 30, 2009 who voted at the Meeting, as adjourned, who continue to hold common stock of RWF as of December 17, 2009, may not need to take further action with respect to this proposal.** Please review the Proxy/Prospectus for additional information.

**Q. HOW WILL THE MERGER AFFECT ME?**

A. If the Merger is approved, RWF will be merged with and into RQI in accordance with the MGCL. RWF's assets and liabilities will be combined with the assets and liabilities of RQI, and stockholders of RWF will become stockholders of RQI. As a result of the Merger, each full (and fractional) share of common stock of RWF would convert into an equivalent dollar amount (to the nearest \$0.001) of full (and fractional) shares of common stock of RQI, based on the net asset value of each Fund. The currently issued and outstanding shares of common stock of RQI will remain issued and outstanding.

**Q. WHAT HAPPENS IF THE MERGER IS NOT APPROVED?**

- A. If RWF's stockholders do not approve the Merger, RWF will continue as a separate investment company, and the Board of RWF will consider such alternatives as it determines to be in the best interests of stockholders, including re-proposing the Merger.

Q. WHY IS THE MERGER BEING RECOMMENDED?

- A. The Board of RWF believes that combining the Funds will benefit stockholders of RWF by reducing the management fee paid by stockholders and providing a lower operating expense ratio, the potential for portfolio management efficiencies and enhanced market liquidity for RQI's shares of common stock (which RWF stockholders would hold after the Merger).

Q. ARE THE FUNDS' INVESTMENT OBJECTIVES AND POLICIES SIMILAR?

- A. The Funds have substantially similar investment objectives and similar investment policies. Each Fund focuses its investments in real estate companies and is managed by Cohen & Steers Capital Management, Inc. (the "Investment Manager").

Q. HOW WILL THE MERGER AFFECT FUND FEES AND EXPENSES?

- A. The total annual operating expense ratio of the combined Fund after the Merger is expected to be lower than the current total annual operating expense ratio of RWF, because the fixed expenses of the combined Fund following the Merger will be spread over a larger asset base. The Board of RWF believes that administrative expenses of a larger combined Fund comprised of the assets of RWF, as well as the assets of Cohen & Steers Advantage Income Realty Fund, Inc. and Cohen & Steers Premium Income Realty Fund, Inc., which were merged into RQI on December 18, 2009, combined with RQI's assets would be less than the aggregate current expenses of the Funds operating separately, resulting in a lower total annual operating expense ratio for the combined Fund.

Under each Fund's investment management agreement, RWF and RQI pay the Investment Manager a management fee at an annual rate of 0.95% and 0.85%, respectively, of the Fund's average daily managed assets. Following the Merger, RQI's management fee will stay the same and, as a result, RWF stockholders would pay a lower management fee after the Merger.

Q. WILL I HAVE TO PAY ANY U.S. FEDERAL INCOME TAXES AS A RESULT OF THE MERGER?

- A. The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Assuming that the Merger qualifies for such treatment, you will not recognize a gain or loss for federal income tax purposes as a result of the Merger. As a condition to the closing of the Merger, the Funds will each receive an opinion of counsel substantially to the effect that the Merger will qualify for such treatment. Opinions of counsel are not binding on the Internal Revenue Service or the courts. You should talk to your tax advisor about any state, local and other tax consequences of the Merger. See "Proposal: Information About the Proposed Mergers' Material U.S. Federal Income Tax Consequences."

Q. WHO WILL PAY THE EXPENSES OF THE MERGER?

- A. The expenses incurred in the Merger will be paid by each Fund in proportion to its net assets.

Q. HOW DOES THE BOARD RECOMMEND THAT I VOTE ON THE PROPOSAL?

- A. The Board of RWF, including the Directors who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended) of RWF, recommends that you vote **FOR** the Merger.

Q. WHEN IS THE MERGER EXPECTED TO HAPPEN?



- A. The Merger, if approved by RWF's stockholders, is expected to occur on or about March 19, 2010. Stockholders of RQI previously approved the Merger at the Meeting.

