

COHEN & STEERS TOTAL RETURN REALTY FUND INC
Form N-Q
November 25, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

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

280 Park Avenue

New York, NY 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: September 30, 2014

Item 1. Schedule of Investments

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

September 30, 2014 (Unaudited)

| | Number of Shares | Value |
|--|---------------------|------------------|
| COMMON STOCK 87.0% | | |
| CONSUMER CYCLICAL 1.5% | | |
| APPAREL 0.6% | | |
| Hanesbrands | 13,700 | \$ 1,471,928 |
| VF Corp. | 9,800 | 647,094 |
| | | 2,119,022 |
| MEDIA 0.7% | | |
| The Walt Disney Co. | 26,400 | 2,350,392 |
| SPECIALTY RETAIL 0.2% | | |
| Home Depot/The | 6,900 | 633,006 |
| TOTAL CONSUMER CYCLICAL | | 5,102,420 |
| CONSUMER NON-CYCLICAL 1.8% | | |
| BEVERAGE 0.2% | | |
| PepsiCo | 6,500 | 605,085 |
| FOOD PRODUCTS 0.5% | | |
| Tyson Foods, Class A | 46,564 | 1,833,225 |
| RETAIL 1.1% | | |
| Costco Wholesale Corp. | 10,100 | 1,265,732 |
| CVS Caremark Corp. | 32,300 | 2,570,757 |
| | | 3,836,489 |
| TOTAL CONSUMER NON-CYCLICAL | | 6,274,799 |
| ENERGY OIL & GAS 2.0% | | |
| Devon Energy Corp. | 15,900 | 1,084,062 |
| EOG Resources | 12,000 | 1,188,240 |
| Exxon Mobil Corp. | 47,682 | 4,484,492 |
| | | 6,756,794 |
| FINANCIAL 2.8% | | |
| BANKS 0.2% | | |
| Capital One Financial Corp. | 11,000 | 897,820 |
| DIVERSIFIED FINANCIAL SERVICES 2.4% | | |
| Ameriprise Financial | 20,500 | 2,529,290 |
| Citigroup | 36,300 | 1,881,066 |
| JPMorgan Chase & Co. | 45,600 | 2,746,944 |
| Morgan Stanley | 29,951 | 1,035,406 |
| | | 8,192,706 |

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| | Number of Shares | Value |
|--|---------------------|-------------------|
| INSURANCE 0.2% | | |
| Hartford Financial Services Group | 16,200 | \$ 603,450 |
| TOTAL FINANCIAL | | 9,693,976 |
| HEALTH CARE 1.7% | | |
| BIOTECHNOLOGY 0.5% | | |
| Gilead Sciences(a) | 15,300 | 1,628,685 |
| HEALTH CARE PROVIDERS & SERVICES 0.8% | | |
| Universal Health Services, Class B | 25,700 | 2,685,650 |
| PHARMACEUTICAL 0.4% | | |
| Pfizer | 54,400 | 1,608,608 |
| TOTAL HEALTH CARE | | 5,922,943 |
| INDUSTRIALS 1.5% | | |
| AUTO MANUFACTURERS 0.3% | | |
| PACCAR | 17,700 | 1,006,688 |
| DIVERSIFIED MANUFACTURING 0.2% | | |
| General Electric Co. | 21,200 | 543,144 |
| ELECTRICAL COMPONENT & EQUIPMENT 0.2% | | |
| TE Connectivity Ltd. (Switzerland) | 9,600 | 530,784 |
| MACHINERY 0.2% | | |
| Pentair PLC (Ireland) | 13,200 | 864,468 |
| ROAD & RAIL 0.4% | | |
| CSX Corp. | 48,400 | 1,551,704 |
| TRANSPORTATION 0.2% | | |
| United Parcel Service, Class B | 5,800 | 570,082 |
| TOTAL INDUSTRIALS | | 5,066,870 |
| MATERIALS CHEMICALS 0.3% | | |
| Eastman Chemical Co. | 13,954 | 1,128,739 |
| REAL ESTATE 71.1% | | |
| DIVERSIFIED 5.6% | | |
| American Assets Trust | 113,637 | 3,746,612 |
| AmREIT | 79,057 | 1,815,939 |
| Forest City Enterprises, Class A(a) | 78,359 | 1,532,702 |
| Gramercy Property Trust | 269,205 | 1,550,621 |
| Societe Fonciere Lyonnaise SA (France) | 14,100 | 681,195 |
| Vornado Realty Trust | 97,408 | 9,736,904 |
| | | 19,063,973 |

