

COHEN & STEERS QUALITY INCOME REALTY FUND INC
Form N-Q
November 28, 2017

**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 811-10481

Cohen & Steers Quality Income 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)

Francis C. Poli

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, 2017

Item 1. Schedule of Investments

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

SCHEDULE OF INVESTMENTS

September 30, 2017 (Unaudited)

| | Number of Shares | Value |
|---|---------------------|---------------|
| COMMON STOCK 105.7% | | |
| COMMUNICATIONS TOWERS 2.6% | | |
| Crown Castle International Corp. | 383,585 | \$ 38,350,828 |
| REAL ESTATE 103.1% | | |
| DATA CENTERS 10.6% | | |
| CyrusOne(a),(b) | 383,706 | 22,611,794 |
| Digital Realty Trust(a),(b) | 359,662 | 42,558,804 |
| Equinix(a),(b) | 201,062 | 89,733,971 |
| | | 154,904,569 |
| DIVERSIFIED 1.4% | | |
| American Assets Trust(a),(b) | 337,860 | 13,436,692 |
| BGP Holdings PLC (EUR) (Australia)(c),(d) | 3,927,678 | 69,632 |
| JBG SMITH Properties(a),(b),(d) | 204,084 | 6,981,714 |
| | | 20,488,038 |
| HEALTH CARE 9.3% | | |
| HCP(a),(b) | 1,296,650 | 36,085,770 |
| Healthcare Trust of America, Class A(a),(b) | 1,563,820 | 46,601,836 |
| National Health Investors(a) | 263,998 | 20,404,405 |
| Physicians Realty Trust(a),(b) | 1,913,060 | 33,918,554 |
| | | 137,010,565 |
| HOTEL 6.2% | | |
| Host Hotels & Resorts(a),(b) | 2,954,387 | 54,626,616 |
| Pebblebrook Hotel Trust | 345,497 | 12,486,261 |
| Sunstone Hotel Investors(a),(b) | 1,493,037 | 23,993,105 |
| | | 91,105,982 |
| INDUSTRIALS 6.0% | | |
| Prologis(a),(b) | 1,390,440 | 88,237,322 |
| NET LEASE 4.5% | | |
| Four Corners Property Trust | 849,169 | 21,161,292 |
| Gaming and Leisure Properties | 615,634 | 22,710,738 |
| Gramercy Property Trust | 727,008 | 21,991,992 |
| | | 65,864,022 |
| OFFICE 16.2% | | |
| Alexandria Real Estate Equities(a),(b) | 276,221 | 32,862,012 |
| Boston Properties(a),(b) | 309,508 | 38,032,343 |
| Douglas Emmett(a),(b) | 828,297 | 32,651,468 |
| Highwoods Properties | 376,096 | 19,590,841 |

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| | Number of Shares | Value |
|---|---------------------|--------------------|
| Hudson Pacific Properties(a),(b) | 512,400 | \$ 17,180,772 |
| Kilroy Realty Corp.(a),(b) | 450,652 | 32,050,370 |
| SL Green Realty Corp. | 343,072 | 34,760,055 |
| Vornado Realty Trust(a),(b) | 408,169 | 31,380,033 |
| | | 238,507,894 |
| RESIDENTIAL 26.3% | | |
| APARTMENT 20.4% | | |
| Apartment Investment & Management Co., Class A(a) | 385,952 | 16,927,855 |
| Equity Residential(a),(b) | 1,029,374 | 67,866,628 |
| Essex Property Trust(a),(b) | 225,125 | 57,188,504 |
| Mid-America Apartment Communities | 457,797 | 48,929,343 |
| Starwood Waypoint Homes(a),(b) | 1,189,357 | 43,256,914 |
| UDR(a),(b) | 1,728,667 | 65,741,206 |
| | | 299,910,450 |
| MANUFACTURED HOME 2.8% | | |
| Sun Communities(a),(b) | 474,661 | 40,668,954 |
| | | |
| STUDENT HOUSING 3.1% | | |
| American Campus Communities(a),(b) | 1,048,150 | 46,275,823 |
| TOTAL RESIDENTIAL | | 386,855,227 |
| | | |
| SELF STORAGE 4.9% | | |
| Extra Space Storage(a),(b) | 352,420 | 28,165,406 |
| Public Storage(a),(b) | 202,733 | 43,382,835 |
| | | 71,548,241 |
| SHOPPING CENTERS 13.4% | | |
| COMMUNITY CENTER 5.6% | | |
| Brixmor Property Group(a),(b) | 1,301,102 | 24,460,718 |
| Kimco Realty Corp. | 645,730 | 12,624,022 |
| Regency Centers Corp.(a),(b) | 460,424 | 28,564,705 |
| Weingarten Realty Investors | 492,937 | 15,645,820 |
| | | 81,295,265 |
| REGIONAL MALL 7.8% | | |
| GGP(a),(b) | 1,280,586 | 26,597,771 |
| Simon Property Group(a),(b) | 549,111 | 88,412,362 |
| | | 115,010,133 |
| TOTAL SHOPPING CENTERS | | 196,305,398 |

