

NUVEEN REAL ESTATE INCOME FUND  
Form N-CSRS  
September 08, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-10491  
Nuveen Real Estate Income Fund

(Exact name of registrant as specified in charter)

Nuveen Investments

333 West Wacker Drive, Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy

Nuveen Investments

333 West Wacker Drive, Chicago, IL 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: December 31

Date of reporting period: June 30, 2015

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the

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information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policy making roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ( OMB ) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss.3507.

**ITEM 1. REPORTS TO STOCKHOLDERS.**

**Closed-End Funds**

Nuveen Investments  
**Closed-End Funds**

**Semi-Annual Report** June 30, 2015

**JRS**  
Nuveen Real Estate Income Fund

## IMPORTANT DISTRIBUTION NOTICE

for Shareholders of the Nuveen Real Estate Income Fund (JRS)

Semi-Annual Shareholder Report for the period ending June 30, 2015

**The Nuveen Real Estate Income Fund seeks to offer attractive cash flow to its shareholders, by converting the expected long-term total return potential of the Fund's investments in REITs into regular quarterly distributions. Following is a discussion of the Managed Distribution Policy the Fund uses to achieve this.**

The Fund pays quarterly common share distributions that seek to convert the Fund's expected long-term total return potential into regular cash flow. As a result, the Fund's regular common share distributions (presently \$0.2400 per share) may be derived from a variety of sources, including:

distributions from portfolio companies (REITs),

realized capital gains or,

possibly, returns of capital representing in certain cases unrealized capital appreciation.

Such distributions are sometimes referred to as managed distributions. The Fund seeks to establish a distribution rate that roughly corresponds to the Adviser's projections of the total return that could reasonably be expected to be generated by the Fund over an extended period of time. The Adviser may consider many factors when making such projections, including, but not limited to, long-term historical returns for the asset classes in which the Fund invests. As portfolio and market conditions change, the distribution amount and distribution rate on the Common Shares under the Fund's Managed Distribution Policy could change.

When it pays a distribution, the Fund provides holders of its Common Shares a notice of the estimated sources of the Fund's distributions (i.e., what percentage of the distributions is estimated to constitute ordinary income, short-term capital gains, long-term capital gains, and/or a non-taxable return of capital) on a year-to-date basis. It does this by posting the notice on its website ([www.nuveen.com/cef](http://www.nuveen.com/cef)), and by sending it in written form.

You should not draw any conclusions about the Fund's investment performance from the amount of this distribution or from the terms of the Fund's Managed Distribution Policy. The Fund's actual financial performance will likely vary from month-to-month and from year-to-year, and there may be extended periods when the distribution rate will exceed the Fund's actual total returns. The Managed Distribution Policy provides that the Board may amend or terminate the Policy at any time without prior notice to Fund shareholders. There are presently no reasonably foreseeable

circumstances that might cause the Fund to terminate its Managed Distribution Policy.

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**Chairman's Letter  
to Shareholders**

**Dear Shareholders,**

For better or for worse, the financial markets have spent the past year waiting for the U.S. Federal Reserve (Fed) to end its ultra-loose monetary policy. The policy has propped up stock and bond markets since the Great Recession, but the question remains: how will markets behave without its influence? This uncertainty has been a considerable source of volatility for stock and bond prices lately, despite the Fed carefully conveying its intention to raise rates slowly and only when the economy shows evidence of readiness.

A large consensus expects at least one rate hike before the end of 2015. After all, the U.S. has reached full employment by the Fed's standards and growth has resumed albeit unevenly. But the picture is somewhat muddled. Inflation has remained stubbornly low, most recently weighed down by an unexpectedly sharp decline in commodity prices since mid-2014. With the Fed poised to tighten and foreign central banks easing, the U.S. dollar has surged against other currencies, which has weighed on corporate earnings and further contributed to commodity price weakness. U.S. consumers have benefited from an improved labor market and lower prices at the gas pump, but the overall pace of economic expansion has been lackluster.

Nevertheless, the global recovery continues to be led by the U.S. Policy makers around the world are deploying their available tools to try to bolster Europe and Japan's fragile growth, and manage China's slowdown. Contagion fears ebb and flow with the headlines about Greece and China. Greece reluctantly agreed to a third bailout package from the European Union in July and China's central bank and government intervened aggressively to try to stem the sell-off in stock prices. But persistent structural problems in these economies will continue to garner market attention.

Wall Street is fond of saying markets don't like uncertainty, and asset prices are likely to continue to churn in the current macro environment. In times like these, you can look to a professional investment manager with the experience and discipline to maintain the proper perspective on short-term events. And if the daily headlines do concern you, I encourage you to reach out to your financial advisor. Your financial advisor can help you evaluate your investment strategies in light of current events, your time horizon and risk tolerance. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

William J. Schneider

Chairman of the Board

August 24, 2015



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## Portfolio Managers

### Comments

Nuveen Real Estate Income Fund (JRS)

*The Fund's portfolio is managed by a team of real estate investment professionals at Security Capital Research & Management Incorporated (Security Capital), a wholly-owned subsidiary of JPMorgan Chase & Company. Anthony R. Manno Jr., Kenneth D. Statz and Kevin W. Bedell lead the team and have managed JRS since its inception in 2001.*

*Here they review their management strategy and the performance of the Fund for the six-month reporting period ended June 30, 2015.*

### **What key strategies were used to manage the Fund during this six-month reporting period ended June 30, 2015?**

The Fund is designed to invest at least 90% of its assets in income producing common stocks, preferred stocks, convertible preferred stocks and debt securities issued by real estate companies, with at least 80% of its total assets invested in income producing equity securities issued by Real Estate Investment Trusts (REITs).

In managing the JRS portfolio, Security Capital seeks to maintain significant property type and geographic diversification while taking into account company credit quality, sector and security-type allocations. Investment decisions are based on a multi-layered analysis of the company, the real estate it owns, its management and the relative price of the security, with a focus on securities that we believe will be best positioned to generate sustainable income and potential price appreciation over the long-run. In addition to fundamental security research, the proportion of the Fund invested in common equity versus preferred, fixed-income and cash investments is a key tactic we use to manage risk at a portfolio level. In general, in times of strong economic growth we increase the portfolio allocation to common equity. In less certain times, we tend to increase our allocation toward senior securities. As of June 30, 2015, the allocation for the portfolio was 59.6% in common equity, 36.9% in preferreds, 0.0% in bonds and 3.5% in cash.

### **How did the Fund perform during this six-month reporting period ended June 30, 2015?**

The table in the Performance Overview and Holding Summaries section of this report provides total returns for the six-month, one-year, five-year and ten-year periods ended June 30, 2015. The Fund's total returns on net asset value (NAV) are compared with the performance of a corresponding market index. For the six-month reporting period ended June 30, 2015, JRS outperformed the Wilshire U.S. Real Estate Securities Index and underperformed its Blended Benchmark.

After a strong first quarter, U.S. REIT common equity securities, as measured by the Wilshire U.S. Real Estate Securities Index, declined in the second quarter in the context of a rise in long-term interest rates and continued simmering on a number of global economic and political risks. REIT perpetual preferred securities, as measured by the Wells Fargo Hybrid and Preferred Securities REIT Index, delivered a modest but positive year-to-date return.

**Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.**

**Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's (S&P), Moody's Investors Service (Moody's), Inc. or Fitch, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.**

**Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.**

**Portfolio Managers Comments** (continued)

Within the Fund's common equity holdings several factors contributed to performance. There were distinctive performance differences by major property type with underlying themes and influences reflecting company-specific factors, earlier reporting period performance differentials, as well as shifting investor expectations colored by macro-economic trends. With interest rate anxieties increasing during the second quarter, the term structure of assets, with reference to the length and structure of the typical leases with users, clearly influenced relative performance by property type. Year-to-date, the performance leaders by major property type were self storage, apartment and manufactured home companies. Self-storage companies, such as CubeSmart (CUBE) continue to exhibit strong and durable property operations, driven in part by housing market trends, lack of new supply, as well as expense saving technology. Apartment companies, such as UDR, Inc. and Apartment Investment & Management Company, which contributed to performance, continue to drive healthy revenue growth, despite investors' wariness of asset and company valuations in the context of rebounding levels of new supply, rising property taxes and perceived headwinds from a recovering single family housing market. Discounted valuations on the heels of lagging performance in 2013 and evidence of single family housing recovery during 2014 were key drivers of strong stock performance for the group much of last year and into the first half of 2015.

There were several factors that detracted from performance. Within the Fund's common equity holdings, the relative underperformers by major property type were industrial, strip shopping center and hotel companies. For hotel companies, the Fund benefited from an underweight to the sector, but was off-set by stock selection. In general, hotel operations are sensitive to the economy and continue to respond very favorably to a combination of healthy corporate and leisure travel patterns and the generally low level of new supply. Within industrial companies, such as Prologis, Inc. detracted from performance. Rent and occupancy trends have been very healthy, yet pricing appears to be impacted by concern for escalating new construction in a number of key distribution markets, particularly given the short lead times for delivering new industrial assets and abundant capital availability. Lastly, strip shopping center companies, such as DDR Corporation and Kite Realty Group Trust detracted from performance. In general, strip shopping center companies are benefitting from healthy demand for space from big box anchor tenants in the context of almost no new construction and hopeful indicators for in-line small shop tenancy related to a strengthening economy. In spite of this, investors are wary of prospective challenges, including shifting big-box business models in the face of internet competition, heightened competition facing grocers and relatively fragile small shop credit.

We believe the issue at hand is the extent to which increasing rates will impact real estate valuations and investor returns. On this question, real estate investors and generalist stock investors appear to be seeing the world differently, and we believe this tension is leading to some significant quarter-to-quarter price volatility within REIT common equity.

While dedicated real estate investors are keenly focused on interest rates, the continued advance of underlying asset values suggest that private real estate markets as a whole have largely shrugged off interest rate gyrations. Real estate investors appear focused to a greater extent on a host of factors which have not changed and together characterize a highly favorable fundamental and financial positioning for continued cash flow growth and stable valuations. These include low borrowing spreads, accommodating debt markets, low levels of new construction and stable-to-improving rent/occupancy levels. In this context, U.S. and global institutional demand for U.S. real estate investments is strong, pricing is stable-to-improving and there is a suggestion that private capital stands ready to take advantage of public market overreactions where they occur.

The behavior of generalist stock investors, which include large/small cap stock funds, hedge funds and closed-end funds, among others, suggest a different view. Many of these investors embrace a dividend orientation to investing in REIT common equity and within their portfolios REITs are aligned with a group of income-oriented investments

which may become significantly less appealing as rates rise and vice versa.

We anticipate that this tension, and the resulting quarter-to-quarter price volatility, may likely continue as the highly diverse universe of REIT investors respond to shifting signals and interpretations of Fed actions and intent, among a

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myriad of other factors. With the upward advance of real estate values and the latest rate-induced downdraft in REIT common pricing, we are seeing evidence of a material arbitrage between public market pricing of REITs and the value afforded their assets by real estate investors. Our research suggests that material NAV discounts are a factor across a broad spectrum of the U.S. REIT market, particularly the small/mid cap REITs. The mechanisms by which this arbitrage is monetized are likely to be varied, ranging from merger and acquisitions (M&A), as we saw in the second quarter, to simply selling assets and/or buying back stock. In this context, at the end of the reporting period, we find REIT valuations attractive.

The average allocation for the portfolio between REIT common equity and REIT preferreds for the reporting period was 59.6% in REIT common equity and 36.9% in REIT preferred with the balance in cash. The Fund's ability to shift allocation between common equity and preferred investments is an important management tool to balance growth and income-safety in an economy experiencing a slow but uneven recovery.

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**Fund****Leverage****IMPACT OF THE FUND'S LEVERAGE STRATEGY ON PERFORMANCE**

One important factor impacting the return of the Fund relative to its benchmarks was the Fund's use of leverage through the use of bank borrowings. The Fund uses leverage because our research has shown that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by the Fund decline, the negative impact of these valuation changes on common share NAV and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by the Fund generally are rising. The Fund's use of leverage had a positive impact on performance during this reporting period.

The Fund also continued to use swap contracts to partially fix the interest cost of leverage, which as mentioned previously, the Fund uses through bank borrowings. The swap contracts impact on performance was modestly negative during this reporting period as short-term rates generally moved lower.

As of June 30, 2015, the Fund's percentages of leverage are as shown in the accompanying table.