**Q. WHO CAN VOTE ON THE PROPOSAL?**

- A. If you owned shares of RWF at the close of business on December 17, 2009, you are entitled to vote those shares, even if you are no longer a common stockholder of RWF. **If you were a stockholder of RWF as of July 30, 2009 (the original record date for the Meeting) who continues to hold common stock of RWF as of December 17, 2009, you have not changed brokerage accounts and you previously submitted a valid proxy card or authorized a proxy in connection with the Meeting (and have not revoked your proxy), you do not need to take any additional action to vote your shares of RWF. Your previous proxy will remain effective as to the number of shares you held as of December 17, 2009.**

**Q. I AM AN INVESTOR WHO HOLDS A SMALL NUMBER OF SHARES. WHY SHOULD I VOTE?**

- A. Your vote makes a difference. If many stockholders just like you do not vote their proxies, RWF may not receive enough votes to approve the Merger.

**Q. HOW CAN I VOTE?**

- A. If you have not yet voted, you may vote by mail by returning the enclosed proxy card. You may also authorize your vote by either touch-tone telephone or online via the Internet, as follows:

**To vote by touch-tone telephone:**

- (1) Read the Proxy/Prospectus and have your proxy card at hand.
- (2) Call the toll-free number that appears on your proxy card.
- (3) Enter the control number set out on the proxy card and follow the simple instructions.

**To vote by Internet:**

- (1) Read the Proxy/Prospectus and have your proxy card at hand.
- (2) Go to the website that appears on your proxy card.
- (3) Enter the control number set out on the proxy card and follow the simple instructions.

Proxy cards are not being sent to stockholders who have already voted FOR the Merger.

**Q. WHOM DO I CALL IF I HAVE QUESTIONS?**

- A. If you need more information or have any questions on how to cast your vote or, if you were a stockholder of RWF as of July 30, 2009 who has already voted and would like to confirm or change your vote, please call Broadridge Financial Solutions, Inc., RWF's proxy solicitor, at 866-615-7265.

**YOUR VOTE IS IMPORTANT. PLEASE VOTE PROMPTLY TO AVOID THE EXPENSE OF**

**ADDITIONAL SOLICITATION.**

**COHEN & STEERS WORLDWIDE REALTY INCOME FUND, INC.**

**NOTICE OF RECONVENED SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held on February 26, 2010**

Please take notice that a Reconvened Special Meeting of Stockholders (the Meeting) of the above-referenced fund will be held on February 26, 2010 at the offices of Cohen & Steers, 280 Park Avenue, New York, New York 10017 at 10:00 a.m., Eastern time, for the following purpose, which is described in the accompanying Proxy Statement/Prospectus:

**PROPOSAL:** To approve the merger of Cohen & Steers Worldwide Realty Income Fund, Inc. ( RWF ) with and into Cohen & Steers Quality Income Realty Fund, Inc. (together with RWF, the Funds ) in accordance with the Maryland General Corporation Law. The appointed proxies will vote in their discretion on any other business as may properly come before the Meeting or any adjournments or postponements thereof.

Stockholders of RWF of record at the close of business on December 17, 2009 are entitled to vote at the Meeting and at any adjournments or postponements thereof. **If you were a stockholder of RWF as of July 30, 2009 (the original record date for the Meeting) who continues to hold common stock of RWF as of December 17, 2009, you have not changed brokerage accounts and you previously submitted a valid proxy card or authorized a proxy in connection with the Meeting (and have not revoked your proxy), you do not need to take any additional action to vote your shares of RWF. Your previous proxy will remain effective as to the number of shares you held as of December 17, 2009.**

By order of the Board of Directors,

Francis C. Poli  
Secretary of RWF

January 6, 2010

**YOUR VOTE IS IMPORTANT**

**If you have not yet voted, we invite you to utilize the convenience of Internet voting at the site indicated on your proxy card. While at that site you will be able to enroll in our electronic delivery program so you receive future mailings relating to annual meetings as quickly as possible and will help the Funds save costs. Or you may indicate your voting instructions on your proxy card, sign and date it, and return it in the envelope provided, which needs no postage if mailed in the United States. In order to save the Funds any additional expense of further solicitation, please vote your proxy promptly.**

***PROXY STATEMENT/PROSPECTUS***

**January 6, 2010**

***PROXY STATEMENT FOR:***

**COHEN & STEERS WORLDWIDE REALTY INCOME FUND, INC.**

***PROSPECTUS FOR:***

**COHEN & STEERS QUALITY INCOME REALTY FUND, INC.**

280 Park Avenue

New York, New York 10017

(212) 832-3232

This combined Proxy Statement and Prospectus (the "Proxy/Prospectus") is being furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Cohen & Steers Worldwide Realty Income Fund, Inc. ("RWF") for a Reconvened Special Meeting of Stockholders of RWF (the "Meeting"). The Meeting will be held on February 26, 2010 at the offices of Cohen & Steers, 280 Park Avenue, New York, New York 10017 at 10:00 a.m., Eastern time. At the Meeting, stockholders of RWF will be asked to consider and act upon the following:

**PROPOSAL:** To approve the merger of RWF with and into Cohen & Steers Quality Income Realty Fund, Inc. ("RQI" and, together with RWF, the "Funds" and each a "Fund") in accordance with the Maryland General Corporation Law (the "MGCL").

If the Proposal is approved, as a result of the Merger, each full (and fractional) share of common stock, par value \$0.001 per share, of RWF ("RWF Common Shares") would convert into an equivalent dollar amount (to the nearest \$0.001) of full (and fractional) shares of common stock, par value \$0.001 per share, of RQI ("RQI Common Shares"), based on the net asset value of each Fund. Although RQI Common Shares received in the Merger will have the same total net asset value as RWF Common Shares held immediately before the Merger, their stock price on the New York Stock Exchange (the "NYSE") may be greater or less than the stock price of RWF Common Shares, based on current market prices at the time of the Merger. All RQI Common Shares currently issued and outstanding will remain issued and outstanding following the Merger.

If RWF's stockholders do not approve the Merger, RWF will continue in operation as a separate investment company, and the Board of RWF will consider such alternatives as it determines to be in the best interests of stockholders, including re-proposing the Merger. Stockholders of RQI have previously approved the Merger.

The Board of RWF believes that combining the Funds will benefit stockholders of RWF by reducing the management fee paid by stockholders and providing the potential for portfolio management efficiencies, a lower total annual operating expense ratio and enhanced market liquidity for RQI Common Shares (which RWF stockholders would hold after the Merger).

RWF and RQI were incorporated in Maryland on June 16, 2004 and August 22, 2001, respectively. Each Fund is a closed-end, non-diversified management investment company with common stock listed on the NYSE. The Funds have substantially similar investment objectives and similar investment policies. Each Fund focuses its investments in real estate companies and is managed by Cohen & Steers Capital Management, Inc. (the "Investment Manager"). Please see "Proposal Comparison of Investment Objectives, Strategies and Principal Risks of Investing in the Funds" in this Proxy/Prospectus.

The Merger will be effected pursuant to an Agreement and Plan of Merger, which is attached to this Proxy/Prospectus as Appendix A. The material terms and conditions of the Agreement and Plan of Merger are summarized in this Proxy/Prospectus. See Proposal Information About the Merger The Agreement and Plan of Merger.

This Proxy/Prospectus serves as a prospectus for RQI Common Shares under the Securities Act of 1933, as amended (the Securities Act ), in connection with the issuance of RQI Common Shares in the Merger.

Assuming RWF's stockholders approve the Merger and all other conditions to the consummation of the Merger are satisfied or waived, the Funds will file articles of merger (the Articles of Merger ) with the State Department of Assessments and Taxation in Maryland (the SDAT ). The Merger will become effective when the SDAT accepts for record the Articles of Merger or at such later time, which may not exceed 30 days after the Articles of Merger are accepted for record, as specified in the Articles of Merger. The date when the Articles of Merger are accepted for record, or the later date, is referred to in this Proxy/Prospectus as the Closing Date. RWF, as soon as practical after the Closing Date, will terminate its registration under the Investment Company Act of 1940, as amended (the 1940 Act ).

The Merger is being structured as a reorganization for federal income tax purposes. See Proposal Information About the Proposed Merger Material U.S. Federal Income Tax Consequences. Stockholders should consult their tax advisors to determine the actual impact of the Merger on them in light of their individual tax circumstances.

You should retain this Proxy/Prospectus for future reference as it sets forth concisely information about the Funds that you should know before voting on the proposed Merger described herein.

A Statement of Additional Information ( SAI ) dated January 6, 2010, which contains additional information about the Merger and the Funds, has been filed with the Securities and Exchange Commission (the SEC ). The SAI is incorporated by reference into this Proxy/Prospectus. You may receive free of charge a copy of the SAI or a Fund's Annual Report to Stockholders for the fiscal year ended December 31, 2008 and Semi-Annual Report to Stockholders for the six month period ended June 30, 2009, which highlight certain important information such as investment performance and expense and financial information, by visiting our website at [www.cohenandsteers.com](http://www.cohenandsteers.com), by calling 800-330-7348 or by writing a Fund at the address listed above.