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| | Number of Shares | Value |
|---|---------------------|----------------------|
| SPECIALTY 4.3% | | |
| CoreCivic(a) | 502,099 | \$ 13,441,190 |
| Lamar Advertising Co., Class A | 313,287 | 21,469,558 |
| QTS Realty Trust, Class A(a) | 539,499 | 28,248,168 |
| | | 63,158,916 |
| TOTAL REAL ESTATE | | 1,513,986,174 |
| TOTAL COMMON STOCK (Identified cost \$1,098,682,745) | | 1,552,337,002 |
| PREFERRED SECURITIES \$25 PAR VALUE 16.8% | | |
| BANKS 0.7% | | |
| GMAC Capital Trust I, 7.10%, due 2/15/40, Series 2 (TruPS) (FRN) (3 Mo. US LIBOR + 5.785%)(e) | 250,000 | 6,600,000 |
| Huntington Bancshares, 6.25%, Series D(f) | 113,600 | 3,114,912 |
| | | 9,714,912 |
| BANKS FOREIGN 0.5% | | |
| Barclays Bank PLC, 8.125%, Series 5 (United Kingdom)(a),(f) | 270,930 | 7,193,191 |
| FINANCIAL DIVERSIFIED FINANCIAL SERVICES 0.2% | | |
| KKR & Co. LP, 6.75%, Series A(f) | 120,000 | 3,278,400 |
| INDUSTRIALS 0.2% | | |
| CHS, 6.75% to 9/30/24(f),(g) | 107,931 | 2,973,499 |
| REAL ESTATE 15.2% | | |
| DIVERSIFIED 4.7% | | |
| Colony NorthStar, 8.25%, Series B(f) | 78,261 | 1,982,351 |
| Colony NorthStar, 8.50%, Series D(f) | 191,097 | 4,943,679 |
| Colony NorthStar, 8.75%, Series E(a),(f) | 172,107 | 4,698,521 |
| Colony NorthStar, 7.15%, Series I(a),(f) | 105,000 | 2,673,300 |
| EPR Properties, 9.00%, Series E (Convertible)(a),(f) | 251,000 | 9,003,370 |
| Investors Real Estate Trust, 6.625%, Series C(f) | 90,375 | 2,230,681 |
| Lexington Realty Trust, 6.50%, Series C (\$50 Par Value)(a),(f) | 76,395 | 3,903,403 |
| National Retail Properties, 5.70%, Series E(f) | 175,615 | 4,485,207 |
| National Retail Properties, 5.20%, Series F(f) | 111,902 | 2,806,502 |
| Urstadt Biddle Properties, 7.125%, Series F(f) | 106,600 | 2,704,442 |
| Urstadt Biddle Properties, 6.75%, Series G(f) | 50,000 | 1,315,750 |
| Urstadt Biddle Properties, 6.25%, Series H(f) | 145,225 | 3,752,614 |
| VEREIT, 6.70%, Series F(a),(f) | 710,890 | 18,291,200 |
| Wells Fargo Real Estate Investment Corp., 6.375%, Series A(f) | 207,537 | 5,483,128 |
| | | 68,274,148 |