	<b>JRS</b>
Effective Leverage*	30.56%
Regulatory Leverage*	30.56%

\*Effective leverage is the Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Regulatory leverage consists of preferred shares issued or borrowings of the Fund. Both of these are part of the Fund's capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

**THE FUND'S REGULATORY LEVERAGE***Bank Borrowings*

The Fund employs regulatory leverage through the use of bank borrowings. As of June 30, 2015, the Fund had outstanding bank borrowings of \$140,000,000.

Refer to Notes to Financial Statements, Note 8 – Borrowing Arrangements for further details.

**Common Share****Information****DISTRIBUTION INFORMATION**

The following information presents the Fund's most current distribution information as of May 31, 2015, the date of the distribution data included within the Fund's most recent distribution notice at the time this report was prepared.

Because the ultimate tax character of your distributions depends on the Fund's performance for its entire fiscal year (which is the calendar year for the Fund) as well as certain fiscal year-end (FYE) tax adjustments, estimated distribution source information you receive with each distribution may differ from the tax information reported to you on your Fund's IRS Form 1099 statement.

This notice provides shareholders with information regarding fund distributions, as required by current securities laws. You should not draw any conclusions about the Fund's investment performance from the amount of this distribution or from the terms of the Fund's Managed Distribution Policy.

The Fund may in certain periods distribute more than its income and net realized capital gains, although the Fund currently estimates that it has not done so for the fiscal year-to-date period. In such instances, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with yield or income.

The amounts and sources of distributions set forth below are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes. More details about the Fund's distributions and the basis for these estimates are available on [www.nuveen.com/cef](http://www.nuveen.com/cef).

The following table provides estimates of the Fund's distribution sources, reflecting year-to-date cumulative experience through the latest month-end. The Fund attributes these estimates equally to each regular distribution throughout the year. Consequently, the estimated information shown below is for the current distribution, and also represents an updated estimate for all prior months in the year.

**Data as of 5/31/2015**

JRS (FYE 12/31)	Per Share Distribution	Estimated Per Share Sources of Distribution <sup>1</sup>				Estimated Percentage of the Distribution			
		Long-Term NII	Short-Term Gains	Short-Term Gains	Return of Capital	Long-Term NII	Short-Term Gains	Short-Term Gains	Return of Capital
Current Quarter	\$ 0.2400	\$ 0.1131	\$ 0.1180	\$ 0.0090	\$ 0.0000	47.1%	49.1%	3.7%	0.0%
Fiscal YTD	\$ 0.4800	\$ 0.2262	\$ 0.2359	\$ 0.0179	\$ 0.0000	47.1%	49.1%	3.7%	0.0%



<sup>1</sup> Net investment income is a projection through the end of the current calendar quarter using actual data through the stated month-end date above. Capital gain amounts are as of the stated date above. JRS owns REIT securities which attribute their distributions to various sources including NII, gains, and return of capital. The NII estimates above are based on prior year attributions which can be expected to differ from the actual final attributions for the current year.

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**Common Share Information** (continued)

The following table provides information regarding JRS distributions and total return performance over various time periods. This information is intended to help you better understand whether returns for the specified time periods were sufficient to meet distributions.

**Data as of 5/31/2015**

JRS (FYE 12/31) Inception Date	Quarterly Distribution	Fiscal YTD Distribution	Net Asset Value (NAV)	Annualized	Fiscal	Cumulative
				5-Year Total Return on NAV	YTD Total Return on NAV	Fiscal YTD Total Return on NAV <sup>1</sup>
Nov 2001	\$ 0.2400	\$ 0.4800	\$ 11.74	15.06%	8.18%	(0.92)% 4.09%

<sup>1</sup> As a percentage of 5/31/2015 NAV.

**COMMON SHARE EQUITY SHELF PROGRAM**

During the current reporting period, the Fund was authorized to issue an additional 7.1 million common shares through its equity shelf program. Under this program, the Fund, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above the Fund's NAV per common share.

During the current reporting period, the Fund did not sell shares through its equity shelf program.

As of April 30, 2015, the Fund's shelf offering registration statement was no longer current. Therefore, the Fund is unable to issue additional common shares under its equity shelf program until a post-effective amendment to the Fund's registration statement is filed with the Securities and Exchange Commission.

**COMMON SHARE REPURCHASES**

During August 2014, the Fund's Board of Trustees reauthorized an open-market share repurchase program, allowing the Fund to repurchase an aggregate of up to approximately 10% of its outstanding shares.

As of June 30, 2015, and since the inception of the Fund's repurchase program, the Fund has cumulatively repurchased and retired common shares as shown in the accompanying table.

	<b>JRS</b>
Common Shares Cumulatively Repurchased and Retired	0
Common Shares Authorized for Repurchase	2,890,000

**OTHER COMMON SHARE INFORMATION**

As of June 30, 2015, and during the current reporting period, the Fund's common share price was trading at a premium/(discount) to its common share NAV as shown in the accompanying table.

	<b>JRS</b>
Common Share NAV	\$11.01
Common Share Price	\$10.21
Premium/(Discount) to NAV	(7.27)%
6-Month Average Premium/(Discount) to NAV	(5.31)%

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## Risk

### Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund's investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Real estate investments** may suffer due to economic downturns and changes in commercial real estate values, rents, property taxes, interest rates and tax laws. The Fund's **concentration** in real estate may involve greater risk and volatility than more diversified investments. Prices of **equity securities** may decline significantly over short or extended periods of time. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Leverage** increases return volatility and magnifies the Fund's potential return and its risks; there is no guarantee a fund's leverage strategy will be successful. For these and other risks such as **preferred securities** risk, see the Fund's web page at [www.nuveen.com/JRS](http://www.nuveen.com/JRS)

**JRS****Nuveen Real Estate Income Fund****Performance Overview and Holding Summaries as of June 30, 2015**

Refer to the Glossary of Terms Used in this Report for further definitions of terms used in this section.

**Average Annual Total Returns as of June 30, 2015**

	<b>Cumulative 6-Month</b>	<b>1-Year</b>	<b>Average Annual 5-Year</b>	<b>10-Year</b>
JRS at Common Share NAV	(5.06)%	5.80%	15.10%	2.95%
JRS at Common Share Price	(7.29)%	0.71%	13.36%	3.68%
Wilshire U.S. Real Estate Securities Index (WILRESI)	(5.33)%	5.59%	14.74%	6.87%
Blended Benchmark	(2.08)%	6.53%	13.10%	N/A
S&P 500 <sup>®</sup> Index	1.23%	7.42%	17.34%	7.89%

**Average Annual Total Returns as of June 30, 2015<sup>1</sup>**

(including retained gain tax credit/refund)

	<b>Cumulative 6-Month</b>	<b>1-Year</b>	<b>Average Annual 5-Year</b>	<b>10-Year</b>
JRS at Common Share NAV	(5.06)%	5.80%	15.10%	3.65%
JRS at Common Share Price	(7.29)%	0.71%	13.36%	4.40%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund's shares at NAV only. Indexes are not available for direct investment.

**Common Share Price Performance Weekly Closing Price**

**This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.**

### Fund Allocation

(% of net assets)

Real Estate Investment Trust Common Stocks	86.8%
Real Estate Investment Trust Preferred Stocks	53.8%
Repurchase Agreements	5.1%
Other Assets Less Liabilities	(1.7)%
<b>Net Assets Plus Borrowings</b>	<b>144.0%</b>
Borrowings	(44.0)%
<b>Net Assets</b>	<b>100%</b>

### Credit Quality

(% of total Real Estate Investment Trust Preferred Stocks)

A	10.0%
BBB	30.0%
BB or Lower	23.0%
N/R (not rated)	37.0%
<b>Total</b>	<b>100%</b>

### Portfolio Composition

(% of total investments)<sup>2</sup>

Retail	29.0%
Office	19.1%
Residential	13.8%
Health Care	9.9%
Specialized	8.7%
Hotels, Restaurants & Leisure	8.0%
Repurchase Agreements	3.5%
Other	8.0%
<b>Total</b>	<b>100%</b>

### Top Five Common Stock Issuers

(% of total investments)<sup>2</sup>

Simon Property Group, Inc.	5.2%
Prologis, Inc.	2.8%
AvalonBay Communities, Inc.	2.7%
Public Storage, Inc.	2.7%
Equity Residential	2.7%

**Top Five Preferred Stock Issuers**

(% of total investments)<sup>2</sup>

Highwoods Properties, Inc., Series A	3.2%
Health Care REIT, Inc.	2.7%
Taubman Center Incorporated, Series K	2.5%
General Growth Properties	2.5%
Hudson Pacific Properties Inc.	1.9%

1 The Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. These standardized total returns include the economic benefit to common shareholders of record of this tax credit/refund. The Fund had no retained capital gains for the tax years ended December 31, 2008 through December 31, 2014 or for the tax years ended prior to December 31, 2006.

2 Excluding investments in derivatives.

N/A Not Applicable.

**Shareholder****Meeting Report**

The annual meeting of shareholders was held in the offices of Nuveen Investments on March 26, 2015 for JRS; at this meeting the shareholders were asked to elect Board Members.

	<b>JRS</b> Common Shares
<b>Approval of the Board Members was reached as follows:</b>	
Jack B. Evans	
For	24,648,181
Withhold	592,592
Total	25,240,773
William J. Schneider	
For	24,634,563
Withhold	606,210
Total	25,240,773
Thomas S. Schreier, Jr.	
For	24,657,196
Withhold	583,577
Total	25,240,773



JRS

**Nuveen Real Estate Income Fund**  
**Portfolio of Investments**

June 30, 2015 (Unaudited)

Shares	Description (1)	Value
<b>LONG-TERM INVESTMENTS 140.6% (96.5% of Total Investments)</b>		
<b>REAL ESTATE INVESTMENT TRUST COMMON STOCKS 86.8%</b>		
<b>(59.6% of Total Investments)</b>		
<b>Diversified 2.5% (1.7% of Total Investments)</b>		
270,756	Duke Realty Corporation, (2)	\$ 5,027,939
92,350	Liberty Property Trust	2,975,517
	Total Diversified	8,003,456
<b>Health Care 9.7% (6.6% of Total Investments)</b>		
180,960	HCP, Inc., (2)	6,599,611
177,931	Health Care REIT, Inc., (2)	11,677,612
239,900	Senior Housing Properties Trust, (2)	4,210,245
132,390	Ventas Inc.	8,220,095
	Total Health Care	30,707,563
<b>Hotels, Restaurants &amp; Leisure 7.1% (4.9% of Total Investments)</b>		
361,325	Host Hotels & Resorts Inc.	7,165,075
39,400	Hyatt Hotels Corporation, Class A, (3)	2,233,586
133,100	LaSalle Hotel Properties	4,719,726
147,600	RLJ Lodging Trust	4,395,528
51,850	Starwood Hotels & Resorts Worldwide, Inc.	4,204,517
	Total Hotels, Restaurants & Leisure	22,718,432
<b>Industrial 4.9% (3.4% of Total Investments)</b>		
75,950	DCT Industrial Trust Inc.	2,387,868
354,803	Prologis, Inc., (2)	13,163,191
	Total Industrial	15,551,059
<b>Office 15.9% (11.0% of Total Investments)</b>		
86,850	Alexandria Real Estate Equities Inc.	7,595,901
425,840	BioMed Realty Trust Inc.	8,235,746
65,350	Boston Properties, Inc.	7,909,964
105,000	Columbia Property Trust Inc., (2)	2,577,750
209,400	Douglas Emmett Inc.	5,641,236
160,350	Paramount Group Inc.	2,751,606
149,200	Piedmont Office Realty Trust	2,624,428
48,300	SL Green Realty Corporation	5,307,687
84,510	Vornado Realty Trust, (2)	8,022,534
	Total Office	50,666,852
<b>Residential 17.0% (11.7% of Total Investments)</b>		

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213,976	Apartment Investment & Management Company, Class A, (2)	7,902,134
79,488	AvalonBay Communities, Inc.	12,707,747
42,500	Camden Property Trust	3,156,900
68,500	Equity Lifestyles Properties Inc., (2)	3,601,730
176,720	Equity Residential, (2)	12,400,442
22,838	Essex Property Trust Inc.	4,853,075
36,150	Mid-America Apartment Communities	2,632,081
218,430	UDR Inc.	6,996,313
	<b>Total Residential</b>	<b>54,250,422</b>
	<b>Retail 22.4% (15.3% of Total Investments)</b>	
216,150	Brixmor Property Group Inc.	4,999,549
338,350	Developers Diversified Realty Corporation, (2)	5,230,891
255,849	General Growth Properties Inc.	6,565,085
207,850	Kimco Realty Corporation	4,684,939
161,400	Kite Realty Group Trust	3,949,458

