

NUVEEN REAL ESTATE INCOME FUND  
Form N-CSRS  
September 06, 2018

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)

Gifford R. Zimmerman

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, 2018

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**

**30 June 2018**

Nuveen Closed-End Funds

**JRS** Nuveen Real Estate Income Fund

Semiannual Report

**IMPORTANT DISTRIBUTION NOTICE**

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

**Semiannual Shareholder Report for the period ending June 30, 2018**

**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 \$0.2050 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,**

I am honored to serve as the new independent chairman of the Nuveen Fund Board, effective July 1, 2018. I'd like to gratefully acknowledge the stewardship of my predecessor William J. Schneider and, on behalf of my fellow Board members, reinforce our commitment to the legacy of strong, independent oversight of your Funds.

The increase in market volatility this year reflects greater uncertainty among investors. The global economic outlook is less clear cut than it was in 2017. U.S. growth is again decoupling from that of the rest of the world, and the U.S. dollar and interest rates have risen in response. Trade concern rhetoric and the imposition of tariffs between the U.S. and its major trading partners has recently dampened business sentiment and could pose a risk to growth expectations going forward. A host of other geopolitical concerns, including the ongoing Brexit and North American Free Trade Agreement negotiations, North Korea relations and rising populism around the world, remain on the horizon.

Despite these risks, global growth remains intact, albeit at a slower pace, providing support to corporate earnings. Fiscal stimulus, an easing regulatory environment and robust consumer spending recently helped boost the U.S. economy's momentum. Subdued inflation pressures have kept central bank policy accommodative, even as Europe moves closer to winding down its monetary stimulus and the Federal Reserve remains on a moderate tightening course.

Headlines and political noise will continue to obscure underlying fundamentals at times and cause temporary bouts of volatility. We encourage you to work with your financial advisor to evaluate your goals, timeline and risk tolerance if short-term market fluctuations are a concern. 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,

Terence J. Toth

Chairman of the Board

August 24, 2018

## 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 discuss their management strategy and the performance of the Fund for the six-month reporting period ended June 30, 2018.*

### **What key strategies were used to manage the Fund during this six-month reporting period ended June 30, 2018?**

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 preferred securities.

### **How did the Fund perform during this six-month reporting period ended June 30, 2018?**

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, 2018. 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, 2018, JRS underperformed the Wilshire U.S. Real Estate Securities Index and its Blended Benchmark.

For the reporting period ending June 30, 2018, the Fund average allocation was 64.1% in common equity, 32.7% in preferreds and 3.5% in cash. Within the Fund's common equity holdings, there were distinctive differences by

**This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.**



**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.**

**For financial reporting purposes, the ratings disclosed 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). This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. 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. 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 Comment**(continued)

property type with the underlying themes and influences reflecting company-specific factors, earlier reporting period performance differentials and, importantly, shifting investor expectations colored by macro-economic trends. In general, investors remain keenly focused on a number of risks including inflation, rising interest rates and heightened capital expenditure requirements as new construction and shifting millennial preferences can speed obsolescence for existing assets. In this context, the performance leaders by major property type during the reporting period were self-storage and office companies. Self-storage companies continue to exhibit steady property operations, though investors have been wary of moderating net operating income (NOI) growth rates and the corrosive impact on operations of elevated new construction levels. With healthy user demand, low capital expenditure requirements, short duration leases and low obsolescence risk, equity pricing for the self-storage companies has been more insulated from many of the concerns weighing on other property segments.

During the reporting period, the Fund's benchmark-relative performance was constrained by common equity investments in regional malls, industrial and apartments. Though investors continue to see resilient demand trends for apartments, a surge in new apartment construction is impacting rent and occupancy levels, particularly in the coastal gateway markets where REITs are significant owners. For the industrial segment, performance was burdened by the data center companies, which have been hurt by the threat of new supply/elevated levels of new construction and have led investors to have concern that this new supply may result in slowing growth for the segment.

Changes in the 10-year treasury rate have affected REIT pricing, both negatively and positively, as rates have oscillated between 1.5% and 3.0% over the last few years. Despite the pricing volatility in REITs, investors have earned relatively attractive annual rates of return, ranging from 5% - 8%, during this reporting period. Other fundamental factors affecting REITs, such as the increase in new supply, macro economic uncertainties and government policy changes also play a role in REIT potential returns, which may collectively be more important to consider, rather than the current investor focus on the rise and fall of interest rates. Importantly, we note that cash flow growth, though decelerating from the recent historically robust levels, remains the norm for most of the property types that make up a diversified REIT portfolio.

We anticipate further exaggerated pricing swings for REIT common equity. In this context, we remain neutral in our allocation to common equity, and remain in place to take advantage of further volatility in common equity through our allocation to REIT preferreds and cash. Shifting allocations between common equity and preferreds is an important tool for the Fund and the balancing of growth and income in an economy experiencing increasingly robust economic growth.

## Fund Leverage

### IMPACT OF THE FUND'S LEVERAGE STRATEGY ON PERFORMANCE

One important factor impacting the returns of the Fund's common shares relative to its comparative benchmark was the Fund's use of leverage through bank borrowings. The Fund uses leverage because our research has shown that, over time, leveraging provides opportunities for additional income and total return, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments in recent years have been much lower than the interest the Fund has been earning on its portfolio securities that it has bought with the proceeds of that leverage.