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| | Number of Shares | Value |
|--|---------------------|--------------|
| FINANCE 0.2% | | |
| Ventas Realty LP/Ventas Capital Corp., 5.45%, due 3/15/43 | 130,054 | \$ 3,311,175 |
| HOTEL 1.8% | | |
| Ashford Hospitality Trust, 7.375%, Series F(f) | 216,000 | 5,382,720 |
| Ashford Hospitality Trust, 7.50%, Series H(f) | 100,000 | 2,518,000 |
| LaSalle Hotel Properties, 6.30%, Series J(f) | 134,000 | 3,430,400 |
| Pebblebrook Hotel Trust, 6.50%, Series C(f) | 160,000 | 4,123,200 |
| Summit Hotel Properties, 6.45%, Series D(f) | 123,000 | 3,137,115 |
| Sunstone Hotel Investors, 6.95%, Series E(f) | 180,000 | 4,878,000 |
| Sunstone Hotel Investors, 6.45%, Series F(f) | 127,100 | 3,307,142 |
| | | 26,776,577 |
| INDUSTRIALS 1.3% | | |
| Monmouth Real Estate Investment Corp., 6.125%, Series C(f) | 200,000 | 5,036,000 |
| PS Business Parks, 5.75%, Series U(a),(f) | 217,978 | 5,482,147 |
| PS Business Parks, 5.70%, Series V(f) | 120,000 | 3,086,400 |
| Rexford Industrial Realty, 5.875%, Series A(f) | 85,500 | 2,184,525 |
| STAG Industrial, 6.875%, Series C(f) | 120,000 | 3,232,800 |
| | | 19,021,872 |
| MANUFACTURED HOME 0.1% | | |
| UMH Properties, 6.75%, Series C(f) | 58,725 | 1,570,307 |
| MORTGAGE 0.2% | | |
| Annaly Capital Management, 6.95% to 9/30/22, Series F(f),(g) | 120,000 | 3,087,600 |
| NET LEASE 0.2% | | |
| Gladstone Commercial Corp., 7.00%, Series D(f) | 20,000 | 520,000 |
| Spirit Realty Capital, 6.00%, Series A(f) | 80,600 | 2,052,076 |
| | | 2,572,076 |
| OFFICE 1.1% | | |
| SL Green Realty Corp., 6.50%, Series I(f) | 197,446 | 4,995,384 |
| Vornado Realty Trust, 6.625%, Series G(f) | 180,000 | 4,595,400 |
| Vornado Realty Trust, 6.625%, Series I(f) | 172,420 | 4,398,434 |
| Vornado Realty Trust, 5.70%, Series K(f) | 86,024 | 2,166,084 |
| | | 16,155,302 |
| RESIDENTIAL 1.5% | | |
| APARTMENT 0.7% | | |
| Apartment Investment & Management Co., 6.875%(a),(f) | 204,000 | 5,393,760 |