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**JRS Nuveen Real Estate Income Fund**  
**Portfolio of Investments (continued)**

June 30, 2015 (Unaudited)

Shares	Description (1)	Value
<b>Retail (continued)</b>		
131,577	Macerich Company, (2)	\$ 9,815,644
64,260	Regency Centers Corporation, (2)	3,790,055
174,350	Retail Opportunity Investments Corporation, (2)	2,723,347
139,149	Simon Property Group, Inc., (2)	24,075,560
76,400	Taubman Centers Inc., (2)	5,309,800
	<b>Total Retail</b>	<b>71,144,328</b>
<b>Specialized 7.3% (5.0% of Total Investments)</b>		
331,200	CubeSmart	7,670,592
46,150	Extra Space Storage Inc., (2)	3,009,903
67,337	Public Storage, Inc., (2)	12,414,923
	<b>Total Specialized</b>	<b>23,095,418</b>
	<b>Total Real Estate Investment Trust Common Stocks</b> (cost \$210,865,885)	<b>276,137,530</b>

Shares	Description (1)	Coupon	Ratings (4)	Value
<b>REAL ESTATE INVESTMENT TRUST PREFERRED STOCKS 53.8% (36.9% of Total Investments)</b>				
<b>Diversified 3.3% (2.3% of Total Investments)</b>				
24,700	First Potomac Realty Trust	7.750%	N/R	\$ 632,320
3,550	PS Business Parks, Inc.	6.875%	Baa2	90,064
135,100	PS Business Parks, Inc.	6.450%	Baa2	3,431,540
134,500	Vornado Realty Trust	6.625%	BBB	3,382,675
125,100	Vornado Realty Trust	5.700%	BBB	2,972,376
	<b>Total Diversified</b>			<b>10,508,975</b>
<b>Health Care 4.9% (3.3% of Total Investments)</b>				
494,250	Health Care REIT, Inc.	6.500%	Baa3	12,563,835
114,800	Sabra Health Care Real Estate Investment Trust	7.125%	BB	2,967,580
	<b>Total Health Care</b>			<b>15,531,415</b>
<b>Hotels, Restaurants &amp; Leisure 4.5% (3.1% of Total Investments)</b>				
100,000	Ashford Hospitality Trust Inc.	8.450%	N/R	2,559,000
145,800	Hospitality Properties Trust	7.125%	Baa3	3,725,190
43,650	Pebblebrook Hotel Trust	7.875%	N/R	1,117,876
11,800	Summit Hotel Properties Inc.	9.250%	N/R	315,060
247,950	Sunstone Hotel Investors Inc.	8.000%	N/R	6,521,085
	<b>Total Hotels, Restaurants &amp; Leisure</b>			<b>14,238,211</b>
<b>Industrial 0.9% (0.6% of Total Investments)</b>				
114,700	Terreno Realty Corporation	7.750%	BB	3,010,875
<b>Office 11.9% (8.1% of Total Investments)</b>				

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253,200	Alexandria Real Estate Equities Inc., Series B	6.450%	Baa3	6,469,260
40,000	Brandywine Realty Trust, Series D	6.900%	Ba1	1,032,000
152,400	Equity Commonwealth	7.250%	Ba1	3,887,724
12,359	Highwoods Properties, Inc., Series A, (5)	8.625%	Baa3	14,707,210
339,450	Hudson Pacific Properties Inc.	8.375%	BB	8,723,865
15,500	Kilroy Realty Corporation	6.375%	Baa3	394,475
99,000	SL Green Realty Corporation	6.500%	Ba1	2,550,240
	Total Office			37,764,774
	<b>Residential 3.0% (2.1% of Total Investments)</b>			
36,100	Apartment Investment & Management Company	7.000%	BB	941,488
234,450	Apartment Investment & Management Company	6.875%	BB	6,285,604
89,100	Campus Crest Communities	8.000%	N/R	2,205,225
10,000	Equity Lifestyle Properties Inc.	6.750%	N/R	254,000
	Total Residential			9,686,317

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Shares	Description (1)	Coupon	Ratings (4)	Value
<b>Retail 19.9% (13.7% of Total Investments)</b>				
324,500	CBL & Associates Properties Inc.	7.375%	BB	\$ 8,154,685
100,950	Excel Trust Inc.	8.125%	BB	2,528,797
452,500	General Growth Properties	6.375%	N/R	11,452,775
158,000	Inland Real Estate Corporation	8.125%	N/R	4,123,800
215,900	Inland Real Estate Corporation	6.950%	N/R	5,613,400
2,350	Kite Realty Group Trust	8.250%	N/R	60,346
304,250	Saul Centers, Inc.	6.875%	N/R	7,989,605
3,169	Simon Property Group, Inc.	8.375%	BBB+	222,147
454,000	Taubman Centers Incorporated, Series K	6.250%	N/R	11,545,220
188,650	Taubman Centers Incorporated., Series J	6.500%	N/R	4,755,867
45,150	Urstadt Biddle Properties	7.125%	N/R	1,185,639
127,900	Urstadt Biddle Properties	6.750%	N/R	3,386,792
95,000	WP GLIMCHER, Inc.	6.875%	Baa3	2,458,600
	Total Retail			63,477,673
<b>Specialized 5.4% (3.7% Total Investments)</b>				
4,850	CubeSmart	7.750%	Baa3	127,798
186,000	Public Storage, Inc., Series Y	6.375%	A	4,860,180
311,150	Public Storage, Inc., Series R	6.350%	A	7,906,321
167,000	Public Storage, Inc., Series S, (6)	5.900%	A	4,144,940
	Total Specialized			17,039,239
	Total Real Estate Investment Trust Preferred Stocks (cost \$165,141,204)			171,257,479
	<b>Total Long-Term Investments (cost \$376,007,089)</b>			<b>447,395,009</b>
<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Value</b>
	<b>SHORT-TERM INVESTMENTS 5.1% (3.5% of Total Investments)</b>			
	<b>REPURCHASE AGREEMENTS 5.1% (3.5 of Total Investments)</b>			
\$ 16,274	Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/15, repurchase price \$16,273,578, collateralized by \$16,895,000 U.S. Treasury Notes, 1.750%, due 4/30/22, value \$16,599,338	0.000%	7/01/15	\$ 16,273,578
	<b>Total Short-Term Investments (cost \$ 16,273,578)</b>			<b>16,273,578</b>
	<b>Total Investments (cost \$392,280,667) 145.7%</b>			<b>463,668,587</b>
	<b>Borrowings (44.0)% (7), (8)</b>			<b>(140,000,000)</b>
	<b>Other Assets Less Liabilities (1.7)% (9)</b>			<b>(5,483,140)</b>
	<b>Net Assets Applicable to Common Shares 100%</b>			<b>\$ 318,185,447</b>

**JRS Nuveen Real Estate Income Fund**  
**Portfolio of Investments** (continued)

**June 30, 2015** (Unaudited)

Investments in Derivatives as of June 30, 2015

**Interest Rate Swaps outstanding:**

Counterparty	Notional Amount	Fund Pay/Receive	Floating Rate Index	Fixed Rate (Annualized)	Fixed Rate Payment Frequency	Effective Date (10)	Termination Date (10)	Applicable Depreciation
JPMorgan	\$ 35,761,000	Receive	1-Month USD-LIBOR-ICE	1.462%	Monthly	12/01/15	12/01/20	\$
JPMorgan	35,761,000	Receive	1-Month USD-LIBOR-ICE	1.842	Monthly	12/01/15	12/01/22	\$
	\$ 71,522,000							\$

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to common shares unless otherwise noted.
- (2) Investment, or portion of investment, is out on loan as described in Note 8 – Borrowing Arrangements. The total value of investments out on loan as of the end of the reporting period was \$1,825,100.
- (3) Non-income producing; issuer has not declared a dividend within the past twelve months.
- (4) Ratings: Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (5) For fair value measurement disclosure purposes, investment classified as Level 2. See Notes to Financial Statements, Note 2 – Investment Valuation and Fair Value Measurements for more information.

- (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.
- (7) Borrowings as a percentage of Total Investments is 30.2%.
- (8) The Fund may pledge up to 100% of its eligible investments (excluding any investments separately pledged as collateral for specific investments in derivatives, when applicable) in the Portfolio of Investments as collateral for borrowings. As of the end of the reporting period, investments with a value of \$285,898,734 have been pledged as collateral for borrowings.
- (9) Other assets less liabilities includes the unrealized appreciation (depreciation) of certain over-the-counter derivatives as presented on the Statement of Assets and Liabilities. The unrealized appreciation (depreciation) of exchange-cleared and exchange-traded derivatives is recognized as part of the cash collateral at brokers and/or the receivable or payable for variation margin as presented on the Statement of Assets and Liabilities, when applicable.
- (10) Effective date represents the date on which both the Fund and Counterparty commence interest payment accruals on each contract.

REIT Real Estate Investment Trust

USD-LIBOR-ICE United States Dollar London Inter-Bank Offered Rate Intercontinental Exchange

*See accompanying notes to financial statements.*

**Statement of****Assets and Liabilities****June 30, 2015** (Unaudited)

<b>Assets</b>	
Long-term investments, at value (cost \$376,007,089)	\$ 447,395,009
Short-term investments, at value (cost approximates value)	16,273,578
Receivable for dividends	2,123,969
Other assets	101,727
<b>Total assets</b>	<b>465,894,283</b>
<b>Liabilities</b>	
Borrowings	140,000,000
Unrealized depreciation on interest rate swaps	501,930
Payable for common share dividends	6,695,268
Accrued expenses:	
Management fees	333,462
Interest on borrowings	8,053
Trustees fees	84,349
Other	85,774
<b>Total liabilities</b>	<b>147,708,836</b>
<b>Net assets applicable to common shares</b>	<b>\$ 318,185,447</b>
Common shares outstanding	28,892,471
<b>Net asset value ( NAV ) per common share outstanding</b>	<b>\$ 11.01</b>
<b>Net assets applicable to common shares consist of:</b>	
Common shares, \$.01 par value per share	\$ 288,925
Paid-in surplus	357,708,698
Undistributed (Over-distribution of) net investment income	(8,593,957)
Accumulated net realized gain (loss)	(102,104,209)
Net unrealized appreciation (depreciation)	70,885,990
<b>Net assets applicable to common shares</b>	<b>\$ 318,185,447</b>
Authorized shares:	
Common	Unlimited
Preferred	Unlimited

*See accompanying notes to financial statements.*



**Statement of****Operations****Six Months Ended June 30, 2015** (Unaudited)**Investment Income**

Dividends	\$ 8,405,390
Interest	2,079
Other	104,189
<b>Total investment income</b>	<b>8,511,658</b>

**Expenses**

Management fees	2,098,460
Interest expense on borrowings	722,798
Custodian fees	37,869
Trustees fees	6,441
Professional fees	30,554
Shareholder reporting expenses	36,111
Shareholder servicing agent fees	1,261
Shelf offering expenses	196,242
Stock exchange listing fees	3,148
Investor relations expense	34,264
Other	7,241
<b>Total expenses</b>	<b>3,174,389</b>
<b>Net investment income (loss)</b>	<b>5,337,269</b>

**Realized and Unrealized Gain (Loss)**

Net realized gain (loss) from investments	8,891,677
Change in net unrealized appreciation (depreciation) of:	
Investments	(30,472,151)
Swaps	(695,948)
<b>Net realized and unrealized gain (loss)</b>	<b>(22,276,422)</b>
<b>Net increase (decrease) in net assets applicable to common shares from operations</b>	<b>\$ (16,939,153)</b>

*See accompanying notes to financial statements.*

**Statement of****Changes in Net Assets**

(Unaudited)

	<b>Six Months Ended 6/30/15</b>	<b>Year Ended 12/31/14</b>
<b>Operations</b>		
Net investment income (loss)	\$ 5,337,269	\$ 10,765,444
Net realized gain (loss) from:		
Investments	8,891,677	35,798,985
Swaps		(1,024,375)
Change in net unrealized appreciation (depreciation) of:		
Investments	(30,472,151)	55,323,662
Swaps	(695,948)	(2,096,322)
Net increase (decrease) in net assets applicable to common shares from operations	(16,939,153)	98,767,394
<b>Distributions to Common Shareholders</b>		
From and in excess of net investment income	(13,868,386)	
From net investment income		(25,991,823)
Decrease in net assets applicable to common shares from distributions to common shareholders	(13,868,386)	(25,991,823)
<b>Capital Share Transactions</b>		
Proceeds from shelf offering, net of offering costs		312,363
Net proceeds from shares issued to shareholders due to reinvestment of distributions		459,257
Net increase (decrease) in net assets applicable to common shares from capital share transactions		771,620
Net increase (decrease) in net assets applicable to common shares	(30,807,539)	73,547,191
Net assets applicable to common shares at the beginning of period	348,992,986	275,445,795
Net assets applicable to common shares at the end of period	\$ 318,185,447	\$ 348,992,986
Undistributed (Over-distribution of) net investment income at the end of period	\$ (8,593,957)	\$ (62,840)