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| | Number of Shares | | Value |
|--------------------------------------|---------------------|----|------------|
| FREE STANDING 0.7% | | | |
| American Realty Capital Properties | 213,732 | \$ | 2,577,608 |
| HEALTH CARE 6.3% | | | |
| Aviv REIT | 159,490 | | 4,202,562 |
| Health Care REIT | 27,690 | | 1,727,025 |
| Healthcare Trust of America, Class A | 117,682 | | 1,365,111 |
| Omega Healthcare Investors | 120,395 | | 4,116,305 |
| Physicians Realty Trust | 136,464 | | 1,872,286 |
| Ventas | 134,839 | | 8,353,276 |
| | | | 21,636,565 |
| HOTEL 6.0% | | | |
| Ashford Hospitality Prime | 79,176 | | 1,205,851 |
| Belmond Ltd., Class A (Bermuda)(a) | 129,764 | | 1,513,048 |
| DiamondRock Hospitality Co. | 170,130 | | 2,157,248 |
| Hersha Hospitality Trust | 188,014 | | 1,197,649 |
| Hilton Worldwide Holdings(a) | 86,372 | | 2,127,342 |
| Host Hotels & Resorts | 97,143 | | 2,072,060 |
| La Quinta Holdings(a) | 68,597 | | 1,302,657 |
| Strategic Hotels & Resorts(a) | 393,981 | | 4,589,879 |
| Sunstone Hotel Investors | 319,862 | | 4,420,493 |
| | | | 20,586,227 |
| INDUSTRIALS 5.4% | | | |
| First Industrial Realty Trust | 115,763 | | 1,957,552 |
| Prologis | 282,277 | | 10,641,843 |
| QTS Realty Trust, Class A | 69,064 | | 2,096,093 |
| Rexford Industrial Realty | 126,098 | | 1,745,196 |
| STAG Industrial | 103,509 | | 2,143,671 |
| | | | 18,584,355 |
| OFFICE 13.7% | | | |
| BioMed Realty Trust | 203,635 | | 4,113,427 |
| Boston Properties | 28,115 | | 3,254,592 |
| Brandywine Realty Trust | 149,567 | | 2,104,408 |
| Corporate Office Properties Trust | 119,927 | | 3,084,523 |
| Cousins Properties | 83,373 | | 996,307 |
| Douglas Emmett | 153,826 | | 3,948,713 |
| Empire State Realty Trust, Class A | 215,474 | | 3,236,420 |
| Equity Commonwealth | 136,671 | | 3,513,811 |
| Hudson Pacific Properties | 51,801 | | 1,277,413 |
| Kilroy Realty Corp. | 85,382 | | 5,075,106 |

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| | Number of Shares | Value |
|---------------------------------------|---------------------|-------------------|
| Liberty Property Trust | 88,300 | \$ 2,936,858 |
| Mack-Cali Realty Corp. | 41,909 | 800,881 |
| Parkway Properties | 201,572 | 3,785,522 |
| PS Business Parks | 8,903 | 677,874 |
| SL Green Realty Corp. | 82,097 | 8,318,068 |
| | | 47,123,923 |
| RESIDENTIAL 10.9% | | |
| APARTMENT 10.4% | | |
| American Homes 4 Rent, Class A | 142,399 | 2,405,119 |
| Apartment Investment & Management Co. | 147,341 | 4,688,390 |
| AvalonBay Communities | 10,178 | 1,434,793 |
| Equity Residential | 216,531 | 13,333,979 |
| Essex Property Trust | 29,909 | 5,346,234 |
| Home Properties | 44,570 | 2,595,757 |
| UDR | 208,736 | 5,688,056 |
| | | 35,492,328 |
| MANUFACTURED HOME 0.5% | | |
| Sun Communities | 35,425 | 1,788,962 |
| TOTAL RESIDENTIAL | | 37,281,290 |
| SELF STORAGE 5.0% | | |
| CubeSmart | 268,881 | 4,834,480 |
| Extra Space Storage | 97,735 | 5,040,194 |
| Public Storage | 22,827 | 3,785,630 |
| Sovran Self Storage | 46,554 | 3,461,756 |
| | | 17,122,060 |
| SHOPPING CENTERS 16.9% | | |
| COMMUNITY CENTER 5.2% | | |
| Brixmor Property Group | 123,312 | 2,744,925 |
| Kimco Realty Corp. | 102,956 | 2,255,766 |
| Ramco-Gershenson Properties Trust | 152,315 | 2,475,119 |
| Regency Centers Corp. | 86,645 | 4,664,100 |
| Retail Properties of America, Class A | 112,551 | 1,646,621 |
| Washington Prime Group | 69,441 | 1,213,829 |
| Weingarten Realty Investors | 85,612 | 2,696,778 |
| | | 17,697,138 |
| FREE STANDING 0.6% | | |
| Spirit Realty Capital | 201,872 | 2,214,536 |