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| | Number of Shares | Value |
|---|---------------------|--------------------|
| Blue Rock Residential Growth REIT, 8.25%, Series A(f) | 157,100 | \$ 4,122,775 |
| | | 9,516,535 |
| SINGLE FAMILY 0.8% | | |
| American Homes 4 Rent, 5.50%, Series C(f) | 70,000 | 1,999,900 |
| American Homes 4 Rent, 6.50%, Series D(f) | 201,340 | 5,556,984 |
| American Homes 4 Rent, 6.35%, Series E(f) | 177,900 | 4,728,582 |
| | | 12,285,466 |
| TOTAL RESIDENTIAL | | 21,802,001 |
| SELF STORAGE 0.1% | | |
| Public Storage, 4.90%, Series E(f) | 80,000 | 1,992,000 |
| SHOPPING CENTERS 2.8% | | |
| COMMUNITY CENTER 1.3% | | |
| Cedar Realty Trust, 7.25%, Series B(a),(f) | 72,652 | 1,836,642 |
| DDR Corp., 6.375%, Series A(f) | 172,703 | 4,498,913 |
| DDR Corp., 6.50%, Series J(a),(f) | 416,300 | 10,432,478 |
| Saul Centers, 6.875%, Series C(f) | 99,725 | 2,559,941 |
| | | 19,327,974 |
| REGIONAL MALL 1.5% | | |
| GGP, 6.375%, Series A(f) | 231,468 | 5,944,098 |
| Pennsylvania REIT, 8.25%, Series A(f) | 159,000 | 4,000,440 |
| Pennsylvania REIT, 7.20%, Series C(f) | 158,825 | 4,127,862 |
| Pennsylvania REIT, 6.875%, Series D(f) | 120,000 | 2,998,800 |
| Taubman Centers, 6.25%, Series K(f) | 187,582 | 4,702,681 |
| | | 21,773,881 |
| TOTAL SHOPPING CENTERS | | 41,101,855 |
| SPECIALTY 1.2% | | |
| Digital Realty Trust, 6.625%, Series C(f) | 150,000 | 4,234,500 |
| Digital Realty Trust, 7.375%, Series H(f) | 93,203 | 2,527,665 |
| Digital Realty Trust, 6.35%, Series I(f) | 234,000 | 6,334,380 |
| Digital Realty Trust, 5.25%, Series J(f) | 100,000 | 2,508,000 |
| Farmland Partners, 6.00%, Series B(f) | 90,925 | 2,461,340 |
| | | 18,065,885 |
| TOTAL REAL ESTATE | | 223,730,798 |
| TOTAL PREFERRED SECURITIES \$25 PAR VALUE | | |
| (Identified cost \$229,072,339) | | 246,890,800 |

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| | Principal Amount | Value |
|--|---------------------|------------------|
| PREFERRED SECURITIES CAPITAL SECURITIES 7.3% | | |
| BANKS 1.8% | | |
| Bank of America Corp., 6.30% to 3/10/26, Series DD(f),(g) | \$ 7,000,000 | \$ 7,927,500 |
| Citigroup, 6.125% to 11/15/20, Series R(f),(g) | 4,000,000 | 4,285,000 |
| Farm Credit Bank of Texas, 10.00%, 144A, Series I(a),(f),(h) | 6,000 | 7,335,000 |
| Huntington Bancshares, 8.50%, Series A (Convertible)(f) | 1,077 | 1,593,960 |
| JPMorgan Chase & Co., 6.75% to 2/1/24, Series S(f),(g) | 4,500,000 | 5,152,770 |
| | | 26,294,230 |
| BANKS FOREIGN 2.9% | | |
| Barclays PLC, 8.25% to 12/15/18 (United Kingdom)(f),(g) | 4,001,000 | 4,234,759 |
| BNP Paribas SA, 7.625% to 3/30/21, 144A (France)(f),(g),(h) | 2,000,000 | 2,202,500 |
| Credit Agricole SA, 8.125% to 12/23/25, 144A (France)(f),(g),(h) | 2,000,000 | 2,372,542 |
| Credit Suisse Group AG, 7.50% to 12/11/23, 144A (Switzerland)(f),(g),(h) | 2,891,000 | 3,274,575 |
| DNB Bank ASA, 6.50% to 3/26/22 (Norway)(f),(g) | 3,000,000 | 3,220,311 |
| Dresdner Funding Trust I, 8.151%, due 6/30/31, 144A (Germany)(h) | 4,000,000 | 5,151,540 |
| HBOS Capital Funding LP, 6.85% (United Kingdom)(f) | 2,600,000 | 2,668,250 |
| Lloyds Banking Group PLC, 7.50% to 6/27/24 (United Kingdom)(f),(g) | 4,000,000 | 4,495,000 |
| Royal Bank of Scotland Group PLC, 7.648% to 9/30/31 (United Kingdom)(f),(g) | 4,000,000 | 5,102,000 |
| Royal Bank of Scotland Group PLC, 8.625% to 8/15/21 (United Kingdom)(f),(g) | 4,300,000 | 4,778,375 |
| UBS Group AG, 7.125% to 2/19/20 (Switzerland)(f),(g) | 4,200,000 | 4,473,151 |
| | | 41,973,003 |
| COMMUNICATIONS 0.6% | | |
| Crown Castle International Corp., 6.875%, due 8/1/20, Series A (Convertible) | 7,700 | 8,223,600 |
| INSURANCE 0.6% | | |
| LIFE/HEALTH INSURANCE FOREIGN 0.3% | | |
| La Mondiale Vie, 7.625% to 4/23/19 (France)(f),(g) | 3,750,000 | 4,001,831 |
| PROPERTY CASUALTY FOREIGN 0.3% | | |
| QBE Insurance Group Ltd., 6.75% to 12/2/24, due 12/2/44, (Australia)(g) | 4,052,000 | 4,572,561 |
| TOTAL INSURANCE | | 8,574,392 |