*See accompanying notes to financial statements.*

**Statement of****Cash Flows****Six Months Ended June 30, 2015 (Unaudited)****Cash Flows from Operating Activities:**

<b>Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations</b>	<b>\$ (16,939,153)</b>
Adjustments to reconcile the net increase (decrease) in net assets applicable to common shares from operations to net cash provided by (used in) operating activities:	
Purchases of investments	(134,710,421)
Proceeds from sales and maturities of investments	110,220,985
Proceeds from (Purchases of) short-term investments, net	21,556,891
Investment transaction adjustments, net	118,731
(Increase) Decrease in:	
Receivable for dividends	298,776
Other assets	161,943
Increase (Decrease) in:	
Payable for investments purchased	(4,313,075)
Accrued management fees	(20,504)
Accrued interest on borrowings	542
Accrued Trustees fees	18,535
Accrued other expenses	(58,168)
Net realized (gain) loss from investments	(8,891,677)
Change in net unrealized (appreciation) depreciation of:	
Investments	30,472,151
Swaps	695,948
Capital gain and return of capital distributions from investments	2,661,614
Net cash provided by (used in) operating activities	1,273,118
<b>Cash Flows from Financing Activities:</b>	
Proceeds from borrowings	5,900,000
Cash distributions paid to common shareholders	(7,173,118)
Net cash provided by (used in) financing activities	(1,273,118)
<b>Net Increase (Decrease) in Cash</b>	
Cash at the beginning of period	
Cash at the end of period	\$

**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest on borrowings (excluding borrowing costs)	\$ 717,282
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*See accompanying notes to financial statements.*

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**Financial**

**Highlights** (Unaudited)

Selected data for a common share outstanding throughout each period:

	Investment Operations			Less Distributions to Common Shareholders			Common Shares			
	Beginning Common Share NAV	Net Investment Income (Loss)	Net Realized/ Unrealized Gain (Loss)	From Net Investment Total	From Accum- ulated Net Realized Gains	Return of Capital	Premium from Shares Sold through Shelf Offering	Ending NAV	Ending Share Price	
Year Ended 12/31:										
2015(f)	\$ 12.08	\$ 0.18	\$ (0.77)	\$ (0.59)	\$ (0.48)**	\$	\$ (0.48)	\$	\$ 11.01	\$ 10.21
2014	9.56	0.37	3.05	3.42	(0.90)		(0.90)	*	12.08	11.50
2013	10.49	0.34	(0.32)	0.02	(0.95)		(0.95)		9.56	9.52
2012	9.64	0.37	1.40	1.77	(0.92)		(0.92)		10.49	10.48
2011	9.79	0.30	0.46	0.76	(0.91)		(0.91)		9.64	10.44
2010	8.10	0.28	2.29	2.57	(0.88)		(0.88)		9.79	10.11

	Borrowings at End of Period	
	Aggregate Amount	Asset Coverage
	Outstanding (000)	Per \$1,000
Year Ended 12/31:		
2015(f)	\$ 140,000	\$ 3,273
2014	134,100	3,602
2013	123,500	3,230
2012	123,000	3,449
2011	111,000	3,484
2010	64,710	5,313

Common Share Total Returns		Common Share Supplemental Data/ Ratios Applicable to Common Shares						
		Ratios to Average Net Assets Before Reimbursement(c)			Ratios to Average Net Assets After Reimbursement(c)(d)			
Based on NAV(b)	Based on Share Price(b)	Ending Net Assets (000)	Expenses	Net Investment Income (Loss)	Expenses	Net Investment Income (Loss)	Portfolio Turnover Rate(e)	
(5.06)%	(7.29)%	\$ 318,185	1.77%***	3.06%***	N/A	N/A	23%	
36.78	31.03	348,993	1.75	3.35	N/A	N/A	61	
(0.25)	(0.88)	275,446	1.83	3.18	N/A	N/A	88	
18.63	9.25	301,207	1.90	3.56	N/A	N/A	54	
8.18	13.11	275,750	1.74	2.95	1.65%	3.04%	49	
32.98	37.51	279,071	1.60	2.95	1.48	3.07	58	

(a) Per share Net Investment Income (Loss) is calculated using the average daily shares method.

(b) Total Return Based on Common Share NAV is the combination of changes in common share NAV, reinvested dividend income at NAV and reinvested capital gains distributions at NAV, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending NAV. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its NAV), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

(c) Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to borrowings, where applicable, as described in Note 8 Borrowing Arrangements.

Each ratio includes the effect of all interest expense paid and other costs related to borrowings as follows:

Year Ended 12/31:	Ratios of Borrowings
	Interest Expense to Average Net Assets Applicable to Common Shares
2015(f)	0.42%***
2014	0.43
2013	0.49
2012	0.56
2011	0.42

2010

0.35

- (d) After expense reimbursement from the Adviser, where applicable. As of November 30, 2011, the Adviser is no longer reimbursing the Fund for any fees or expenses.
- (e) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions) divided by the average long-term market value during the period.
- (f) For the six months ended June 30, 2015.

N/A Fund no longer has a contractual reimbursement agreement with the Adviser.

\* Rounds to less than \$.01 per share.

\*\* Represents distributions paid From and in excess of net investment income for the six months ended June 30, 2015, as described in Note 1 General Information and Significant Accounting Policies, Dividends and Distributions to Shareholders.

\*\*\* Annualized.

*See accompanying notes to financial statements.*

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## Notes to

### Financial Statements (Unaudited)

## 1. General Information and Significant Accounting Policies

### General Information

#### *Fund Information*

Nuveen Real Estate Income Fund (the Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified closed-end registered investment company. The Fund's common shares are listed on the NYSE MKT and trade under the ticker symbol JRS. The Fund was organized as a Massachusetts business trust on August 27, 2001.

The end of the reporting period for the Fund is June 30, 2015, and the period covered by these Notes to Financial Statements is the six months ended June 30, 2015 (the current fiscal period).

#### *Investment Adviser*

The Fund's investment adviser is Nuveen Fund Advisors, LLC (the Adviser), a wholly-owned subsidiary of Nuveen Investments, Inc. (Nuveen). The Adviser is responsible for the Fund's overall investment strategy and asset allocation decisions. The Adviser has entered into a sub-advisory agreement with Security Capital Research & Management Incorporated (Security Capital). Security Capital manages the Fund's investment portfolio, while the Adviser manages the Fund's investments in swap contracts.

#### *Investment Objective and Principal Investment Strategies*

The Fund seeks to provide high current income and capital appreciation by investing at least 90% of its total assets in income producing common stocks, preferred stocks, convertible preferred stocks and debt securities issued by real estate companies. The Fund will invest at least 80% of its total assets in income producing equity securities issued by Real Estate Investment Trusts (REITs), and will not invest more than 25% of its total assets in non-investment grade preferred stocks, convertible preferred stocks and debt securities.

### Significant Accounting Policies

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 Financial Services Investment Companies. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

#### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Fund has instructed the custodian to earmark securities in the Fund's portfolio with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments.



As of the end of the reporting period, the Fund did not have any outstanding when-issued/delayed delivery purchase commitments.

*Investment Income*

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Interest income also reflects paydown gains and losses, if any. Other income is comprised of fees earned in connection with the rehypothecation of pledged collateral as further described in Note 8 Borrowing Arrangements.

*Professional Fees*

Professional fees presented on the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment or to pursue other claims or legal actions on behalf of Fund shareholders. If a refund is received for workout expenditures paid in a prior reporting period, such amounts will be recognized as Legal fee refund on the Statement of Operations.

### *Dividends and Distributions to Common Shareholders*

Distributions to common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

The Fund makes quarterly cash distributions to common shareholders of a stated dollar amount per share. Subject to approval and oversight by the Fund's Board of Trustees (the Board), the Fund seeks to maintain a stable distribution level designed to deliver the long-term return potential of the Fund's investment strategy through regular quarterly distributions (a Managed Distribution Program). Total distributions during a calendar year generally will be made from the Fund's net investment income, net realized capital gains and net unrealized capital gains in the Fund's portfolio, if any. The portion of distributions paid attributed to net unrealized gains, if any, is distributed from the Fund's assets and is treated by shareholders as a non-taxable distribution (Return of Capital) for tax purposes. In the event that total distributions during a calendar year exceed the Fund's total return on net asset value (NAV), the difference will reduce NAV per share. If the Fund's total return on NAV exceeds total distributions during a calendar year, the excess will be reflected as an increase in NAV per share. The final determination of the source and character of all distributions for the fiscal year is made after the end of the fiscal year and is reflected in the financial statements contained in the annual report as of December 31 each year.

REIT distributions received by the Fund are generally comprised of ordinary income, long-term capital gains and a return of REIT capital. The actual character of amounts received during the period is not known until after the fiscal year-end. For the fiscal year ended December 31, 2014, the character of distributions to the Fund from the REITs was 75.95% ordinary income, 20.93% long-term capital gains and 3.12% return of REIT capital.

For the fiscal year ended December 31, 2014, the Fund applied the actual character of distributions reported by the REITs in which the Fund invests to its receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Fund treated the distributions as ordinary income.

For the current fiscal period, the Fund applied the actual percentages for the fiscal year ended December 31, 2014, described above, to its receipts from the REITs and treated as income on the Statement of Operations only the amount of ordinary income so calculated. The Fund adjusts that estimated breakdown of income type (and consequently its net investment income) as necessary early in the following calendar year when the REITs inform their shareholders of the actual breakdown of income type.

The actual character of distributions made by the Fund during the fiscal year ended December 31, 2014, is reflected in the accompanying financial statements.

The distributions made by the Fund during the current fiscal period are provisionally classified as being From and in excess of net investment income, and those distributions will be classified as being from net investment income, net realized capital gains and/or a return of capital for tax purposes after the fiscal year end. For purposes of calculating Undistributed (Overdistribution of) net investment income as of June 30, 2015, the distribution amounts provisionally classified as From and in excess of net investment income were treated as being entirely from net investment income. Consequently, the financial statements as of June 30, 2015, reflect an over-distribution of net investment income.

### *Indemnifications*

Under the Fund's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these

arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

*Netting Agreements*

In the ordinary course of business, the Fund may enter into transactions subject to enforceable master repurchase agreements, International Swaps and Derivative Association, Inc. ( ISDA ) master agreements or other similar arrangements ( netting agreements ). Generally, the right to offset in netting agreements allows the Fund to offset certain securities and derivatives with a specific counterparty as well as any collateral received or delivered to that counterparty based on the terms of the agreements. Generally, the Fund manages its cash collateral and securities collateral on a counterparty basis.

The Fund's investments subject to netting agreements as of the end of the reporting period, if any, are further described in Note 3 Portfolio Securities and Investments in Derivatives.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to common shares from operations during the reporting period. Actual results may differ from those estimates.

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**Notes to Financial Statements** (Unaudited) (continued)

## **2. Investment Valuation and Fair Value Measurements**

The fair valuation input levels as described below are for fair value measurement purposes.

Fair value is defined as the price that would be received upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The following is a summary of the three-tiered hierarchy of valuation input levels.

- Level 1 Inputs are unadjusted and prices are determined using quoted prices in active markets for identical securities.
- Level 2 Prices are determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 Prices are determined using significant unobservable inputs (including management's assumptions in determining the fair value of investments).

Common stocks and other equity-type securities are valued at the last sales price on the securities exchange on which such securities are primarily traded and are generally classified as Level 1. Securities primarily traded on the NASDAQ National Market ( NASDAQ ) are valued at the NASDAQ Official Closing Price and are generally classified as Level 1. However, securities traded on a securities exchange or NASDAQ for which there were no transactions on a given day or securities not listed on a securities exchange or NASDAQ are valued at the quoted bid price and are generally classified as Level 2.

Prices of fixed-income securities are provided by a pricing service approved by the Board. The pricing service establishes a security's fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer or market activity, provided by the Adviser. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.

Prices of swap contracts are also provided by a pricing service approved by the Board using the same methods as described above, and are generally classified as Level 2.

Repurchase agreements are valued at contract amount plus accrued interest, which approximates market value. These securities are generally classified as Level 2.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Board and/or its appointee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act

of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of the Fund's NAV (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Board and/or its appointee.