However, use of leverage can expose Fund common shares to additional price volatility. When the Fund uses leverage, the Fund common shares will experience a greater increase in their net asset value if the securities acquired through the use of leverage increase in value, but will also experience a correspondingly larger decline in their net asset value if the securities acquired through leverage decline in value, which will make the shares' net asset value more volatile, and total return performance more variable, over time.

In addition, common share income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Over the last few quarters, short-term interest rates have indeed increased from their extended lows after the 2007-09 financial crisis. This increase has reduced common share net income, and also reduced potential for long-term total returns. Nevertheless, the ability to effectively borrow at current short-term rates is still resulting in enhanced common share income, and management believes that the advantages of continuation of leverage outweigh the associated increase in risk and volatility described above.

The Fund's use of leverage had a negligible impact on performance during this reporting period.

The Fund also continued to utilize forward starting interest rate swap contracts to partially hedge its future interest cost of leverage, which as mentioned previously, is through the use of bank borrowings. The swap contracts impact on performance was positive during this reporting period.

As of June 30, 2018, the Fund's percentages of leverage are as shown in the accompanying table.

	<b>JRS</b>
Effective Leverage*	28.62%
Regulatory Leverage*	28.62%

\*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. The Fund, however, may from time to time borrow on a typically transient basis in connection with its day-to-day operations, primarily in connection with the need to settle portfolio trades. Such incidental borrowings are excluded from the calculation of the Fund's effective leverage ratio. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

### THE FUND'S REGULATORY LEVERAGE

#### *Bank Borrowings*

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As noted above, the Fund employs leverage through the use of bank borrowings. The Fund's bank borrowing activities are as shown in the accompanying table.

Current Reporting Period				Subsequent to the Close of the Reporting Period		
January 1, 2018		June 30, 2018	Average Balance Outstanding	August 27, 2018		
Draws	Paydowns			Draws	Paydowns	
\$145,300,000	\$ (19,300,000)	\$126,000,000	\$129,529,282	\$	\$	\$126,000,000

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

**Common Share Information**

**DISTRIBUTION INFORMATION**

The following 19(a) Notice presents the Fund's most current distribution information as of May 31, 2018 as required by certain exempted regulatory relief the Fund has received.

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.

**DISTRIBUTION INFORMATION AS OF MAY 31, 2018**

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, and the Fund currently estimates that it has 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 May 31, 2018**

JRS (FYE 12/31)	Estimated Per Share Sources of Distribution <sup>1</sup>					Estimated Percentage of the Distribution			
	Per Share Distribution	Net Investment Income	Long- Term Gains	Short- Term Gains	Return on Investment Capital	Net Investment Income	Long-Term Gains	Short-Term Gains	Return of Capital
Current Quarter	\$ 0.2050	\$ 0.0709	\$ 0.0182	\$ 0.0000	\$ 0.1159	34.6%	8.9%	0.0%	56.5%
Fiscal YTD	\$ 0.4350	\$ 0.1505	\$ 0.0387	\$ 0.0000	\$ 0.2458	34.6%	8.9%	0.0%	56.5%

<sup>1</sup> Net investment income (NII) 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 estimated per share sources above include an allocation of the NII based on prior year attributions which can be expected to differ from the actual final attributions for the current year.

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 May 31, 2018**

JRS (FYE 12/31) Inception Date	Quarterly Distribution	Fiscal YTD Distribution	Net Asset Value (NAV)	5-Year Return on NAV	Annualized	Cumulative	
					Fiscal YTD Dist Rate on NAV <sup>1</sup>	Fiscal YTD Return on NAV	Fiscal YTD Dist Rate on NAV <sup>1</sup>
Nov 2001	\$ 0.2050	\$ 0.4350	\$ 10.51	7.52%	8.28%	(5.28)%	4.14%

<sup>1</sup> As a percentage of 5/31/18 NAV.

**THE TAX CUTS AND JOBS ACT**

A large portion of the Fund's portfolio holdings consist of REITs. For tax years beginning after December 31, 2017, The Tax Cuts and Jobs Act generally would allow a non-corporate taxpayer a deduction of 20% of the investor's domestic qualified business income received from certain pass-through entities, including REITs. However, Regulated Investment Companies (RICs) such as the Fund are not explicitly given the ability to pass the deduction through to their non-corporate shareholders. Treasury has been approached to provide RICs the ability to report a portion of their distributions as qualified business income eligible for the 20% deduction. However, until such relief is provided, non-corporate investors will not be able to receive the tax benefit that they would otherwise receive investing directly in the individual REIT securities.

**COMMON SHARE REPURCHASES**

During August 2018 (subsequent to the close of the reporting period), 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, 2018, 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, 2018, 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	\$10.87
Common share price	\$9.99
Premium/(Discount) to NAV	(8.10)%
6-month average premium/(discount) to NAV	(4.18)%



## 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.

### **Nuveen Real Estate Income Fund (JRS)**

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).