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| | Principal Amount | Value |
|--|-----------------------------|------------------|
| REAL ESTATE 1.0% | | |
| FINANCE 0.8% | | |
| AT Securities BV, 5.25% to 7/21/23 (Netherlands)(f),(g) | \$ 7,500,000 | \$ 7,518,960 |
| CTR Partnership LP/CareTrust Capital Corp., 5.25%, due 6/1/25 | 4,000,000 | 4,126,400 |
| | | 11,645,360 |
| SPECIALTY 0.2% | | |
| Equinix, 5.375%, due 5/15/27 | 3,000,000 | 3,266,250 |
| TOTAL REAL ESTATE | | 14,911,610 |
| UTILITIES 0.4% | | |
| Enel SpA, 8.75% to 09/24/23, due 9/24/73, 144A (Italy)(g),(h) | 5,250,000 | 6,372,187 |
| TOTAL PREFERRED SECURITIES CAPITAL SECURITIES (Identified cost \$96,801,118) | | 106,349,022 |
| CORPORATE BONDS TELECOMMUNICATION 0.6% | | |
| Qualitytech LP/QTS Finance Corp., 5.875%, due 8/1/22 | 8,424,000 | 8,808,555 |
| TOTAL CORPORATE BONDS (Identified cost \$8,535,410) | | 8,808,555 |
| | Number of Shares | |
| SHORT-TERM INVESTMENTS 0.6% | | |
| MONEY MARKET FUNDS | | |
| State Street Institutional Treasury Money Market Fund, Premier Class, 0.92%(i) | 8,800,000 | 8,800,000 |
| TOTAL SHORT-TERM INVESTMENTS (Identified cost \$8,800,000) | | 8,800,000 |
| TOTAL INVESTMENTS (Identified cost \$1,441,891,612) | 131.0% | 1,923,185,379 |
| LIABILITIES IN EXCESS OF OTHER ASSETS | (31.0) | (454,764,580) |
| NET ASSETS (Equivalent to \$13.45 per share based on 109,161,402 shares of common stock outstanding) | 100.0% | \$ 1,468,420,799 |

Glossary of Portfolio Abbreviations

EUR

Euro Currency

| | |
|-------|-------------------------------|
| FRN | Floating Rate Note |
| LIBOR | London Interbank Offered Rate |
| REIT | Real Estate Investment Trust |
| TruPS | Trust Preferred Securities |

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

Represents shares.

- (a) All or a portion of the security is pledged as collateral in connection with the Fund's credit agreement. \$938,295,274 in aggregate has been pledged as collateral.
- (b) A portion of the security has been rehypothecated in connection with the Fund's credit agreement. \$420,864,396 in aggregate has been rehypothecated.
- (c) Security value is determined based on significant unobservable inputs (Level 3).
- (d) Non-income producing security.
- (e) Variable rate. Rate shown is in effect at September 30, 2017.
- (f) Perpetual security. Perpetual securities have no stated maturity date, but they may be called/redeemed by the issuer. The date indicated, if any, represents the next call date.
- (g) Security converts to floating rate after the indicated fixed-rate coupon period.
- (h) Resale is restricted to qualified institutional investors. Aggregate holdings amounted to \$26,708,344 or 1.8% of the net assets of the Fund, of which 0.0% are illiquid.
- (i) Rate quoted represents the annualized seven-day yield of the fund.