The inputs or methodologies used for valuing securities are not an indication of the risks associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of the end of the reporting period:

	Level 1	Level 2	Level 3	Total
<b>Long-Term Investments*:</b>				
Real Estate Investment Trust Common Stocks	\$ 276,137,530	\$	\$	\$ 276,137,530
Real Estate Investment Trust Preferred Stocks	156,550,269	14,707,210**		171,257,479
<b>Short-Term Investments:</b>				
Repurchase Agreements		16,273,578		16,273,578
<b>Investments in Derivatives:</b>				
Interest Rate Swaps***		(501,930)		(501,930)
<b>Total</b>	<b>\$ 432,687,799</b>	<b>\$ 30,478,858</b>	<b>\$</b>	<b>\$ 463,166,657</b>

\* Refer to the Fund's Portfolio of Investments for industry classifications.

\*\* Refer to the Fund's Portfolio of Investments for breakdown of these securities classified as Level 2.

\*\*\* Represents net unrealized appreciation (depreciation) as reported in the Fund's Portfolio of Investments.

The Board is responsible for the valuation process and has appointed the oversight of the daily valuation process to the Adviser's Valuation Committee. The Valuation Committee, pursuant to the valuation policies and procedures adopted by the Board, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies and reporting to the Board. The Valuation Committee is aided in its efforts by the Adviser's dedicated Securities Valuation Team, which is responsible for administering the daily valuation process and applying fair value methodologies as approved by the Valuation Committee. When determining the reliability of independent pricing services for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of the pricing services and monitors the quality of security prices received through various testing reports conducted by the Securities Valuation Team.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making a fair value determination, based on the facts and circumstances specific to the portfolio instrument. Fair value determinations generally will be derived as follows, using public or private market information:

- (i) If available, fair value determinations shall be derived by extrapolating from recent transactions or quoted prices for identical or comparable securities.
- (ii) If such information is not available, an analytical valuation methodology may be used based on other available information including, but not limited to: analyst appraisals, research reports, corporate action information, issuer financial statements and shelf registration statements. Such analytical valuation methodologies may include, but are not limited to: multiple of earnings, discount from market value of a similar freely-traded security, discounted cash flow analysis, book value or a multiple thereof, risk premium/yield analysis, yield to maturity and/or fundamental investment analysis.

The purchase price of a portfolio instrument will be used to fair value the instrument only if no other valuation methodology is available or deemed appropriate, and it is determined that the purchase price fairly reflects the instrument's current value.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such testing and fair valuation occurrences are reported to the Board.

### **3. Portfolio Securities and Investments in Derivatives**

#### **Portfolio Securities**

##### *Repurchase Agreements*

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the counterparty defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

**Notes to Financial Statements (Unaudited) (continued)**

The following table presents the repurchase agreements for the Fund that are subject to netting agreements as of the end of the reporting period, and the collateral delivered related to those repurchase agreements.

<b>Counterparty</b>	<b>Short-Term Investments, at Value</b>	<b>Collateral Pledged (From) Counterparty*</b>	<b>Net Exposure</b>
Fixed Income Clearing Corporation	\$ 16,273,578	\$ (16,273,578)	\$

\* As of the end of the reporting period, the value of the collateral pledged from the counterparty exceeded the value of the repurchase agreements. Refer to the Fund's Portfolio of Investments for details on the repurchase agreements.

**Investments in Derivatives**

The Fund is authorized to invest in certain derivative instruments, such as futures, options and swap contracts. The Fund limits its investments in futures, options on futures and swap contracts to the extent necessary for the Adviser to claim the exclusion from registration by the Commodity Futures Trading Commission as a commodity pool operator with respect to the Fund. The Fund records derivative instruments at fair value with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Fund's investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes.

*Swap Contracts*

Interest rate swap contracts involve the Fund's agreement with the counterparty to pay or receive a fixed rate payment in exchange for the counterparty receiving or paying a variable rate payment. Forward interest rate swap contracts involve the Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the effective date). The amount of the payment obligation is based on the notional amount of the swap contract. Swap contracts do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that the Fund is to receive.

Interest rate swap contracts are valued daily. Upon entering into an interest rate swap contract (and beginning on the effective date for a forward interest rate swap contract), the Fund accrues the fixed rate payment expected to be paid or received and the variable rate payment expected to be received or paid on the interest rate swap contracts on a daily basis, and recognizes the daily change in the fair value of the Fund's contractual rights and obligations under the contracts. For over-the-counter (OTC) swaps, the net amount recorded on these transactions, for each counterparty, is recognized on the Statement of Assets and Liabilities as a component of Unrealized appreciation or depreciation on interest rate swaps (, net).

Upon the execution of an exchanged-cleared swap contract, in certain instances the Fund is obligated to deposit cash or eligible securities, also known as initial margin, into an account at its clearing broker equal to a specified percentage of the contract amount. Cash held by the broker to cover initial margin requirements on open swap contracts, if any, is recognized as Cash collateral at brokers on the Statement of Assets and Liabilities. Investments in exchange-cleared interest rate swap contracts obligate the Fund and the clearing broker to settle monies on a daily basis representing changes in the prior day's mark-to-market of the swap contract. If the Fund has unrealized appreciation, the clearing broker will credit the Fund's account with an amount equal to the appreciation. Conversely,



if the Fund has unrealized depreciation, the clearing broker will debit the Fund's account with an amount equal to the depreciation. These daily cash settlements are also known as variation margin. Variation margin is recognized as a receivable and/or payable for Variation margin on swap contracts on the Statement of Assets and Liabilities.

The net amount of periodic payments settled in cash are recognized as a component of Net realized gain (loss) from swaps on the Statement of Operations, in addition to the net realized gain or loss recorded upon the termination of the swap contract. For tax purposes, payments expected to be received or paid on the swap contracts are treated as ordinary income or expense, respectively. Changes in the value of the swap contracts during the fiscal period are recognized as a component of Change in net unrealized appreciation (depreciation) of swaps. In certain instances, payments are made or received upon entering into the swap contract to compensate for differences between the stated terms of the swap agreements and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Payments received or made at the beginning of the measurement period, if any, are recognized as Interest rate swaps premiums paid and/or received on the Statement of Assets and Liabilities.

During the current fiscal period, the Fund continued to use interest rate swap contracts to partially fix its interest cost of leverage, which the Fund employs through the use of bank borrowings.

The average notional amount of interest rate swap contracts outstanding during the current fiscal period, was as follows:

Average notional amount of interest rate swap contracts outstanding*	\$76,703,875
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\* The average notional amount is calculated based on the outstanding notional at the beginning of the fiscal period and at the end of each fiscal quarter within the current fiscal period.

The following table presents the fair value of all swap contracts held by the Fund as of the end of the reporting period, the location of these instruments on the Statement of Assets and Liabilities and the primary underlying risk exposure.

Underlying Risk Exposure	Derivative Instrument	Location on the Statements of Assets and Liabilities		Value
		Asset Derivatives	(Liability) Derivatives	
Interest rate	Swaps		Unrealized depreciation on interest rate swaps	\$ (501,930)

The following table presents the swap contracts subject to netting agreements and the collateral delivered related to those swap contracts as of the end of the reporting period.

Counterparty	Gross Unrealized Appreciation on Interest Rate Swaps*	Gross Unrealized (Depreciation) on Interest Rate Swaps*	Amounts Netted on Statement Assets and Liabilities	Net Unrealized Appreciation (Depreciation) on Interest Rate Swaps	Collateral Pledged to (from) Counterparty	Net Exposure
JPMorgan	\$	\$ (501,930)	\$	\$ (501,930)	\$ 318,937	\$ (182,993)

\* Represents gross unrealized appreciation (depreciation) for the counterparty as reported in the Fund's Portfolio of Investments.

The following table presents the amount of net realized gain (loss) and change in net unrealized appreciation (depreciation) recognized on swap contracts on the Statement of Operations during the current fiscal period, and the primary underlying risk exposure.

Underlying Risk Exposure	Derivative Instrument	Net Realized Gain (Loss) from Swaps	Change in Net Unrealized Appreciation (Depreciation) of Swaps
Interest rate	Swaps	\$	\$(695,948)

*Market and Counterparty Credit Risk*

In the normal course of business the Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose the Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of the Fund's exposure to counterparty credit risk in respect to these financial assets approximates its carrying value as recorded on the Statement of Assets and Liabilities.

The Fund helps manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the

daily valuation of the financial asset) on behalf of the Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when the Fund has an unrealized loss, the Fund has instructed the custodian to pledge assets of the Fund as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the pre-determined threshold amount.

#### 4. Fund Shares

##### *Common Shares Equity Shelf Program and Offering Costs*

The Fund has filed a registration statement with the Securities and Exchange Commission ( SEC ) authorizing the Fund to issue additional common shares through an equity shelf program ( Shelf Offering ), which became effective with the SEC during a prior fiscal period.

Under the Shelf Offering, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and offering methods at a net price at or above the Fund s NAV per common share.

Common shares authorized, common shares issued and offering proceeds, net of offering costs under the Fund s Shelf Offering during the current and prior fiscal periods were as follows:

	<b>Six Months Ended 6/30/15</b>	<b>Year Ended 12/31/14</b>
Common shares authorized	7,100,000	7,100,000
Common shares issued		29,500
Offering proceeds, net of offering costs	\$	\$ 312,363

**Notes to Financial Statements** (Unaudited) (continued)

As of the end of the reporting period, the Fund's Shelf Offering registration statement is no longer current. Therefore, the Fund may not issue additional common shares under its Shelf Offering until a post-effective amendment to the registration statement is filed with the SEC.

Costs incurred by the Fund in connection with its initial Shelf Offering were recorded as a deferred charge and recognized as a component of *Deferred offering costs* on the Statement of Assets and Liabilities during prior fiscal periods. The deferred asset is reduced during the one-year period that additional shares are sold by reducing the proceeds from such sales and is recognized as a component of *Proceeds from shelf offering, net of offering costs* on the Statement of Changes in Net Assets, when applicable. At the end of the one-year life of the Shelf Offering period, any remaining deferred charges will be expensed accordingly and recognized as a component of *Shelf offering expenses* on the Statement of Operations. Any additional costs the Fund may incur in connection with its Shelf Offering are expensed as incurred and recognized as a component of *Proceeds from shelf offering, net of offering costs* on the Statement of Changes in Net Assets, when applicable.

*Common Share Transactions*

Transactions in common shares during the current and prior fiscal periods were as follows:

	<b>Six Months Ended 6/30/15</b>	<b>Year Ended 12/31/14</b>
<b>Common shares:</b>		
Sold through shelf offering		29,500
Issued to shareholders due to reinvestment of distributions		45,371
<b>Total</b>		<b>74,871</b>
<b>Weighted average common share:</b>		
Premium to NAV per shelf offering share sold		1.47%

**5. Investment Transactions**

Long-term purchases and sales (including maturities but excluding derivative transactions) during the current fiscal period aggregated \$134,710,421 and \$110,220,985, respectively.

**6. Income Tax Information**

The Fund intends to distribute substantially all of its net investment company taxable income to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. In any year when the Fund realizes net capital gains, the Fund may choose to distribute all or a portion of its net capital gains to shareholders, or alternatively, to retain all or a portion of its net capital gains and pay federal corporate income taxes on such retained gains.

For all open tax years and all major taxing jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period

since then). Furthermore, management of the Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing certain gains and losses on investment transactions. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the NAV of the Fund.

As of June 30, 2015, the cost and unrealized appreciation (depreciation) of investments (excluding investments in derivatives), as determined on a federal income tax basis, were as follows:

Cost of investments	\$395,960,421
Gross unrealized:	
Appreciation	\$76,614,464
Depreciation	(8,906,298)
Net unrealized appreciation (depreciation) of investments	\$67,708,166

Permanent differences, primarily due to tax basis earnings and profits adjustments and treatment of notional principal contracts, resulted in reclassifications among the Fund's components of common share net assets as of December 31, 2014, the Fund's last tax year end, as follows:

Paid-in surplus	\$(15,707,664)
Undistributed (Over-distribution of) net investment income	15,226,775
Accumulated net realized gain (loss)	480,889

The tax components of undistributed net ordinary income and net long-term capital gains as of December 31, 2014, the Fund's last tax year end, were as follows:

Undistributed net ordinary income	\$
Undistributed net long-term capital gains	

The tax character of distributions paid during the Fund's last tax year ended December 31, 2014, was designated for purposes of the dividends paid deduction as follows:

Distributions from net ordinary income <sup>1</sup>	\$25,991,823
Distributions from net long-term capital gains	

<sup>1</sup> Net ordinary income consists of net taxable income derived from dividends and interest, and current year earnings and profits attributable to realized gains.