In addition, you can copy and review this Proxy/Prospectus and the complete filing on Form N-14 containing the Proxy/Prospectus, and any of the other above-referenced documents, at the SEC's Public Reference Room in Washington, D.C. You may obtain information about the operation of the Public Reference Room by calling the SEC at (202) 551-8090. Reports and other information about each Fund are available on the EDGAR Database on the SEC's website at [www.sec.gov](http://www.sec.gov). You may also obtain copies of this information, after paying a duplicating fee, by electronic request at [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC at Public Reference Section, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549.

RWF and RQI Common Shares are listed on the NYSE under the symbols RWF and RQI, respectively. After the Closing Date, RQI Common Shares will continue to be listed on the NYSE under the symbol RQI. You also may inspect the Funds' stockholder reports, proxy materials and other information about the Funds at the NYSE.

The information contained herein concerning each Fund has been provided by, and is included herein in reliance upon, each respective Fund.

**The SEC has not approved or disapproved these securities nor passed upon the accuracy or adequacy of this Proxy/Prospectus. Any representation to the contrary is a criminal offense.**

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## PROPOSAL

### TO APPROVE THE MERGER OF RWF WITH AND INTO RQI IN ACCORDANCE WITH THE MARYLAND GENERAL CORPORATION LAW

## SUMMARY

This summary is qualified in its entirety by reference to the additional information contained elsewhere in this Proxy/Prospectus and the Agreement and Plan of Merger, which is attached to this Proxy/Prospectus as Appendix A.

### Proposed Merger

At various meetings held in June 2009 and at a meeting held on December 10, 2009, RWF's Board, including the Directors who are not interested persons (as defined in the 1940 Act) of RWF (the Independent Directors), considered, and on June 29, 2009 and December 10, 2009 approved, the Agreement and Plan of Merger. The Agreement and Plan of Merger approved on December 10, 2009 is identical to the form of Agreement and Plan of Merger approved on June 29, 2009. As a result of the Merger:

each full (and fractional) RWF Common Share will convert into an equivalent dollar amount (to the nearest \$0.001) of full (and fractional) RQI Common Shares, based on the net asset value per share of each Fund calculated at 4:00 p.m. on the Closing Date; and

each holder of RWF Common Shares will become a holder of RQI Common Shares and will receive, on the Closing Date, that number of full (and fractional) RQI Common Shares having an aggregate net asset value equal to the aggregate net asset value of such stockholder's RWF Common Shares as of the close of business on the Closing Date.

If the Merger is not approved, RWF will continue as a separate investment company, and the Board of RWF will consider such alternatives as it determines to be in the best interests of stockholders, including re-proposing the Merger.

For the reasons set forth below in Information About the Proposed Merger Reasons for the Merger and Board Considerations, the Board of RWF, including the Independent Directors, have concluded that the Merger would be in the best interests of RWF and its stockholders, and that the interests of RWF stockholders would not be diluted as a result of the Merger. Stockholders of RQI have already approved the Merger. **The Board, therefore, is hereby submitting the Merger to RWF stockholders and recommends that stockholders vote FOR the Merger.**

Because the Merger has been approved by the Board of RWF, including at least 75% of the Continuing Directors (as defined herein), under RWF's charter, approval of the Merger requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of RWF. See Voting Information below. If RWF stockholders approve the Merger and all applicable conditions have been satisfied, the Closing Date of the Merger is expected to be March 19, 2010.

Prior to completion of the Merger, the Funds will each have received an opinion of Stroock & Stroock & Lavan LLP substantially to the effect that the Merger will qualify as a reorganization for federal income tax purposes. Accordingly, for federal income tax purposes, (i) no gain or loss will generally be recognized by RWF or the holders of RWF Common Shares as a result of the Merger, (ii) the aggregate tax basis of the RQI Common Shares received by the holders of RWF Common Shares will be the same as the aggregate tax basis of the holders' RWF Common Shares and (iii) a holder's holding period for RQI Common Shares will generally be determined by including the period for which he or she held RWF Common Shares that are converted pursuant to the Merger, provided that such shares were held as capital assets. For more information about the federal income tax consequences of the Merger, see Information about the Proposed Merger Material U.S. Federal Income Tax Consequences below.