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| | Number of Shares | Value |
|---|---------------------|--------------------|
| REGIONAL MALL 11.1% | | |
| General Growth Properties | 139,596 | \$ 3,287,486 |
| Glimcher Realty Trust | 328,546 | 4,448,513 |
| Macerich Co. (The) | 42,471 | 2,710,924 |
| Pennsylvania REIT | 79,992 | 1,595,040 |
| Simon Property Group | 138,883 | 22,835,143 |
| Taubman Centers | 41,566 | 3,034,318 |
| | | 37,911,424 |
| TOTAL SHOPPING CENTERS | | 57,823,098 |
| SPECIALTY 0.6% | | |
| CyrusOne | 86,218 | 2,072,681 |
| TOTAL REAL ESTATE | | 243,871,780 |
| TECHNOLOGY 3.4% | | |
| COMPUTERS 1.7% | | |
| Apple | 25,000 | 2,518,750 |
| Hewlett-Packard Co. | 87,200 | 3,092,984 |
| | | 5,611,734 |
| SEMICONDUCTORS 1.1% | | |
| Avago Technologies Ltd. (Singapore) | 44,700 | 3,888,900 |
| SOFTWARE 0.6% | | |
| Microsoft Corp. | 42,200 | 1,956,392 |
| TOTAL TECHNOLOGY | | 11,457,026 |
| TELECOMMUNICATION SERVICES 0.4% | | |
| AT&T | 38,900 | 1,370,836 |
| UTILITIES ELECTRIC UTILITIES 0.5% | | |
| NextEra Energy | 19,100 | 1,793,108 |
| TOTAL COMMON STOCK (Identified cost \$228,120,794) | | 298,439,291 |
| PREFERRED SECURITIES \$25 PAR VALUE 11.6% | | |
| BANKS FOREIGN 0.1% | | |
| National Westminster Bank PLC, 7.76%, Series C (United Kingdom) | 13,358 | 345,705 |
| INSURANCE MULTI-LINE FOREIGN 0.1% | | |
| ING Groep N.V., 7.375% (Netherlands) | 15,000 | 383,250 |
| REAL ESTATE 11.4% | | |
| DIVERSIFIED 3.5% | | |
| Colony Financial, 8.50%, Series A | 49,220 | 1,325,987 |