As of December 31, 2014, the Fund's last tax year end, the Fund had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as shown in the following table. The losses not subject to expiration will be utilized first by the Fund.

Expiration:	
December 31, 2017	\$ 107,316,132
Not subject to expiration	
Total	\$ 107,316,132

During the Fund's last tax year ended December 31, 2014, the Fund utilized \$33,984,755 of its capital loss carryforwards.

## 7. Management Fees and Other Transactions with Affiliates

The Fund's management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. Security Capital is compensated for its services to the Fund from the management fees paid to the Adviser.

The Fund's management fee consists of two components – a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within the Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual Fund-level fee, payable monthly, is calculated according to the following schedule:

<b>Average Daily Managed Assets*</b>	<b>Fund-Level Fee</b>
For the first \$500 million	0.7000%
For the next \$500 million	0.6750
For the next \$500 million	0.6500
For the next \$500 million	0.6250
For managed assets over \$2 billion	0.6000

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**Notes to Financial Statements (Unaudited) (continued)**

The annual complex-level fee, payable monthly, is calculated according to the following schedule:

<b>Complex-Level Managed Asset Breakpoint Level*</b>	<b>Effective Rate at Breakpoint Level</b>
\$55 billion	0.2000%
\$56 billion	0.1996
\$57 billion	0.1989
\$60 billion	0.1961
\$63 billion	0.1931
\$66 billion	0.1900
\$71 billion	0.1851
\$76 billion	0.1806
\$80 billion	0.1773
\$91 billion	0.1691
\$125 billion	0.1599
\$200 billion	0.1505
\$250 billion	0.1469
\$300 billion	0.1445

\* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to certain types of leverage. For these purposes, leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds that constitute eligible assets. Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of \$2 billion added to the Nuveen fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of June 30, 2015, the complex-level fee for the Fund was 0.1643%.

The Fund pays no compensation directly to those of its trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates. The Board has adopted a deferred compensation plan for independent trustees that enables trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen-advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen-advised funds.

## **8. Borrowing Arrangements**

### *Borrowings*

The Fund has entered into a \$160 million (maximum commitment amount) prime brokerage facility ( *Borrowings* ) with BNP Paribas Prime Brokerage, Inc. ( *BNP* ) as a means of leverage. On March 27, 2015, the Fund amended its *Borrowings* with BNP and increased its maximum commitment amount from \$140 million to \$160 million. The Fund also incurred a one time 0.10% amendment fee on its maximum commitment amount, which will be fully expensed during the current fiscal period. All other terms of the *Borrowings* remained unchanged. As of the end of the reporting



period, the outstanding balance on these Borrowings was \$140 million. During the current fiscal period, the average daily balance outstanding and interest rate on these Borrowings were \$138.9 million and 1.03%, respectively.

In order to maintain these Borrowings, the Fund must meet certain collateral, asset coverage and other requirements. Borrowings outstanding are fully secured by securities held in the Fund's portfolio of investments ( Pledged Collateral ). Interest is charged on these Borrowings at 1-Month LIBOR (London Inter-Bank Offered Rate) plus 0.85% per annum on the amount borrowed and 0.50% per annum on the undrawn balance if the undrawn portion of the Borrowings on that day is more than 20% of the maximum commitment amount.

Borrowings outstanding are recognized as Borrowings on the Statement of Assets and Liabilities. Interest expense incurred on the borrowed amount and undrawn balance are recognized as a component of Interest expense on borrowings on the Statement of Operations.

#### *Rehypothecation*

The Adviser has entered into a Rehypothecation Side Letter ( Side Letter ) with BNP, allowing BNP to re-register the Pledged Collateral in its own name or in a name other than the Fund's to pledge, repledge, hypothecate, rehypothecate, sell, lend or otherwise transfer or use the Pledged Collateral (the Hypothecated Securities ) with all rights of ownership as described in the Side Letter. Subject to certain conditions, the total value of the outstanding Hypothecated Securities shall not exceed the lesser of (i) 98% of the outstanding balance on the Borrowings to which the Pledged Collateral relates and (ii) 33 1/3% of the Fund's total assets. The Fund may designate any Pledged Collateral as ineligible for rehypothecation. The Fund may also recall Hypothecated Securities on demand.

The Fund also has the right to apply and set-off an amount equal to one-hundred percent (100%) of the then-current fair market value of such Pledged Collateral against the current Borrowings under the Side Letter in the event that BNP fails to timely return the Pledged Collateral and in certain other circumstances. In such circumstances, however, the Fund may not be able to obtain replacement financing required to purchase replacement securities and, consequently, the Fund's income generating potential may decrease. Even if the Fund is able to obtain replacement financing, it might not be able to purchase replacement securities at favorable prices.

The Fund will receive a fee in connection with the Hypothecated Securities ( Rehypothecation Fees ) in addition to any principal, interest, dividends and other distributions paid on the Hypothecated Securities.

As of the end of the reporting period, the Fund had Hypothecated Securities totalling \$1,825,100. During the current fiscal period, the Fund earned Rehypothecation Fees of \$104,189, which is recognized as Other income on the Statement of Operations.

### **9. New Accounting Pronouncement**

*Financial Accounting Standards Board ( FASB ) Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*

In June 2014, the FASB issued Accounting Standards Update ( ASU ) 2014-11, *Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* ( ASU 2014-11 ), that expanded secured borrowing accounting for certain reverse repurchase agreements. ASU 2014-11 also sets forth additional disclosure requirements for certain transactions accounted for as sales in order to provide financial statement users with information to compare to similar transactions accounted for as secured borrowings. ASU 2014-11 is effective prospectively for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. Management is currently evaluating the impact, if any, of ASU 2014-11 on the Fund's financial statement disclosures.

**Additional**

**Fund Information**

**Board of Trustees**

William Adams IV*	Jack B. Evans	William C. Hunter	David J. Kundert	John K. Nelson	William J. Schneider
Thomas S. Schreier, Jr.*	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth	

\*Interested Board Member.

<b>Fund Manager</b>	<b>Custodian</b>	<b>Legal Counsel</b>	<b>Independent Registered Public Accounting Firm</b>	<b>Transfer Agent and Shareholder Services</b>
Nuveen Fund Advisors, LLC	State Street Bank & Trust Company	Chapman and Cutler LLP	KPMG LLP	State Street Bank & Trust Company
333 West Wacker Drive	Boston, MA 02111	Chicago, IL 60603	Chicago, IL 60601	Nuveen Funds
Chicago, IL 60606				P.O. Box 43071
				Providence, RI 02940-3071
				(800) 257-8787

**Quarterly Form N-Q Portfolio of Investments Information**

The Fund is required to file its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. You may obtain this information directly from the SEC. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC toll-free at (800) SEC-0330 for room hours and operation.

**Nuveen Funds Proxy Voting Information**

You may obtain (i) information regarding how each fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com) and (ii) a description of the policies and procedures that each fund used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll free at (800) 257-8787. You may also obtain this information directly

from the SEC. Visit the SEC on-line at <http://www.sec.gov>.

### **CEO Certification Disclosure**

The Fund's Chief Executive Officer (CEO) has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual. The Fund has filed with the SEC the certification of its CEO and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

### **Common Share Repurchases**

The Fund intends to repurchase, through its open-market share repurchase program, shares of its own common stock at such times and in such amounts as is deemed advisable. During the period covered by this report, the Fund repurchased shares of its common stock, as shown in the accompanying table. Any future repurchases will be reported to shareholders in the next annual or semi-annual report.

**JRS**

Common shares repurchased

#### **FINRA BrokerCheck**

The Financial Industry Regulatory Authority (FINRA) provides information regarding the disciplinary history of FINRA member firms and associated investment professionals. This information as well as an investor brochure describing FINRA BrokerCheck is available to the public by calling the FINRA BrokerCheck Hotline number at (800) 289-9999 or by visiting [www.FINRA.org](http://www.FINRA.org).

## Glossary of Terms

### Used in this Report

- n **Average Annual Total Return:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- n **Blended Benchmark:** A blended return comprised of: 1) 60% Wilshire U.S. Real Estate Securities Index (WILRESI). The Wilshire U.S. Real Estate Securities Index measures the performance of publicly traded real estate investment trusts (REITs) 2) 40% Wells Fargo Hybrid and Preferred Securities REIT Index (inception date 5/31/2007). The Wells Fargo Hybrid and Preferred Securities REIT Index is designed to track the performance of preferred securities issued in the U.S. market by real estate investment trusts (REITs). The index is composed exclusively of preferred shares and depositary shares. Index returns assume reinvestment of distributions, but do not include the effects of any applicable sales charges or management fees.
- n **Effective Leverage:** Effective leverage is a fund's effective economic leverage, and includes both regulatory leverage (see below) and the leverage effects of certain derivative investments in the fund's portfolio.
- n **Leverage:** Leverage is created whenever a fund has investment exposure (both reward and/or risk) equivalent to more than 100% of the investment capital.
- n **Net Asset Value (NAV) Per Share:** A fund's Net Assets is equal to its total assets (securities, cash, accrued earnings and receivables) less its total liabilities. NAV per share is equal to the fund's Net Assets divided by its number of shares outstanding.
- n **Regulatory Leverage:** Regulatory leverage consists of preferred shares issued by or borrowings of a fund. Both of these are part of a fund's capital structure. Regulatory leverage is subject to asset coverage limits set in the Investment Company Act of 1940.
- n **S&P 500® Index:** An unmanaged index generally considered representative of the U.S. stock market. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.
- n **Wilshire U.S. Real Estate Securities Index (WILRESI):** A float-adjusted market capitalization index that is reviewed quarterly. This index is designed to measure the performance of publicly traded real estate investment trusts and to serve as a proxy for direct real estate investments. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.

**Reinvest Automatically,**

**Easily and Conveniently**

**Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.**

### **Nuveen Closed-End Funds Automatic Reinvestment Plan**

Your Nuveen Closed-End Fund allows you to conveniently reinvest distributions in additional Fund shares.

By choosing to reinvest, you will be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### **Easy and convenient**

To make recordkeeping easy and convenient, each quarter you will receive a statement showing your total distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

### **How shares are purchased**

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### **Flexible**

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

**Call today to start reinvesting distributions**

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

## Annual Investment

### Management Agreement Approval Process (Unaudited)

The Board of Trustees of the Fund (the *Board*, and each Trustee, a *Board Member*), including the Board Members who are not parties to the Fund's advisory or sub-advisory agreements or interested persons of any such parties (the *Independent Board Members*), is responsible for overseeing the performance of the investment adviser and sub-adviser to the Fund and determining whether to continue the Fund's advisory agreement (the *Investment Management Agreement*) between the Fund and Nuveen Fund Advisors, LLC (the *Adviser*) and the sub-advisory agreement (the *Sub-Advisory Agreement*) and, together with the Investment Management Agreement, the *Advisory Agreements*) between the Adviser and Security Capital Research & Management Incorporated (the *Sub-Adviser*). Following an initial term with respect to the Fund upon its commencement of operations, the Board is required to consider the continuation of the Advisory Agreements on an annual basis pursuant to the requirements of the Investment Company Act of 1940, as amended (the *1940 Act*). Accordingly, at an in-person meeting held on May 11-13, 2015 (the *May Meeting*), the Board, including a majority of the Independent Board Members, considered and approved the existing Advisory Agreements for the Fund.

In preparation for its considerations at the May Meeting, the Board received in advance of the meeting extensive materials prepared in connection with the review of the Advisory Agreements. The materials provided a broad range of information regarding the Fund, including, among other things, the nature, extent and quality of services provided by the Adviser and the Sub-Adviser (the Adviser and Sub-Adviser are collectively, the *Fund Advisers* and each, a *Fund Adviser*); Fund performance including performance assessments against peers and the appropriate benchmark(s); fee and expense information of the Fund compared to peers; a description and assessment of shareholder service levels for the Fund; a summary of the performance of certain service providers; a review of product initiatives and shareholder communications; and profitability information of the Fund Advisers as described in further detail below. As part of its annual review, the Board also held a separate meeting on April 14-15, 2015 to review the Fund's investment performance and consider an analysis by the Adviser of the Sub-Adviser which generally evaluated the Sub-Adviser's investment team, investment mandate, organizational structure and history, investment philosophy and process, and the performance of the Fund, and any significant changes to the foregoing. During the review, the Independent Board Members asked questions of and requested additional information from management.