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**JRS Nuveen Real Estate Income Fund****Performance Overview and Holding Summaries as of June 30, 2018**

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, 2018**

	<b>Cumulative 6-Month</b>	<b>1-Year</b>	<b>Average Annual</b>	
			<b>5-Year</b>	<b>10-Year</b>
JRS at Common Share NAV	(0.19)%	4.67%	8.99%	6.69%
JRS at Common Share Price	(7.32)%	(3.65)%	5.33%	6.46%
Wilshire U.S. Real Estate Securities Index (WILRESI)	1.60%	4.00%	8.80%	7.91%
Blended Benchmark	0.82%	3.33%	8.09%	10.07%

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.**

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. This treatment of split-rated securities may differ from that used for other purposes, such as Fund investment policies. 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. Holdings designated N/R are not rated by these national rating agencies.

### Fund Allocation

(% of net assets)

Real Estate Investment Trust Common Stocks	88.5%
Real Estate Investment Trust Preferred Stocks	45.9%
Common Stocks	1.1%
Repurchase Agreements	4.9%
Other Assets Less Liabilities	(0.3)%
<b>Net Assets Plus Borrowings</b>	<b>140.1%</b>
Borrowings	(40.1)%
<b>Net Assets</b>	<b>100%</b>

### Portfolio Credit Quality

(% of total Real Estate Investment Trust Preferred Stocks)

A	10.4%
BBB	21.4%
BB or Lower	26.8%
N/R (not rated)	41.4%
<b>Total</b>	<b>100%</b>

### Portfolio Composition

(% of total investments)

Retail	25.3%
Specialized	17.8%
Residential	16.6%
Office	15.1%
Health Care	7.8%

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Hotels, Restaurants & Leisure	5.0%
Industrial	4.8%
Diversified	4.1%
Repurchase Agreements	3.5%
<b>Total</b>	<b>100%</b>

**Top Five Common Stock Issuers**

(% of total investments)

Public Storage, Inc.	4.5%
Prologis Inc.	4.0%
AvalonBay Communities, Inc.	3.1%
Health Care Property Investors Inc.	3.1%
Simon Property Group, Inc.	3.0%

**Top Five Preferred Stock Issuers**

(% of total investments)

Public Storage, Inc.	3.4%
DDR Corporation	3.0%
Taubman Centers Incorporated, Series K	2.9%
Highwoods Properties, Inc., Series A	2.7%
Vornado Realty Trust	2.5%

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**Shareholder Meeting Report**

The annual meeting of shareholders was held in the offices of Nuveen on April 11, 2018 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>	
Margo L. Cook	
For	25,208,269
Withhold	625,028
Total	25,833,297
Jack B. Evans	
For	25,133,198
Withhold	700,099
Total	25,833,297
Albin F. Moschner	
For	25,171,836
Withhold	661,461
Total	25,833,297
William J. Schneider	
For	25,127,862
Withhold	705,435
Total	25,833,297

**JRS Nuveen Real Estate Income Fund**

**Portfolio of Investments June 30, 2018**  
(Unaudited)

<b>Shares</b>	<b>Description (1)</b>	<b>Value</b>
<b>LONG-TERM INVESTMENTS 135.5% (96.5% of Total Investments)</b>		
<b>REAL ESTATE INVESTMENT TRUST COMMON STOCKS 88.5% (63.0% of Total Investments)</b>		
<b>Diversified 2.5% (1.8% of Total Investments)</b>		
178,800	Liberty Property Trust	\$ 7,926,204
<b>Health Care 10.8% (7.7% of Total Investments)</b>		
526,550	Health Care Property Investors Inc., (2)	13,595,521
152,279	Senior Housing Properties Trust	2,754,727
150,500	Ventas Inc.	8,570,975
145,624	Welltower Inc., (2)	9,129,169
	<b>Total Health Care</b>	<b>34,050,392</b>
<b>Hotels, Restaurants &amp; Leisure 4.2% (3.0% of Total Investments)</b>		
84,400	Apple Hospitality REIT, Inc.	1,509,072
390,450	Host Hotels & Resorts Inc.	8,226,781
84,019	Park Hotels & Resorts, Inc.	2,573,502
25,775	Pebblebrook Hotel Trust	1,000,070
	<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>13,309,425</b>
<b>Industrial 5.9% (4.2% of Total Investments)</b>		
48,050	Industrial Logistics Properties Trust	1,073,918
265,728	Prologis Inc., (2)	17,455,672
	<b>Total Industrial</b>	<b>18,529,590</b>
<b>Office 12.1% (8.7% of Total Investments)</b>		
66,150	Alexandria Real Estate Equities Inc.	8,346,145
60,075	Boston Properties, Inc.	7,534,607
154,000	Brandywine Realty Trust	2,599,520
127,275	Douglas Emmett Inc.	5,113,909
145,500	Hudson Pacific Properties Inc.	5,155,065
74,725	JBG Smith Properties	2,725,221
55,000	Kilroy Realty Corporation	4,160,200
28,125	SL Green Realty Corporation	2,827,406
	<b>Total Office</b>	<b>38,462,073</b>
<b>Residential 18.7% (13.2% of Total Investments)</b>		