## Comparison of Investment Objectives, Strategies and Principal Risks of Investing in the Funds

The Funds have substantially similar investment objectives, which are, primarily, high current income (for RQI, high current income through investment in real estate securities) and, secondarily, capital appreciation, and similar investment policies. Each Fund is a non-diversified, closed-end management investment company. Each Fund focuses its investments in equity securities, including common stocks, preferred stocks and other equity securities, of U.S. real estate companies; however, RWF focuses its investments in global real estate companies, which includes U.S. real estate companies. Each Fund also is managed by the Investment Manager, Cohen & Steers Europe S.A. ( CNS Europe ), Cohen & Steers UK Limited ( CNS UK ) and Cohen & Steers Asia Limited ( CNS Asia ) also serve as sub-investment advisers to RWF (collectively, the Subadvisers ).

Under normal circumstances, RQI invests at least 80% of its managed assets in income producing equity securities issued by high quality real estate investment trusts ( REITs ). Under normal circumstances, RWF invests at least 80% of its managed assets in a portfolio of income producing global real estate equity securities, with up to 70% of its managed assets allocated to common stocks (including REIT shares) issued by real estate companies (approximately 75% of which are companies located in Asia, Europe and Canada and approximately 25% of which are U.S. companies) and up to 30% of its managed assets allocated to preferred and other fixed-income securities of U.S. and non-U.S. companies. RQI may invest up to 25% of its managed assets in foreign securities, including up to 15% of its assets in companies located in emerging market countries. RWF may invest up to 100% of its assets in foreign securities, and expects to have investments in at least three countries, including the United States. RWF, under normal market conditions, invests primarily in developed countries, but may invest up to 15% of its managed assets in emerging market countries. As used in this Proxy/Prospectus, managed assets are a Fund's net assets applicable to shares of its common stock plus the liquidation preference of auction market preferred securities ( AMPS ), if any, and the outstanding balance of its borrowings, if any.

Each Fund may invest in preferred securities and other fixed income or debt securities issued by any type of company and may invest in non-investment grade preferred stock or debt securities, although the percentages by Fund vary. RQI and RWF each have a non-fundamental investment restriction to not invest more than 20% and 30%, respectively, of its managed assets in non-investment grade preferred stock or debt securities. Each Fund generally will not invest more than 10% of its managed assets in the securities of one issuer.

Each Fund may purchase and sell derivative instruments such as exchange-listed and over-the-counter put and call options on securities (including securities of investment companies and baskets of securities), indexes, and other financial instruments; purchase and sell financial futures contracts and options thereon, enter into various interest rate transactions, such as swaps, caps, floors or collars or credit transactions; equity index, total returns and credit default swaps; forward contracts; and structured investments. In addition, the Funds may enter into various currency transactions, such as forward currency contracts, currency futures contracts, currency swaps and options on currency or currency futures. The Funds also may purchase and sell derivative instruments that combine features of these instruments.

Each Fund may engage in securities lending up to 33-1/3% of managed assets, and may acquire or maintain securities in investment companies in accordance with the limits set forth in Section 12(d)(1) of the 1940 Act.

The fundamental investment restrictions to which the Funds are subject are substantially similar but not identical.

Because of their substantially similar investment objectives and similar principal investment strategies, the Funds are subject to similar investment risks. Because each Fund concentrates its assets in the real estate industry, a Fund's investments will be closely linked to the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. REIT prices also may drop because of the failure of borrowers to pay their loans and poor management. Many REITs utilize leverage, which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates as well as risks normally associated with

debt financing. In addition, there are specific risks associated with particular sectors of real estate investments such as retail, office, hotel, healthcare, and multifamily properties.

When the Investment Manager believes that market or general economic conditions justify a temporary defensive position, each Fund may deviate from its investment objectives and invest all or any portion of its assets in investment grade debt securities, without regard to whether the issuer is a real estate company. When and to the extent a Fund assumes a temporary defensive position, it may not pursue or achieve its investment objectives.

Neither Fund is intended to be a complete investment program, and there is no assurance that either Fund will achieve its investment objectives.