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| | Number of Shares | Value |
|--|---------------------|------------|
| DuPont Fabros Technology, 7.875%, Series A | 20,000 | \$ 518,200 |
| DuPont Fabros Technology, 7.625%, Series B | 40,000 | 1,028,000 |
| Lexington Realty Trust, 6.50%, Series C (\$50 Par Value) | 11,300 | 535,846 |
| National Retail Properties, 6.625%, Series D | 84,000 | 2,173,920 |
| National Retail Properties, 5.70%, Series E | 24,000 | 572,400 |
| NorthStar Realty Finance Corp., 8.50%, Series D | 17,500 | 437,325 |
| NorthStar Realty Finance Corp., 8.75%, Series E | 73,800 | 1,861,974 |
| PS Business Parks, 5.75%, Series U | 55,139 | 1,259,926 |
| Urstadt Biddle Properties, 7.125%, Series F | 20,000 | 520,400 |
| Vornado Realty Trust, 6.625%, Series G | 35,000 | 894,250 |
| Vornado Realty Trust, 6.625%, Series I | 30,796 | 785,298 |
| | | 11,913,526 |
| HOTEL 1.7% | | |
| Ashford Hospitality Trust, 8.45%, Series D | 19,350 | 489,168 |
| Ashford Hospitality Trust, 9.00%, Series E | 20,000 | 542,800 |
| Chesapeake Lodging Trust, 7.75%, Series A | 20,000 | 527,700 |
| Hersha Hospitality Trust, 8.00%, Series B | 45,000 | 1,183,500 |
| Hospitality Properties Trust, 7.125%, Series D | 38,600 | 988,932 |
| LaSalle Hotel Properties, 6.375%, Series I | 25,000 | 613,250 |
| Pebblebrook Hotel Trust, 7.875%, Series A | 35,000 | 902,475 |
| Sunstone Hotel Investors, 8.00%, Series D | 25,000 | 675,625 |
| | | 5,923,450 |
| INDUSTRIALS 0.3% | | |
| First Potomac Realty Trust, 7.75%, Series A | 15,000 | 393,075 |
| Monmouth Real Estate Investment Corp., 7.875%, Series B | 20,000 | 525,600 |
| | | 918,675 |
| OFFICE 1.3% | | |
| American Realty Capital Properties, 6.70%, Series F | 152,647 | 3,529,198 |
| Corporate Office Properties Trust, 7.375%, Series L | 28,428 | 733,727 |
| Hudson Pacific Properties, 8.375%, Series B | 8,500 | 218,875 |
| | | 4,481,800 |
| RESIDENTIAL 0.5% | | |
| APARTMENT 0.1% | | |
| Apartment Investment & Management Co., 6.875% | 21,350 | 547,628 |
| MANUFACTURED HOME 0.4% | | |
| Campus Crest Communities, 8.00%, Series A | 24,650 | 617,482 |

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| | Number of Shares | Value |
|---|---------------------|-------------------|
| Equity Lifestyle Properties, 6.75%, Series C | 23,971 | \$ 623,606 |
| | | 1,241,088 |
| TOTAL RESIDENTIAL | | 1,788,716 |
| SELF STORAGE 0.6% | | |
| Public Storage, 6.35%, Series R | 50,000 | 1,284,500 |
| Public Storage, 6.375%, Series Y | 34,000 | 874,820 |
| | | 2,159,320 |
| SHOPPING CENTERS 3.3% | | |
| COMMUNITY CENTER 1.0% | | |
| Cedar Realty Trust, 7.25%, Series B | 20,000 | 523,000 |
| DDR Corp., 6.50%, Series J | 45,200 | 1,140,848 |
| Kimco Realty Corp., 6.90%, Series H | 60,000 | 1,581,000 |
| Kite Realty Group Trust, 8.25%, Series A | 10,000 | 263,800 |
| | | 3,508,648 |
| FREE STANDING 0.3% | | |
| Realty Income Corp., 6.625%, Series F | 36,479 | 953,926 |
| REGIONAL MALL 2.0% | | |
| CBL & Associates Properties, 7.375%, Series D | 63,830 | 1,627,665 |
| General Growth Properties, 6.375%, Series A | 50,000 | 1,230,000 |
| Glimcher Realty Trust, 8.125%, Series G | 79,989 | 2,026,121 |
| Glimcher Realty Trust, 7.50%, Series H | 19,000 | 492,860 |
| Pennsylvania REIT, 8.25%, Series A | 25,000 | 661,250 |
| Taubman Centers, 6.50%, Series J | 33,470 | 843,779 |
| | | 6,881,675 |
| TOTAL SHOPPING CENTERS | | 11,344,249 |
| SPECIALTY 0.2% | | |
| Digital Realty Trust, 7.375%, Series H | 23,000 | 599,150 |
| TOTAL REAL ESTATE | | 39,128,886 |
| TOTAL PREFERRED SECURITIES \$25 PAR VALUE (Identified cost \$38,531,735) | | 39,857,841 |
| PREFERRED SECURITIES CAPITAL SECURITIES 0.8% | | |
| BANKS 0.2% | | |
| Farm Credit Bank of Texas, 10.00%, Series I | 500 | 626,406 |
| BANKS FOREIGN 0.4% | | |
| Banco Bilbao Vizcaya Argentaria SA, 9.00% (Spain) | 400,000 | 426,000 |
| Credit Agricole SA, 7.875%, 144A (France)(b) | 400,000 | 405,250 |