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380,650	American Homes 4 Rents, Class A	8,442,817
234,175	Apartment Investment & Management Company, Class A, (2)	9,905,603
80,063	AvalonBay Communities, Inc.	13,762,029
196,395	Equity Residential	12,508,398
11,763	Essex Property Trust Inc.	2,812,180
250,575	Invitation Homes, Inc.	5,778,260
24,200	Sun Communities Inc.	2,368,696
74,425	UDR Inc.	2,793,915
	<b>Total Residential</b>	<b>58,371,898</b>
	<b>Retail 15.8% (11.3% of Total Investments)</b>	
163,887	DDR Corp	2,933,577
29,100	Federal Realty Investment Trust	3,682,605
219,275	GGP, Inc.	4,479,788
286,325	Kimco Realty Corporation	4,864,662
127,202	Macerich Company, (2)	7,228,890
57,660	Regency Centers Corporation	3,579,533
95,050	Retail Properties of America Inc.	1,214,739
77,949	Simon Property Group, Inc., (2)	13,266,140
91,150	Taubman Centers Inc.	5,355,974
101,375	Weingarten Realty Trust	3,123,364
	<b>Total Retail</b>	<b>49,729,272</b>



**JRS Nuveen Real Estate Income Fund (continued)**  
**Portfolio of Investments June 30, 2018**  
(Unaudited)

<b>Shares</b>	<b>Description (1)</b>			<b>Value</b>
<b>Specialized 18.5% (13.1% of Total Investments)</b>				
47,575	Coresite Realty Corporation			\$ 5,272,261
90,425	Digital Realty Trust Inc., (2)			10,089,622
29,725	Equinix Inc., (2)			12,778,480
100,250	Life Storage, Inc., (2)			9,755,327
87,112	Public Storage, Inc., (2)			19,762,228
	Total Specialized			57,657,918
	Total Real Estate Investment Trust Common Stocks (cost \$217,617,724)			278,036,772
<b>Shares</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Ratings (3)</b>	<b>Value</b>
<b>REAL ESTATE INVESTMENT TRUST PREFERRED STOCKS 45.9% (32.7% of Total Investments)</b>				
<b>Diversified 3.2% (2.3% of Total Investments)</b>				
207,125	PS Business Parks, Inc.	5.750%	BBB	\$ 5,225,764
192,675	VEREIT, Inc.	6.700%	BB	4,839,996
	Total Diversified			10,065,760
<b>Health Care 0.1% (0.1% of Total Investments)</b>				
17,450	Senior Housing Properties Trust	6.250%	BBB	448,814
<b>Hotels, Restaurants &amp; Leisure 1.7% (1.2% of Total Investments)</b>				
25,235	Ashford Hospitality Trust Inc.	8.450%	N/R	643,745
179,450	Sunstone Hotel Investors Inc.	6.950%	N/R	4,559,824
	Total Hotels, Restaurants & Leisure			5,203,569
<b>Industrial 0.8% (0.6% of Total Investments)</b>				
79,000	Monmouth Real Estate Investment Corp	6.125%	N/R	1,896,000
7,000	Rexford Industrial Realty Inc.	5.875%	BB	169,820
22,900	Rexford Industrial Realty Inc.	5.875%	N/R	572,843
	Total Industrial			2,638,663
<b>Office 9.0% (6.4% of Total Investments)</b>				
9,989	Highwoods Properties, Inc., Series A, (4)	8.625%	Baa3	12,101,522
207,050	SL Green Realty Corporation	6.500%	Ba1	5,225,942
96,100	Vornado Realty Trust	5.250%	BBB	2,230,481
311,850	Vornado Realty Trust	5.700%	BBB	7,920,990

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28,425	Vornado Realty Trust	5.400%	BBB	696,981
	Total Office			28,175,916
	<b>Residential 4.9% (3.4% of Total Investments)</b>			
164,275	American Homes 4 Rent	6.500%	N/R	4,164,371
381,900	Apartment Investment & Management Company	6.875%	BB	9,795,735
21,105	Mid-America Apartment Communities Inc.	8.500%	BBB	1,329,193
	Total Residential			15,289,299
	<b>Retail 19.6% (14.0% of Total Investments)</b>			
107,300	CBL & Associates Properties Inc.	7.375%	BB	2,065,525
301,850	DDR Corporation	6.500%	Ba1	7,238,363
155,700	DDR Corporation	6.375%	BB+	3,830,220
101,850	DDR Corporation	6.250%	Ba1	2,328,291
293,200	GGP, Inc.	6.375%	N/R	7,036,800
17,650	Kimco Realty Corporation	5.625%	Baa2	421,835
142,200	Penn Real Estate Investment Trust	7.200%	N/R	3,239,316
42,950	Penn Real Estate Investment Trust	7.375%	N/R	1,007,178
220,529	Saul Centers, Inc.	6.875%	N/R	5,502,199
3,169	Simon Property Group, Inc.	8.375%	BBB+	219,548
518,550	Taubman Centers Incorporated, Series K	6.250%	N/R	12,834,113
310,525	Taubman Centers Incorporated, Series J	6.500%	N/R	7,825,230
160,600	Urstadt Biddle Properties	6.750%	N/R	4,045,514
107,375	Urstadt Biddle Properties	6.250%	N/R	2,679,006
62,625	Washington Prime Group, Inc.	6.875%	Ba1	1,338,296
	Total Retail			61,611,434