The Board considered that the evaluation process with respect to the Fund Advisers is an ongoing process that encompassed the information and knowledge gained throughout the year. The Board, acting directly or through its committees, met regularly during the course of the year and received information and considered factors at each meeting that would be relevant to its annual consideration of the Advisory Agreements, including information relating to Fund performance; Fund expenses; investment team evaluations; and valuation, compliance, regulatory and risk matters. In addition to regular reports, the Adviser provided special reports to the Board to enhance the Board's understanding on topics that impact some or all of the Nuveen funds and the Adviser (such as presentations on risk and stress testing; the new governance, risk and compliance system; cybersecurity developments; Nuveen fund accounting and reporting matters; regulatory developments impacting the investment company industry and the business plans or other matters impacting the Adviser). The Board also met with key investment personnel managing certain Nuveen fund portfolios during the year.

The Board had created several standing committees including the Open-End Funds Committee and the Closed-End Funds Committee to assist the full Board in monitoring and gaining a deeper insight into the distinctive business practices of closed-end and open-end funds. These Committees met prior to each quarterly Board meeting, and the Adviser provided presentations to these Committees permitting them to delve further into specific matters or initiatives impacting the respective product line.



The Board also continued its program of seeking to have the Board Members or a subset thereof visit each sub-adviser to the Nuveen funds at least once over a multiple year rotation, meeting with key investment and business personnel.

The Board considered the information provided and knowledge gained at these meetings and visits during the year when performing its annual review of the Advisory Agreements. The Independent Board Members also were assisted throughout the process by independent legal counsel. During the course of the year and during their deliberations regarding the review of advisory contracts, the Independent Board Members met with independent legal counsel in executive sessions without management

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**Annual Investment Management Agreement Approval Process (Unaudited) (continued)**

present. The Independent Board Members also received a memorandum from independent legal counsel outlining the legal standards for their consideration of the proposed continuation of the Advisory Agreements. In addition, it is important to recognize that the management arrangements for the Nuveen funds are the result of many years of review and discussion between the Independent Board Members and Fund management and that the Board Members conclusions may be based, in part, on their consideration of fee arrangements and other factors developed in previous years.

The Board took into account all factors it believed relevant with respect to the Fund, including, among other things: (a) the nature, extent and quality of the services provided by the Fund Advisers; (b) the investment performance of the Fund and Fund Advisers; (c) the advisory fees and costs of the services to be provided to the Fund and the profitability of the Fund Advisers; (d) the extent of any economies of scale; (e) any benefits derived by the Fund Advisers from the relationship with the Fund; and (f) other factors. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to the Advisory Agreements of the Fund. The Independent Board Members did not identify any single factor as all-important or controlling. The Independent Board Members considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

**A. Nature, Extent and Quality of Services**

In evaluating the renewal of the Advisory Agreements, the Independent Board Members received and considered information regarding the nature, extent and quality of the applicable Fund Adviser's services provided to the Fund. The Board reviewed information regarding, among other things, each Fund Adviser's organization and business, the types of services that each Fund Adviser or its affiliates provided to the Fund, the performance record of the Fund (as described in further detail below), and any initiatives that had been undertaken on behalf of the closed-end product line. The Board recognized the high quality of services the Adviser had provided to the Fund over the years and the conscientiousness with which the Adviser provided these services. The Board also considered the improved capital structure of Nuveen Investments, Inc. ( *Nuveen* ) (the parent of the Adviser) following the acquisition of Nuveen by TIAA-CREF in 2014 (the *TIAA-CREF Transaction* ).

With respect to the services, the Board noted the Fund was a registered investment company that operated in a regulated industry and considered the myriad of investment management, administrative, compliance, oversight and other services the Adviser provided to manage and operate the Fund. Such services included, among other things: (a) product management (such as analyzing ways to better position a Nuveen fund in the marketplace, setting dividends; maintaining relationships to gain access to distribution platforms; and providing shareholder communications); (b) fund administration (such as preparing tax returns and other tax compliance services, preparing regulatory filings and shareholder reports; managing fund budgets and expenses; overseeing a fund's various service providers and supporting and analyzing new and existing funds); (c) Board administration (such as supporting the Board and its committees, in relevant part, by organizing and administering the Board and committee meetings and preparing the necessary reports to assist the Board in its duties); (d) compliance (such as monitoring adherence to a fund's investment policies and procedures and applicable law; reviewing the compliance program periodically and developing new policies or updating existing compliance policies and procedures as considered necessary or appropriate; responding to regulatory requests; and overseeing compliance testing of the funds' sub-advisers); (e) legal support (such as preparing or reviewing fund registration statements, proxy statements and other necessary materials; interpreting regulatory requirements and compliance thereof; and maintaining applicable registrations); and (f) investment services (such as overseeing and reviewing the funds' sub-advisers and their investment teams;

analyzing performance of the funds; overseeing investment and risk management; evaluating brokerage transactions and securities lending, overseeing the daily valuation process for portfolio securities and developing and recommending valuation policies and methodologies and changes thereto; reporting to the Board on various matters including performance, risk and valuation; and participating in fund development, leverage management, and the developing or interpreting of investment policies and parameters). With respect to closed-end funds, the Adviser also monitored asset coverage levels on leveraged funds, managed leverage, negotiated the terms of leverage, evaluated alternative forms and types of leverage, promoted an orderly secondary market for common shares and maintained an asset maintenance system for compliance with certain rating agency criteria.

In its review, the Board considered information highlighting the various initiatives that the Adviser had implemented or continued during the last year to enhance its services to the Nuveen funds. The Board recognized that some of these

initiatives are a result of a multi-year process. In reviewing the activities of 2014, the Board recognized the Adviser's continued focus on fund rationalization for closed-end funds through mergers, fund closures or repositioning the funds in seeking to enhance shareholder value, reduce costs, improve performance, eliminate fund overlap and better meet shareholder needs. The Board noted the Adviser's investment in additional staffing to strengthen and improve its services to the Nuveen funds, including with respect to risk management and valuation. The Board recognized that expanding the depth and range of its risk oversight activities had been a major priority for the Adviser in recent years, and the Adviser continued to add to the risk management team, develop additional risk management programs and create committees or other teams designated to oversee or evaluate certain risks, such as liquidity risk, enterprise risk, investment risk and cybersecurity risk. The Adviser had also continued to add to the valuation team, launched its centralized securities valuation system which is intended to provide for uniform pricing and reporting across the complex as the system continues to develop, continued to refine its valuation analysis and updated related policies and procedures and evaluated and assessed pricing services. The Board considered the Adviser's ongoing investment in information technology and operations and the various projects of the information technology team to support the continued growth and complexity of the Nuveen funds and increase efficiencies in their operations. The Board also recognized the Adviser's strong commitment to compliance and reviewed information reflecting the compliance group's ongoing activities to enhance its compliance system and refine its compliance procedures as well as the Chief Compliance Officer's report regarding the compliance team, the initiatives the team had undertaken in 2014 and proposed for 2015, the compliance functions and reporting process, the record of compliance with the policies and procedures and its supervision activities of other service providers.

With respect to the closed-end funds, the Board recognized the extensive resources, expertise and efforts required to oversee and manage the various forms of leverage utilized by various funds, including the development of new forms of leverage to achieve cost savings and/or broaden the array of leverage structures available to the closed-end funds, the development of enhanced reports analyzing the impact of leverage on performance, and the development of new forms of tender option bond structures to address new regulatory requirements. The Board also noted the Adviser's continued capital management services conducting share repurchases and/or share issuances throughout the year and monitoring market conditions to capitalize on opportunities for the closed-end funds. The Board further recognized the Adviser's use of data systems to more effectively solicit shareholder participation when seeking shareholder approvals and to monitor flow trends in various closed-end funds. The Board considered Nuveen's continued commitment to supporting the closed-end fund product line by providing an extensive investor relations program that encompassed, among other things, maintaining and enhancing the closed-end fund website; participating in conferences and education seminars; enhancing the ability for investors to access information; preparing educational materials; and implementing campaigns to educate financial advisers and investors on topics related to closed-end funds and their strategies.

As noted, the Adviser also oversees the Sub-Adviser who primarily provides the portfolio advisory services to the Fund. The Board recognized the skill and competency of the Adviser in monitoring and analyzing the performance of the Sub-Adviser and managing the sub-advisory relationship. In considering the Sub-Advisory Agreement and supplementing its prior knowledge, the Board considered a current report provided by the Adviser analyzing, among other things, the Sub-Adviser's investment team and changes thereto, investment approach, organization and history, and assets under management, and the investment performance of the Fund.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided to the Fund under each respective Advisory Agreement were satisfactory.

## **B. The Investment Performance of the Fund and Fund Advisers**

The Board, including the Independent Board Members, considered the performance history of the Fund over various time periods. The Board reviewed reports, including an analysis of the Fund's performance and the investment team. The Board reviewed, among other things, the Fund's investment performance both on an absolute basis and in comparison to peer funds (the *Performance Peer Group*) and to recognized and/or customized benchmarks (*i.e.*, generally benchmarks derived from multiple recognized benchmarks) for the quarter, one-, three- and five-year periods ending December 31, 2014, as well as performance information reflecting the first quarter of 2015. With respect to closed-end funds, the Independent Board Members also recognized the importance of the secondary market trading levels for the closed-end fund shares and therefore devoted significant time and focus evaluating the premium and discount levels of the closed-end funds at each of the

**Annual Investment Management Agreement Approval Process (Unaudited) (continued)**

quarterly meetings throughout the year. At these prior meetings as well as the May Meeting, the Board reviewed, among other things, the respective closed-end fund's premium or discount to net asset value as of a specified date and over various periods as well as in comparison to the premium/discount average in its Lipper peer category. At the May Meeting and/or prior meetings, the Board also reviewed information regarding the key economic, market and competitive trends affecting the closed-end fund market and considered any actions periodically proposed by the Adviser to address the trading discounts of certain funds. The Independent Board Members considered the evaluation of the premium and discount levels of the closed-end funds (either at the Board level or through the Closed-End Funds Committee) to be a continuing priority in their oversight of the closed-end funds. In its review, the Board noted that it also reviewed Fund performance results at each of its quarterly meetings.

In evaluating performance, the Board recognized several factors that may impact the performance data as well as the consideration given to particular performance data.

The performance data reflected a snapshot in time, in this case as of the end of the most recent calendar year or quarter. A different performance period, however, could generate significantly different results.

Long-term performance can be adversely affected by even one period of significant underperformance so that a single investment decision or theme had the ability to disproportionately affect long-term performance.

The investment experience of a particular shareholder in a fund would vary depending on when such shareholder invested in the fund, the class held (if multiple classes are offered in the fund) and the performance of the fund (or respective class) during that shareholder's investment period.

The Board recognized that the funds in the Performance Peer Group may differ somewhat from the Nuveen fund with which it is being compared and due to these differences, performance comparisons between certain of the Nuveen funds and their Performance Peer Groups may be inexact and the relevancy limited. The Board considered that management had classified the Performance Peer Group as low, medium and high in relevancy. The Board took the analysis of the relevancy of the Performance Peer Group into account when considering the comparative performance data. The Board also considered comparative performance of an applicable benchmark. While the Board was cognizant of the relative performance of the Fund's peer set and/or benchmark(s), the Board evaluated Fund performance in light of the Fund's investment objectives, investment parameters and guidelines and considered that the variations between the objectives and investment parameters or guidelines of the Fund with its peers and/or benchmarks result in differences in performance results. Further, for funds that utilized leverage, the Board understood that leverage during different periods could provide both benefits and risks to a portfolio as compared to an unlevered benchmark.

With respect to any Nuveen funds for which the Board has identified performance concerns, the Board monitors such funds closely until performance improves, discusses with the Adviser the reasons for such results, considers those steps necessary or appropriate to address such issues, and reviews the results of any efforts undertaken. The Board is aware, however, that shareholders chose to invest or remain invested in a fund knowing that the Adviser manages the

fund and knowing the fund's fee structure.

In considering the performance data, the Independent Board Members noted that the Fund ranked in its Performance Peer Group in the first quartile in the one- and five-year periods and second quartile in the three-year period and outperformed its recognized and custom benchmarks in the one-, three-, and five-year periods.

Based on their review, the Independent Board Members determined that the Fund's investment performance had been satisfactory.