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| | Number of Shares | Value |
|--|---------------------|------------------|
| Dresdner Funding Trust I, 8.151%, due 6/30/31, 144A (Germany)(b) | 500,000 | \$ 592,500 |
| | | 1,423,750 |
| INSURANCE LIFE/HEALTH INSURANCE FOREIGN 0.2% | | |
| La Mondiale Vie, 7.625% (France) | 500,000 | 550,000 |
| TOTAL PREFERRED SECURITIES CAPITAL SECURITIES (Identified cost \$2,352,940) | | 2,600,156 |

| | Principal Amount |
|--|---------------------|
| CORPORATE BONDS | |
| INSURANCE-PROPERTY CASUALTY 0.1% | |
| Liberty Mutual Insurance, 7.697%, due 10/15/97, 144A(b) | \$ 375,000 |
| TOTAL CORPORATE BONDS (Identified cost \$345,007) | 445,800 |

| | Number of Shares | |
|--|---------------------|-----------------------|
| SHORT-TERM INVESTMENTS 0.1% | | |
| MONEY MARKET FUNDS | | |
| State Street Institutional Treasury Money Market Fund, 0.00%(c) | 400,000 | 400,000 |
| TOTAL SHORT-TERM INVESTMENTS (Identified cost \$400,000) | | 400,000 |
| TOTAL INVESTMENTS (Identified cost \$269,750,476) | 99.6% | 341,743,088 |
| OTHER ASSETS IN EXCESS OF LIABILITIES | 0.4 | 1,332,333 |
| NET ASSETS (Equivalent to \$13.13 per share based on 26,135,469 shares of common stock outstanding) | 100.0% | \$ 343,075,421 |

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 0.4% of the net assets of the Fund, of which 0.0% are illiquid.
- (c) Rate quoted represents the annualized seven-day yield of the Fund.

Cohen & Steers Total Return Realty Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited)

Note 1. Portfolio Valuation

Investments in securities that are listed on the New York Stock Exchange (NYSE) are valued, except as indicated below, at the last sale price reflected at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and ask prices on such day or, if no ask price is available, at the bid price. Exchange traded options are valued at their last sale price as of the close of options trading on applicable exchanges on the valuation date. In the absence of a last sale price on such day, options are valued at the average of the quoted bid and ask prices as of the close of business. Over-the-counter options are valued based upon prices provided by the respective counterparty.

Securities not listed on the NYSE but listed on other domestic or foreign securities exchanges are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price reflected at the close of the exchange representing the principal market for such securities on the business day as of which such value is being determined. If after the close of a foreign market, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain non-U.S. equity holdings may be fair valued pursuant to procedures established by the Board of Directors.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment advisor) to be over-the-counter, are valued at the last sale price on the valuation date as reported by sources deemed appropriate by the Board of Directors to reflect their fair market value. If there has been no sale on such day, the securities are valued at the mean of the closing bid and ask prices on such day or, if no ask price is available, at the bid price. However, certain fixed-income securities may be valued on the basis of prices provided by a pricing service when such prices are believed by the investment advisor, pursuant to delegation by the Board of Directors, to reflect the fair market value of such securities.

Short-term debt securities with a maturity date of 60 days or less are valued at amortized cost, which approximates fair value. Investments in open-end mutual funds are valued at their closing net asset value.

The policies and procedures approved by the Fund's Board of Directors delegate authority to make fair value determinations to the investment advisor, subject to the oversight of the Board of Directors. The investment advisor has established a valuation committee (Valuation Committee) to administer, implement and oversee the fair valuation process according to the policies and procedures approved annually by the Board of Directors. Among other things, these procedures

Cohen & Steers Total Return Realty Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities for which market prices are unavailable, or securities for which the investment advisor determines that the bid and/or ask price or a counterparty valuation does not reflect market value, will be valued at fair value, as determined in good faith by the Valuation Committee, pursuant to procedures approved by the Fund's Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include, but are not limited to, recent transactions in comparable securities, information relating to the specific security and developments in the markets.