Shares	Description (1)	Coupon	Ratings (3)	Value
	<b>Specialized Investments</b>	<b>6.6% (4.7% of Total)</b>		
10,000	Digital Realty Trust Inc.	5.250%	Baa3	\$ 239,000
151,725	National Storage Affiliates Trust	6.000%	N/R	3,730,159
267,563	Public Storage, Inc.	6.375%	A3	6,986,070
116,625	Public Storage, Inc.	6.000%	A3	3,061,406
6,025	Public Storage, Inc.	5.875%	A3	156,469
86,075	Public Storage, Inc.	5.625%	A3	2,175,115
18,750	Public Storage, Inc.	5.400%	A3	477,937
67,450	Public Storage, Inc.	5.375%	A3	1,686,925
18,625	Public Storage, Inc.	5.200%	A3	467,674
18,100	QTS Realty Trust Inc.	6.500%	B	1,819,231
	<b>Total Specialized</b>			<b>20,799,986</b>
	<b>Total Real Estate Investment Trust Preferred Stocks (cost \$143,564,464)</b>			<b>144,233,441</b>
<b>Shares</b>	<b>Description (1)</b>			<b>Value</b>
	<b>COMMON STOCKS</b>	<b>1.1% (0.8% of Total Investments)</b>		
	<b>Hotels, Restaurants &amp; Leisure</b>	<b>1.1% (0.8% of Total Investments)</b>		
45,500	Hyatt Hotels Corporation, Class A			\$ 3,510,325
	<b>Total Common Stocks (cost \$3,488,306)</b>			<b>3,510,325</b>
	<b>Total Long-Term Investments (cost \$364,670,494)</b>			<b>425,780,538</b>
<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Value</b>
	<b>SHORT-TERM INVESTMENTS</b>	<b>4.9%</b>		
	<b>(3.5% of Total Investments)</b>			
	<b>REPURCHASE AGREEMENTS</b>	<b>4.9%</b>		
	<b>(3.5% of Total Investments)</b>			
\$ 15,276	Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/29/18, repurchase price \$15,276,896, collateralized by \$16,260,000 U.S. Treasury Notes, 2.000%, due 2/15/25, value \$15,583,844	0.900%	7/02/18	\$ 15,275,750
	<b>Total Short-Term Investments (cost \$15,275,750)</b>			<b>15,275,750</b>
	<b>Total Investments (cost \$379,946,244)</b>			<b>441,056,288</b>
	<b>140.4%</b>			
	<b>Borrowings</b>	<b>(40.1)% (5), (6)</b>		<b>(126,000,000)</b>
	<b>Other Assets Less Liabilities</b>	<b>(0.3)% (7)</b>		<b>(868,263)</b>

Net Assets Applicable to Common  
 Shares 100%

\$ 314,188,025

Investments in Derivatives

Interest Rate Swaps OTC Uncleared

Counterparty	Notional Amount	Fund Pay/Receive	Floating Rate	Fixed Rate (Annualized)	Fixed Rate Payment Frequency	Effective Date (8)	Optional Termination Date	Maturity Date	Value
Morgan Stanley Capital Services LLC	\$ 72,400,000	Receive	1-Month LIBOR	1.994%	Monthly	6/01/18	7/01/25	7/01/27	\$ 3,232,334

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**JRS Nuveen Real Estate Income Fund** (continued)  
**Portfolio of Investments June 30, 2018**  
(Unaudited)

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 hypothecated as described in the Notes to Financial Statements, Note 8 Borrowing Arrangements, Rehypothecation. The total value of investments hypothecated as of the end of the reporting period was \$106,811,594.
- (3) For financial reporting purposes, the ratings disclosed are the highest of Standard & Poor's Group ( Standard & Poor's ), Moody's Investors Service, Inc. ( Moody's ) or Fitch, Inc. ( Fitch ) rating. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. 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.
- (4) 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.
- (5) Borrowings as a percentage of Total Investments is 28.6%.
- (6) 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 \$289,427,384 have been pledged as collateral for borrowings.
- (7) Other assets less liabilities includes the unrealized appreciation (depreciation) of certain over-the-counter ( OTC ) derivatives as presented on the Statement of Assets and Liabilities, when applicable. The unrealized appreciation (depreciation) of OTC-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.

- (8) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each contract.