The preceding summary of the Funds' investment objectives and certain policies and related risks should be considered in conjunction with the discussion below under "Comparison of Investment Objectives, Strategies and Principal Risks of Investing in the Funds' Investment Objectives, Strategies and Principal Risks," "Additional Investment Activities," "Risk Factors" and "Investment Restrictions" which contains a more complete comparison of the Funds' investment objectives, strategies, policies and restrictions and related risks. The investment strategies, policies and restrictions of RQI will be the same for the combined Fund.

### **Fees and Expenses**

Each Fund has employed leverage as part of its investment strategy since shortly after its inception. Historically, the Funds' leverage has consisted of proceeds from the issuance of AMPS. In February 2008, the auction markets for these types of securities started to fail, and the Funds have, since that time, redeemed all of their outstanding shares of AMPS by borrowing funds pursuant to lines of credit with a financial institution ( borrowings ) or by cash proceeds from the sale of portfolio securities. As of December 31, 2008, each Fund's most recent fiscal year end for which audited financial statements are available, each Fund used a combination of AMPS and borrowings to finance its leverage strategy. On June 30, 2009, the Funds publicly announced their intent to redeem all of their outstanding shares of AMPS through the incurrence of additional borrowings. These redemptions were completed on July 24, 2009.

To complete the AMPS redemptions and maintain the Funds' leverage strategies at their levels at the time of such redemptions, the Funds relied, and continue to rely, on an exemptive order from the SEC providing temporary relief from the 300% asset coverage requirements for debt set forth in Section 18 of the 1940 Act. This allowed each Fund to redeem its then-outstanding AMPS by borrowing funds pursuant to a line of credit under the same 200% asset coverage requirements set forth in Section 18 of the 1940 Act for AMPS, instead of the statutorily-imposed asset coverage ratio for debt of 300%. This relief is temporary and, unless extended by the SEC, will expire on October 31, 2010.

Upon the Closing Date, assuming the Merger is approved by RWF's stockholders, the existing credit arrangement for RWF will terminate in accordance with its terms, and RQI's lender will remain the sole lender to the combined Fund, which will assume the debt of RWF as part of the Merger. After the Merger, the amount available under the credit arrangement will be sufficient for the combined Fund to maintain its current leverage strategy, although the amount of leverage employed by RQI may change over time. In addition, there is no guarantee that borrowing rates under the existing or future credit arrangements will remain the same.

Following completion of the Merger, the Investment Manager expects the total annual operating expenses borne by the stockholders of the combined Fund to vary, in some circumstances substantially, from the expense information provided in each Fund's Annual Report to Stockholders for the fiscal year ended December 31, 2008, as the combined Fund will no longer be paying dividend payments on AMPS (which are not reflected as Fund expenses), but will be paying interest and fees on borrowings, including the borrowings assumed from RWF. In light of the material change in the Funds' capital structure that has occurred since December 31, 2008, the fee table below reflects the Funds' actual expenses as of November 30, 2009, on an annualized basis, and assumes each Fund had credit arrangements with its lender on the same terms as in effect for RQI as of

November 30, 2009. The Funds expect that the expenses of the stockholders of the combined Fund will more closely reflect the expense structure shown in the table below instead of the expenses borne by the Funds' stockholders for the twelve month period ended December 31, 2008.

#### Fee Table

After the Merger, the combined Fund is anticipated to have a total annual operating expense ratio, including the cost of leverage (interest and fees on borrowings), that is lower than each Fund's total annual operating expense ratio individually prior to the Merger (including interest and fees on borrowings). Please note that the expense information for the combined Fund (RQI) shown in table below reflects the merger of Cohen & Steers Advantage Income Realty Fund, Inc. ( RLF ) and Cohen & Steers Premium Income Realty Fund, Inc. ( RPF ) with and into RQI. Stockholders of RLF, RPF and RQI were asked to approve separate proposals to merge RLF and RPF with and into RQI. Each of the proposed mergers were approved by the relevant fund's stockholders on November 24, 2009, and consummated on December 18, 2009.