Foreign equity fair value pricing procedures utilized by the Fund may cause certain non-U.S. equity holdings to be fair valued on the basis of fair value factors provided by a pricing service to reflect any significant market movements between the time the Fund values such securities and the earlier closing of foreign markets.

The Fund's use of fair value pricing may cause the net asset value of Fund shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

Fair value is defined as the price that the Fund would expect to receive upon the sale of an investment or expect to pay to transfer a liability in an orderly transaction with an independent buyer in the principal market or, in the absence of a principal market, the most advantageous market for the investment or liability. The hierarchy of inputs that are used in determining the fair value of the Fund's investments is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfer at the end of the period in which the underlying event causing the movement occurred. Changes in valuation techniques may result in transfers into or out of an

Cohen & Steers Total Return Realty Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

assigned level within the disclosure hierarchy. There were no transfers between Level 1 and Level 2 securities as of September 30, 2014.

The following is a summary of the inputs used as of September 30, 2014 in valuing the Fund's investments carried at value:

| | Total | Quoted Prices In Active Markets for Identical Investments (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|-----------------------|---|---|--|
| Common Stock | \$ 298,439,291 | \$ 298,439,291 | | \$ |
| Preferred Securities - \$25 Par Value | 39,857,841 | 39,857,841 | | |
| Preferred Securities - Capital Securities | 2,600,156 | | 2,600,156 | |
| Corporate Bonds | 445,800 | | 445,800 | |
| Money Market Funds | 400,000 | | 400,000 | |
| Total Investments(a) | \$ 341,743,088 | \$ 338,297,132 | \$ 3,445,956 | \$ |

(a) Portfolio holdings are disclosed individually on the Schedule of Investments.

Following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

| | Total Investments in Securities |
|--|------------------------------------|
| Balance as of December 31, 2013 | \$ 630,194 |
| Change in unrealized appreciation (depreciation) | 50,828 |
| Transfers out of Level 3(a) | (681,022) |
| Balance as of September 30, 2014 | \$ |

(a) As of December 31, 2013, the Fund used significant unobservable inputs in determining the value of this investment. As of September 30, 2014, the Fund used a quoted price in determining the value of the same investment, which resulted from the expiration of a lockup on these shares on March 25, 2014.

Cohen & Steers Total Return Realty Fund, Inc.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

Note 2. Derivative Instruments

Options: The Fund writes covered call options on securities and may write put or call options on an index and put options on securities with the intention of earning option premiums. Option premiums may increase the Fund's realized gains and therefore may help increase distributable income. When the Fund writes (sells) an option, an amount equal to the premium received by the Fund is recorded on the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When an option expires, the Fund realizes a gain on the option to the extent of the premium received. Premiums received from writing options which are exercised or closed are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option on a security is exercised, the premium reduces the cost basis of the security purchased by the Fund. If a call option is exercised, the premium is added to the proceeds of the security sold to determine the realized gain or loss. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the underlying index or security. Other risks include the possibility of an illiquid options market or the inability of the counterparties to fulfill their obligations under the contracts.

Transactions in written options for the nine months ended September 30, 2014, were as follows:

| | Number of Contracts | Premiums |
|---|------------------------|-----------|
| Options outstanding at December 31, 2013 | 545 | \$ 10,982 |
| Options expired | (545) | (10,982) |
| Options outstanding at September 30, 2014 | | \$ |

Note 3. Income Tax Information

As of September 30, 2014, the federal tax cost and net unrealized appreciation and depreciation in value of securities held were as follows:

| | |
|--------------------------------------|----------------|
| Cost for federal income tax purposes | \$ 269,750,476 |
| Gross unrealized appreciation | \$ 74,420,835 |
| Gross unrealized depreciation | (2,428,223) |
| Net unrealized appreciation | \$ 71,992,612 |

Item 2. Controls and Procedures

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of these disclosure controls and procedures required by Rule 30a-3(b) under the Investment Company Act of 1940 and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act as of a date within 90 days of the filing of this report.

(b) During the last fiscal quarter, there were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

(a) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COHEN & STEERS TOTAL RETURN REALTY FUND, INC.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President

Date: November 25, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and Principal Executive Officer

By: /s/ James Giallanza
Name: James Giallanza
Title: Treasurer and Principal Financial Officer

Date: November 25, 2014