LIBOR London Inter-Bank Offered Rate

*See accompanying notes to financial statements.*

**Statement of Assets and Liabilities****June 30, 2018**

(Unaudited)

<b>Assets</b>	
Long-term investments, at value (cost \$364,670,494)	\$ 425,780,538
Short-term investments, at value (cost approximates value)	15,275,750
Unrealized appreciation on interest rate swaps	3,232,334
Receivable for:	
Dividends	2,007,941
Investments sold	85,719
Other assets	104,594
<b>Total assets</b>	<b>446,486,876</b>
<b>Liabilities</b>	
Borrowings	126,000,000
Payable for dividends	5,733,212
Accrued expenses:	
Interest on borrowings	27,618
Management fees	306,700
Trustees fees	100,959
Other	130,362
<b>Total liabilities</b>	<b>132,298,851</b>
<b>Net assets applicable to common shares</b>	<b>\$ 314,188,025</b>
Common shares outstanding	28,892,471
Net asset value ( NAV ) per common share outstanding	\$ 10.87
<b>Net assets applicable to common shares consist of:</b>	
Common shares, \$.01 par value per share	\$ 288,925
Paid-in surplus	258,623,460
Undistributed (Over-distribution of) net investment income	(7,947,783)
Accumulated net realized gain (loss)	(1,118,955)
Net unrealized appreciation (depreciation)	64,342,378
<b>Net assets applicable to common shares</b>	<b>\$ 314,188,025</b>
Authorized shares:	
Common	Unlimited
Preferred	Unlimited

*See accompanying notes to financial statements.*

**Statement of Operations****Six Months Ended June 30, 2018**

(Unaudited)

<b>Investment Income</b>	
Dividends	\$ 8,204,385
Interest	36,199
Other	29,637
Total investment income	8,270,221
<b>Expenses</b>	
Management fees	1,831,525
Interest expense on borrowings	1,602,243
Custodian fees	30,105
Trustees fees	4,503
Professional fees	20,836
Shareholder reporting expenses	40,387
Shareholder servicing agent fees	2,104
Stock exchange listing fees	3,977
Investor relations expense	16,167
Other	7,699
Total expenses	3,559,546
Net investment income (loss)	4,710,675
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain (loss) from:	
Investments	5,592,083
Swaps	(778)
Change in net unrealized appreciation (depreciation) of:	
Investments	(13,914,624)
Swaps	2,460,879
Net realized and unrealized gain (loss)	(5,862,440)
Net increase (decrease) in net assets applicable to common shares from operations	\$ (1,151,765)

*See accompanying notes to financial statements.*



**Statement of Changes in Net Assets**

(Unaudited)

	<b>Six Months Ended 6/30/18</b>	<b>Year Ended 12/31/17</b>
<b>Operations</b>		
Net investment income (loss)	\$ 4,710,675	\$ 11,737,148
Net realized gain (loss) from:		
Investments	5,592,083	8,378,449
Swaps	(778)	(1,636,708)
Change in net unrealized appreciation (depreciation) of:		
Investments	(13,914,624)	6,754,018
Swaps	2,460,879	2,446,420
Net increase (decrease) in net assets applicable to common shares from operations	(1,151,765)	27,679,327
<b>Distributions to Common Shareholders</b>		
From and in excess of net investment income	(12,568,225)	
From net investment income		(17,787,787)
Return of capital		(11,104,684)
Decrease in net assets applicable to common shares from distributions to common shareholders	(12,568,225)	(28,892,471)
Net increase (decrease) in net assets applicable to common shares	(13,719,990)	(1,213,144)
Net assets applicable to common shares at the beginning of period	327,908,015	329,121,159
Net assets applicable to common shares at the end of period	\$ 314,188,025	\$ 327,908,015
Undistributed (Over-distribution of) net investment income at the end of period	\$ (7,947,783)	\$ (90,233)

*See accompanying notes to financial statements.*

**Statement of Cash Flows****Six Months Ended June 30, 2018**

(Unaudited)

**Cash Flows from Operating Activities:**

<b>Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations</b>	<b>\$ (1,151,765)</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	(74,695,513)
Proceeds from sales and maturities of investments	103,873,349
Proceeds from (Purchases of) short-term investments, net	(9,526,797)
Capital gain and return of capital distributions from investments	1,976,016
(Increase) Decrease in:	
Receivable for dividends	482,427
Receivable for investments sold	1,782,331
Other assets	(11,351)
Increase (Decrease) in:	
Payable for investments purchased	(2,383,571)
Accrued interest on borrowings	(4,667)
Accrued management fees	(39,364)
Accrued Trustees fees	7,464
Accrued other expenses	(35,208)
Net realized (gain) loss from investments	(5,592,083)
Change in net unrealized (appreciation) depreciation of:	
Investments	13,914,624
Swaps	(2,460,879)
Net cash provided by (used in) operating activities	26,135,013
<b>Cash Flows from Financing Activities:</b>	
Repayment of borrowings	(19,300,000)
Cash distributions paid to common shareholders	(6,835,013)
Net cash provided by (used in) financing activities	(26,135,013)
<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)	\$ 1,606,910
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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)	Total Investment Income	From Net Realized Gains	Accumulated Return of Capital	Premium from Shares Sold through Shelf Offering	Ending NAV	Ending Share Price
Year Ended 12/31:									
2018(e)	\$ 11.35	\$ 0.16	\$ (0.20)	\$ (0.04)	\$ (0.44)***	\$	\$ (0.44)	\$ 10.87	\$ 9.99
2017	11.39	0.41	0.55	0.96	(0.62)	(0.38)	(1.00)	11.35	11.26
2016	11.71	0.39	0.27	0.66	(0.98)		(0.98)	11.39	10.77
2015	12.08	0.38	0.21	0.59	(0.89)	(0.07)	(0.96)	11.71	10.62
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