COHEN & STEERS QUALITY INCOME 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 (OTC) options are valued based upon prices provided by a third-party pricing service or counterparty.

Securities not listed on the NYSE but listed on other domestic or foreign securities exchanges (including NASDAQ) 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 OTC market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment manager) to be OTC, are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment manager, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities.

Fixed-income securities are valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment manager, pursuant to delegation by the Board of Directors, to reflect the fair value of such securities. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services or broker-dealers also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining fair value and/or characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features which are then used to calculate the fair values.

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.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

The policies and procedures approved by the Fund's Board of Directors delegate authority to make fair value determinations to the investment manager, subject to the oversight of the Board of Directors. The investment manager 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 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 manager 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.

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 investments may or may not be an indication of the risk associated with those investments.

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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 assigned level within the disclosure hierarchy. There were no transfers between Level 1 and Level 2 investments as of September 30, 2017.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

The following is a summary of the inputs used as of September 30, 2017 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: | | | | |
| Real Estate - Diversified | \$ 20,488,038 | \$ 20,418,406 | | \$ 69,632(a) |
| Other Industries | 1,531,848,964 | 1,531,848,964 | | |
| Preferred Securities - \$25 Par Value: | | | | |
| Real Estate - Diversified | 68,274,148 | 66,043,467 | 2,230,681 | |
| Real Estate - Net Lease | 2,572,076 | 520,000 | 2,052,076 | |
| Other Industries | 176,044,576 | 176,044,576 | | |
| Preferred Securities - Capital Securities: | | | | |
| Banks | 26,294,230 | 1,593,960 | 24,700,270 | |
| Communications-Towers | 8,223,600 | 8,223,600 | | |
| Other Industries | 71,831,192 | | 71,831,192 | |
| Corporate Bonds | 8,808,555 | | 8,808,555 | |
| Short-Term Investments | 8,800,000 | | 8,800,000 | |
| Total Investments(b) | \$ 1,923,185,379 | \$ 1,804,692,973 | \$ 118,422,774 | \$ 69,632 |

(a) BGP Holdings PLC was acquired via a spinoff and has been fair valued, by the Valuation Committee, pursuant to the Fund's fair value procedures and classified as a Level 3 security.

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

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

| | Common Stock - Real Estate- Diversified |
|--|---|
| Balance as of December 31, 2016 | \$ 216,646 |
| Sales(a) | (175,688) |
| Realized gain (loss) | 175,688 |
| Change in unrealized appreciation (depreciation) | (147,014) |
| Balance as of September 30, 2017 | \$ 69,632 |

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited) (Continued)

(a) Amount represents proceeds received as part of a liquidating distribution from BGP Holdings PLC and is included in change in unrealized appreciation (depreciation).

The change in unrealized appreciation (depreciation) attributable to securities owned on September 30, 2017 which were valued using significant unobservable inputs (Level 3) amounted to \$28,764.

The following table summarizes the quantitative inputs and assumptions used for investments categorized in Level 3 of the fair value hierarchy.

| | | Fair Value at September 30, 2017 | Valuation Technique | Unobservable Inputs | Input Values |
|--------------|--------------|---|--------------------------------|--------------------------------|-------------------------|
| Common Stock | Real Estate- | | Estimated Distributions Less | | |
| Diversified | | \$ 69,632 | Discount Rate | Discount Rate | 10.00% |

The significant unobservable inputs utilized in the fair value measurement of the Fund's Level 3 equity investments in Common Stock Real Estate - Diversified is a discount rate to reflect the uncertainty regarding the amount and timing of distributions. Significant increases (decreases) in this input may result in a materially lower (higher) fair value measurement.

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 of 1934 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 QUALITY INCOME REALTY FUND, INC.

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

Date: November 28, 2017

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

Date: November 28, 2017

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