## **C. Fees, Expenses and Profitability**

### **1. Fees and Expenses**

The Board evaluated the management fees and other fees and expenses of the Fund (expressed as a percentage of average net assets) in absolute terms and in comparison to the fee and expense levels of a comparable universe of funds (the *Peer Universe*) selected by an independent third-party fund data provider. The Independent Board Members reviewed the methodology regarding the construction of the Peer Universe for the Fund. The Board reviewed, among other things, the

Fund's gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the average and median fee and expense levels of the Peer Universe. The Board noted that the net total expense ratio paid by investors in the Fund was the most representative of an investor's net experience.

In reviewing the comparative fee and expense information, the Independent Board Members recognized that various factors such as the limited size and particular composition of the Peer Universe (including the inclusion of other Nuveen funds in the peer set); expense anomalies; changes in the funds comprising the Peer Universe from year to year; levels of reimbursement or fee waivers; the timing of information used; the differences in the type and use of leverage (with respect to closed-end funds); and differences in services provided can impact the comparative data limiting the usefulness of the data to help make a conclusive assessment of the Fund's fees and expenses.

In reviewing the fee schedule for a fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen. In reviewing fees and expenses (excluding leverage costs and leveraged assets for the closed-end funds), the Board considered the expenses and fees to be higher if they were over 10 basis points higher, slightly higher if they were approximately 6 to 10 basis points higher, in line if they were within approximately 5 basis points higher than the peer average and below if they were below the peer average of the Peer Universe. In reviewing the reports, the Board noted that the majority of the Nuveen funds had a net expense ratio near or below their peer average.

The Independent Board Members noted that the Fund had a net management fee that was in line with the peer average and a net expense ratio that was below the peer average.

Based on their review of the fee and expense information provided, the Independent Board Members determined that the Fund's management fees (as applicable) to a Fund Adviser were reasonable in light of the nature, extent and quality of services provided to the Fund.

## **2. Comparisons with the Fees of Other Clients**

The Board considered information regarding the fees a Fund Adviser assessed to the Nuveen funds compared to that of other clients as described in further detail below. With respect to non-municipal funds, such other clients of the Adviser and/or its affiliated sub-advisers, may include: separately managed accounts (such as retail, institutional or wrap accounts), hedge funds, other investment companies that are not offered by Nuveen but are sub-advised by one of Nuveen's affiliated sub-advisers, foreign investment companies offered by Nuveen, and collective investment trusts.

The Board recognized that the Fund had an unaffiliated sub-adviser and therefore the overall Fund management fee can be divided into two components, the fee retained by the Adviser and the fee paid to the Sub-Adviser. In reviewing the nature of the services provided by the Adviser, including through its affiliated sub-advisers, the Board considered the range of advisory fee rates for retail and institutional managed accounts advised by Nuveen-affiliated sub-advisers. The Board also reviewed, among other things, the average fee the affiliated sub-advisers assessed such clients as well as the range of fee rates assessed to the different types of clients (such as retail, institutional and wrap accounts as well as non-Nuveen funds) applicable to such sub-advisers.

In reviewing the comparative information, the Board also reviewed information regarding the differences between the Fund and the other clients, including differences in services provided, investment policies, investor profiles, compliance and regulatory requirements and account sizes. The Board recognized the breadth of services necessary to operate a registered investment company (as described above) and that, in general terms, the Adviser provided the



administrative and other support services to the Fund and, although the Sub-Adviser may provide some of these services, the Sub-Adviser essentially provided the portfolio management services. In general, the Board noted that higher fee levels reflected higher levels of service provided by the Fund Adviser, increased investment management complexity, greater product management requirements and higher levels of business risk or some combination of the foregoing. The Independent Board Members considered the differences in structure and operations of separately managed accounts and hedge funds from registered funds and noted that the range of day-to-day services was not generally of the breadth required for the registered funds. Many of the additional administrative services provided by the Adviser were not required for institutional clients or funds sub-advised by a Nuveen-affiliated sub-adviser that were offered by other fund groups. The Independent Board Members also

**Annual Investment Management Agreement Approval Process (Unaudited) (continued)**

recognized that the management fee rates of the foreign funds advised by the Adviser may vary due to, among other things, differences in the client base, governing bodies, operational complexities and services covered by the management fee. Given the inherent differences in the various products, particularly the extensive services provided to the Fund, the Independent Board Members believed such facts justify the different levels of fees.

The Independent Board Members considered the fees that the Sub-Adviser charges for other clients. The Independent Board Members noted that the fee rate paid to the Sub-Adviser for its sub-advisory services was reasonable in relation to the fees of other clients. The Independent Board Members also noted that such fee was the result of arm's-length negotiations.

**3. Profitability of Fund Advisers**

In conjunction with their review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities and its financial condition. The Independent Board Members reviewed, among other things, the adjusted operating margins for Nuveen for the last two calendar years, the revenues, expenses, net income (pre-tax and after-tax) and net revenue margins (pre-tax and after-tax) of Nuveen's managed fund advisory activities for the last two calendar years, the allocation methodology used by Nuveen in preparing the profitability data and a history of the adjustments to the methodology due to changes in the business over time. The Independent Board Members also reviewed the revenues, expenses, net income (pre-tax and after-tax) and revenue margin (pre-tax and post-tax) of the Adviser and, as described in further detail below, each affiliated sub-adviser for the 2014 calendar year. In reviewing the profitability data, the Independent Board Members noted the subjective nature of cost allocation methodologies used to determine profitability as other reasonable methods could also have been employed but yield different results. The Independent Board Members reviewed an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2014. The Independent Board Members recognized that Nuveen's net revenue margin from advisory activities for 2014 was consistent with 2013. The Independent Board Members also considered the profitability of Nuveen in comparison to the adjusted operating margins of other investment advisers with publicly available data and with comparable assets under management (based on asset size and asset composition) to Nuveen. The Independent Board Members noted that Nuveen's adjusted operating margins appeared to be reasonable in relation to such other advisers. The Independent Board Members, however, recognized the difficulty of making comparisons of profitability from fund investment advisory contracts as the information is not generally publicly available, the information for the investment advisers that was publicly available may not be representative of the industry and various other factors would impact the profitability data such as differences in services offered, business mix, expense methodology and allocations, capital structure and costs, complex size, and types of funds and other accounts managed.

The Independent Board Members noted this information supplemented the profitability information requested and received during the year and noted that two Independent Board Members served as point persons to review the profitability analysis and methodologies employed, and any changes thereto, and to keep the Board apprised of such changes during the year.

The Independent Board Members determined that Nuveen appeared to be sufficiently profitable to operate as a viable investment management firm and to honor its obligations as a sponsor of the Nuveen funds. The Independent Board Members noted the Adviser's continued expenditures to upgrade its investment technology and increase personnel and recognized the Adviser's continued commitment to its business to enhance the Adviser's capacity and capabilities in providing the services necessary to meet the needs of the Nuveen funds as they grow or change over time. The

Independent Board Members also noted that the sub-advisory fees for the Nuveen funds are paid by the Adviser, however, the Board recognized that many of the sub-advisers are affiliated with Nuveen. The Independent Board Members also noted the increased resources and support available to Nuveen as well as an improved capital structure as a result of the TIAA-CREF Transaction.

With respect to the Sub-Adviser, the Independent Board Members considered information regarding the profitability of the Sub-Adviser in providing services to the applicable Nuveen funds as described below. The Independent Board Members considered the Sub-Adviser's revenues, expenses and profitability margins (pre- and after-tax) for its advisory activities for the applicable Nuveen funds (including the Fund) for the calendar years ending 2013 and 2014.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts paid to a Fund Adviser by the Fund as well as indirect benefits (such as soft dollar arrangements), if any, the Fund Adviser and its

affiliates received or were expected to receive that were directly attributable to the management of the Fund. See Section E below for additional information on indirect benefits a Fund Adviser may receive as a result of its relationship with the Fund.

Based on their review, the Independent Board Members determined that the Adviser's and the Sub-Adviser's level of profitability was reasonable in light of the respective services provided.

#### **D. Economies of Scale and Whether Fee Levels Reflect These Economies of Scale**

The Independent Board Members recognized that, as the assets of a particular fund or the Nuveen complex in the aggregate increase over time, economies of scale may be realized, and the Independent Board Members considered the extent to which the funds benefit from such economies of scale. Although the Independent Board Members recognized that economies of scale are difficult to measure, the Board recognized that one method to help ensure the shareholders share in these benefits is to include breakpoints in the management fee schedule reducing fee rates as asset levels grow. The Independent Board Members noted that, subject to certain exceptions, the management fees of the funds in the Nuveen complex are generally comprised of a fund-level component and complex-level component. Each component of the management fee for the Fund included breakpoints to reduce management fee rates of the Fund as the Fund grows and, as described below, as the Nuveen complex grows. The Independent Board Members noted that, in the case of closed-end funds, however, such funds may from time-to-time make additional share offerings, but the growth of their assets would occur primarily through the appreciation of such funds' investment portfolios. In addition to fund-specific breakpoint schedules which reduce the fee rates of a particular fund as its assets increase, the Independent Board Members recognized that the Adviser also passed on the benefits of economies of scale through the complex-wide fee arrangement which reduced management fee rates as assets in the fund complex reached certain levels. The complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflected the notion that some of Nuveen's costs were attributable to services provided to all its funds in the complex, and therefore all funds benefit if these costs were spread over a larger asset base. The Independent Board Members reviewed the breakpoint and complex-wide schedules and the fee reductions achieved as a result of such structures for the 2014 calendar year.

The Independent Board Members further considered that as part of the TIAA-CREF Transaction, Nuveen agreed, for a period of two years from the date of the closing of the TIAA-CREF Transaction, not to increase contractual management fees for any Nuveen fund. The commitment would not limit or otherwise affect mergers or liquidations of any funds in the ordinary course.

Based on their review, the Independent Board Members concluded that the current fee structure was acceptable and reflected economies of scale to be shared with shareholders when assets under management increase.

#### **E. Indirect Benefits**

The Independent Board Members received and considered information regarding potential fall out or ancillary benefits the respective Fund Adviser or its affiliates may receive as a result of its relationship with the Fund. With respect to closed-end funds, the Independent Board Members noted any revenues received by affiliates of the Adviser for serving as co-manager in initial public offerings of new closed-end funds.

In addition to the above, the Independent Board Members considered whether the Fund Adviser received any benefits from soft dollar arrangements whereby a portion of the commissions paid by the Fund for brokerage may be used to acquire research that may be useful to the Fund Adviser in managing the assets of the Fund and other clients. The Fund's portfolio transactions are allocated by the Sub-Adviser. Accordingly, the Independent Board Members considered that the Sub-Adviser may benefit from research provided by broker-dealers executing portfolio transactions on behalf of the Fund. With respect to any fixed income securities, however, the Board recognized that such securities generally trade on a principal basis that does not generate soft dollar credits. Similarly, the Board recognized that any research received pursuant to soft dollar arrangements by the Sub-Adviser may also benefit the Fund and shareholders to the extent the research enhanced the ability of the Sub-Adviser to manage the Fund. The Independent Board Members noted that the Sub-Adviser's profitability may be somewhat lower if it had to acquire any such research services directly.

**Annual Investment Management Agreement Approval Process (Unaudited) (continued)**

Based on their review, the Independent Board Members concluded that any indirect benefits received by a Fund Adviser as a result of its relationship with the Fund were reasonable and within acceptable parameters.

**F. Other Considerations**

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, concluded that the terms of each Advisory Agreement were fair and reasonable, that the respective Fund Adviser's fees were reasonable in light of the services provided to the Fund and that the Advisory Agreements be renewed.

**Notes**

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**Item 2. Code of Ethics.**

Not applicable to this filing.

**Item 3. Audit Committee Financial Expert.**

Not applicable to this filing.

**Item 4. Principal Accountant Fees and Services.**

Not applicable to this filing.

**Item 5. Audit Committee of Listed Registrants.**

Not applicable to this filing.

**Item 6. Schedule of Investments.**

(a) See Portfolio of Investments in Item 1.

(b) Not applicable.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Not applicable to this filing.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

Not applicable to this filing.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

Not applicable.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this item.

**Item 11. Controls and Procedures.**

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR

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270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the Exchange Act ) (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

File the exhibits listed below as part of this Form.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to this filing.

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: See EX-99.CERT attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2 (b) under the 1940 Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an Exhibit. A certification furnished pursuant to this paragraph will not be deemed filed for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registration specifically incorporates it by reference: See EX-99.906 CERT attached hereto.

**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.

(Registrant) Nuveen Real Estate Income Fund

By (Signature and Title) /s/ Kevin J. McCarthy  
Kevin J. McCarthy  
Vice President and Secretary

Date: September 8, 2015

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 (Signature and Title) /s/ Gifford R. Zimmerman  
Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: September 8, 2015

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: September 8, 2015