	Borrowings at End of Period	
	Aggregate Amount  Outstanding (000)	Asset  Coverage  Per \$1,000
Year Ended 12/31:		
2018(e)	\$ 126,000	\$ 3,494
2017	145,300	3,257
2016	144,750	3,274
2015	140,000	3,417
2014	134,100	3,602
2013	123,500	3,230

**Common Share Supplemental Data/  
Ratios Applicable to Common Shares  
Ratios to Average Net  
Assets(c)**

<b>Common Share Total Returns</b>					
<b>Based on NAV(b)</b>	<b>Based on Share Price(b)</b>	<b>Ending Net Assets (000)</b>	<b>Expenses</b>	<b>Net Investment Income (Loss)</b>	<b>Portfolio Turnover Rate(d)</b>
(0.19)%	(7.32)%	\$ 314,188	2.39%**	3.16%**	18%
8.72	14.23	327,908	2.13	3.56	52
5.53	10.43	329,121	1.81	3.33	101
5.24	0.99	338,333	1.81	3.19	56
36.78	31.03	348,993	1.75	3.35	61
(0.25)	(0.88)	275,446	1.83	3.18	88

(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 (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:

**Ratios of Borrowings Interest Expense  
to Average Net Assets Applicable  
to Common Shares**

<b>Year Ended 12/31:</b>	
2018(e)	1.08%**
2017	0.79
2016	0.50
2015	0.44
2014	0.43
2013	0.49

- (d) 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.
- (e) For the six months ended June 30, 2018.
- \* Rounds to less than \$0.01 per share.
  - \*\* Annualized.
  - \*\*\* Represents distributions paid from and in excess of net investment income for the six months ended June 30, 2018 (as described in Note 1 General Information and Significant Accounting Policies, Dividends and Distributions to Common Shareholders).

*See accompanying notes to financial statements.*

## 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 management investment company. The Fund's common shares are listed on the New York Stock Exchange (NYSE) 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, 2018, and the period covered by these Notes to Financial Statements is the six months ended June 30, 2018 (the current fiscal period).

##### *Investment Adviser*

The Fund's investment adviser is Nuveen Fund Advisors, LLC (the Adviser), a subsidiary of Nuveen, LLC (Nuveen). Nuveen is the investment management arm of Teachers Insurance and Annuity Association of America (TIAA). The Adviser has overall responsibility for management of the Fund, oversees the management of the Fund's portfolio, manages the Fund's business affairs and provides certain clerical, bookkeeping and other administrative services, and, if necessary, 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 earmarked securities in its 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. Non-cash dividends received in the form of stock, if any, are recognized on the ex-dividend date and are recorded at fair value. 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 payment-in-kind ( PIK ) interest and paydown gains and losses, if any. PIK interest represents income received in the form of securities in lieu of cash. Other income is comprised of fees earned in connection with the rehypothecation of pledged collateral as further described in Note 8 Borrowing Arrangements, Rehyphothecation.

*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 nontaxable 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 paid by the Fund during 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.

The tax character of Fund distributions for a fiscal year is dependent upon the amount and tax character of distributions received from securities held in the Fund's portfolio. Distributions received from certain securities in which the Fund invests, most notably REIT securities, may be characterized for tax purposes as ordinary income, long-term capital gain and/or a return of capital. The issuer of a security reports the tax character of its distributions only once per year, generally during the first two months of the calendar year. The distribution is included in the Fund's ordinary income until such time the Fund is notified by the issuer of the actual tax character. For the current fiscal period, dividend income, net realized gain (loss) and unrealized appreciation (depreciation) recognized on the Statement of Operations reflect the amounts of ordinary income, capital gain, and/or return of capital as reported by the issuers of such securities as of the last calendar year end.

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 the end of the reporting period, 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 the end of the reporting period, reflect an over-distribution of net investment income.

### *Compensation*

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.

### *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 Derivatives 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, when applicable, 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 current fiscal period. Actual results may differ from those estimates.

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Notes to Financial Statements (continued)

(Unaudited)

## 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 an independent pricing service ( 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 observability 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 observability 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	\$ 278,036,772	\$	\$	\$ 278,036,772
Real Estate Investment Trust Preferred Stocks	132,131,919	12,101,522**		144,233,441
Common Stocks	3,510,325			3,510,325
<b>Short-Term Investments:</b>				
Repurchase Agreements		15,275,750		15,275,750
<b>Investments in Derivatives:</b>				
Interest Rate Swaps***		3,232,334		3,232,334
<b>Total</b>	<b>\$ 413,679,016</b>	<b>\$ 30,609,606</b>	<b>\$</b>	<b>\$ 444,288,622</b>

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

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

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	\$ 15,275,750	\$ (15,275,750)	\$

\* 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.

**Notes to Financial Statements** (continued)

(Unaudited)

**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.

*Interest Rate 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 for an interest rate swap is based on the notional amount and the termination date of the contract. Interest rate 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 an over-the-counter (OTC) swap that is not cleared through a clearing house (OTC Uncleared), the amount recorded on these transactions is recognized on the Statement of Assets and Liabilities as a component of Unrealized appreciation or depreciation on interest rate swaps.