The table below reflects the expenses (based upon each Fund's net assets) of RWF and RQI as of November 30, 2009, on an annualized basis, and assumes each Fund had credit arrangements with RQI's lender on the same terms as in effect for RQI as of November 30, 2009. Accordingly, the actual fees and expenses of RWF, RQI and the combined Fund as of the Closing Date can be expected to differ from those reflected in the table below due to changes in net assets and interest rates from those at November 30, 2009 and other factors. Changes in net assets may result from market appreciation or depreciation and other factors occurring between November 30, 2009 and the Closing Date. As a general matter, changes (positive or negative) in a Fund's expense ratio resulting from fluctuations in the Fund's net assets will be borne by that Fund's stockholders and, after the Merger, the combined Fund. The table does not reflect non-recurring estimated merger expenses of approximately \$1,135,000, of which \$274,000 is attributable to RLF, \$302,000 is attributable to RPF, \$161,000 is attributable to RWF, and \$398,000 is attributable to RQI. These estimated expenses are equal to 0.18% of the net assets of each individual fund as well as the combined Fund.

	RWF	RQI	Pro Forma Combined Fund (RQI) <sup>1</sup>
<b>Stockholder Transaction Expenses</b>			
Sales Load (as a percentage of offering price) <sup>2</sup>	None	None	None
Dividend Reinvestment Plan Fees <sup>3</sup>	None	None	None
<b>Annual Expenses (as a percentage of net assets attributable to common stock)<sup>4</sup></b>			
Management Fees <sup>5</sup>	1.50%	1.33%	1.33%
Other Expenses	0.66%	0.26%	0.22%
Interest Payments on Borrowed Funds <sup>6</sup>	0.82%	0.74%	0.77%
Total Annual Fund Operating Expenses	2.98%	2.33%	2.32% <sup>7</sup>
Expense Waivers <sup>5</sup>	0.00%	-0.13%	-0.13%
Net Annual Fund Operating Expenses	2.98%	2.20%	2.19% <sup>7</sup>

1. The Pro Forma Combined Fund column assumes the Merger, and the mergers of RLF and RPF with and into RQI, were consummated on November 30, 2009. The mergers of RLF and RPF with and into RQI were approved by stockholders and consummated on December 18, 2009.
2. Shares of the Funds' common stock are traded on the secondary market and, as such, transactions are not subject to sales charges, but may be subject to brokerage commissions or other charges. The table does not include any underwriting commissions paid by stockholders in the initial public offering of the common stock of each Fund.
3. Each participant in a Fund's dividend reinvestment plan ( DRIP ) pays a proportionate share of the brokerage commissions incurred with respect to open market purchases, if any, made by the Fund's Plan Agent (defined below).

4. Annual Expenses are stated as a percentage of net assets attributable to the Funds' shares of common stock, assuming leverage (borrowings) as discussed above.
5. Reflects the effective management fee rate paid by each Fund's common stockholders. RWF and RQI are charged a management fee of 0.95% and 0.85%, respectively, of the Fund's average daily managed assets. The combined Fund will pay a contractual management fee of 0.85% of its average daily managed assets. The Investment Manager has contractually agreed to waive a portion of RQI's management fee on a declining annual basis (RWF's contractual waiver arrangement expired on March 31, 2009). The contractual fee waiver arrangement for RQI also is reflected in the Pro Forma Combined Fund column. For more information on the Funds' contractual fee waivers, please see Information About Management of the Funds' Investment Manager and Subadvisers.
6. The expenses related to the Funds' borrowings, including certain non-interest expenses, are reflected under Interest Payments on Borrowed Funds. As of November 30, 2009, RWF and RQI had separate lines of credit of \$75 million and \$150 million, respectively. The Pro Forma Combined Fund column assumes a single line of credit of \$460 million (which includes separate lines of credit for RLF and RPF of \$110 million and \$125 million, respectively) as of November 30, 2009 (on the terms and conditions currently in place for RQI).
7. Total Annual Fund Operating Expenses and Net Annual Fund Operating Expenses, as of November 30, 2009, on an annualized basis, were 2.41% and 2.29%, respectively, for RLF, and 2.34% and 2.20%, respectively, for RPF.

*Expense Example*

The following example is intended to help you compare the costs of an investment in the combined Fund (RQI), after the Merger is consummated, with the costs of investing in RWF before the Merger. The example is based on the Total Annual Fund Operating Expenses of RWF and RQI as set forth in the Fee Table, which are based on an annualization of each Fund's actual expenses as of November 30, 2009, and assumes the assumptions set forth in the table above. An investor would pay the following expenses on a \$1,000 investment in shares of a Fund's common stock, assuming a 5% annual return on net asset value through the period and no changes to Total Annual Fund Operating Expenses (except to account for contractual expense waiver arrangements) for each Fund for years 1 through 10:

**1 Year**