Upon the execution of an OTC swap cleared through a clearing house (OTC Cleared), 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 deposited by the Fund to cover initial margin requirements on open swap contracts, if any, is recognized as a component of Cash collateral at brokers for investments in swaps on the Statement of Assets and Liabilities. Investments in OTC Cleared swaps 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 for OTC Cleared swaps is recognized as a receivable and/or payable for Variation margin on swap contracts on the Statement of Assets and Liabilities. Upon the execution of an OTC Uncleared swap, neither the Fund nor the counterparty is required to deposit initial margin as the trades are recorded bilaterally between both parties to the swap contract, and the terms of the variation margin are subject to a predetermined threshold negotiated by the Fund and the counterparty. Variation margin for OTC Uncleared swaps is recognized as a component of Unrealized appreciation or



depreciation on interest rate swaps as described in the preceding paragraph.

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 on the Statement of Operations. 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 received and/or paid on the Statement of Assets and Liabilities.

During the current fiscal period, the Fund continued to utilize forward starting interest rate swap contracts to partially hedge its future interest cost of leverage, which is 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*	\$72,400,000
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\* The average notional amount is calculated based on the outstanding notional at the beginning of the current 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		
		Location	Asset Derivatives Value	(Liability) Derivatives Location Value
Interest rate	Swaps (OTC Uncleared)	Unrealized appreciation on interest rate swaps**	\$ 3,232,334	\$

\*\*Some swap contracts require a counterparty to pay or receive a premium, which is disclosed on the Statement of Assets and Liabilities, when applicable, and is not reflected in the cumulative unrealized appreciation (depreciation) presented above.

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 Amounts not offset on the Statement of Assets and Liabilities					Collateral Pledged to (from) Counterparty	Net Exposure
	Gross Unrealized Appreciation (or Depreciation) on Interest Rate Swaps***	Gross Unrealized Depreciation (or Appreciation) on Interest Rate Swaps***	Net Unrealized Appreciation (Depreciation) on Interest Rate Swaps	Swaps Premiums Paid	Interest Rate		
Morgan Stanley Capital Services LLC	\$ 3,232,334	\$	\$ 3,232,334	\$	\$ (3,232,334)	\$	

\*\*\*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	Change in Net	
		Net Realized Gain (Loss) from Swaps	Unrealized Appreciation (Depreciation) of Swaps
Interest rate	Swaps	\$(778)	\$2,460,879

*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**

The Fund did not have any transactions in common shares during current and prior fiscal period.

#### **5. Investment Transactions**

Long-term purchases and sales (including maturities but excluding derivative transactions) during the current fiscal period aggregated \$74,695,513 and \$103,873,349, respectively.

**Notes to Financial Statements** (continued)

(Unaudited)

**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.

The tables below present the cost and unrealized appreciation (depreciation) of the Fund's investment portfolio, as determined on a federal income tax basis as of June 30, 2018.

For purposes of this disclosure, derivative tax cost is generally the sum of any upfront fees or premiums exchanged and any amounts unrealized for income statement reporting but realized in income and/or capital gains for tax reporting. If a particular derivative category does not disclose any tax unrealized appreciation or depreciation, the change in value of those derivatives have generally been fully realized for tax purposes.

Tax cost of investments	\$385,598,742
Gross unrealized:	
Appreciation	\$68,352,245
Depreciation	(12,894,699)
Net unrealized appreciation (depreciation) of investments	\$55,457,546

Tax cost of swaps	\$
Net unrealized appreciation (depreciation) of swaps	3,232,334

Permanent differences, primarily due to tax basis earnings and profits adjustments and expiration of capital loss carryforwards, resulted in reclassifications among the Fund's components of common share net assets as of December 31, 2017, the Fund's last tax year end, as follows:

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Paid-in surplus	\$(54,158,736)
Undistributed (Over-distribution of) net investment income	6,041,250
Accumulated net realized gain (loss)	48,117,486

The tax components of undistributed net ordinary income and net long-term capital gains as of December 31, 2017, 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, 2017, was designated for purposes of the dividends paid deduction as follows:

Distributions from net ordinary income <sup>1</sup>	\$ 17,787,787
Distributions from net long-term capital gains	
Return of capital	11,104,684

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

During the Fund's last tax year ended December 31, 2017, the Fund utilized \$6,042,685 of its capital loss carryforwards.

As of December 31, 2017, the Fund's last tax year end, \$48,062,865 of the Fund's capital loss carryforward expired.

The Fund has elected to defer late-year losses in accordance with federal income tax rules. These losses are treated as having arisen on the first day of the

current fiscal year. The Fund has elected to defer losses as follows:

Post-October capital losses <sup>2</sup>	\$ 1,057,762
Late-year ordinary losses <sup>3</sup>	

<sup>2</sup> Capital losses incurred from November 1, 2017 through December 31, 2017, the Fund's last tax year end.

<sup>3</sup> Specified losses incurred from November 1, 2017 through December 31, 2017.

## 7. Management Fees

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:

Average Daily Managed Assets*	Fund-Level Fee Rate
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

The annual complex-level fee, payable monthly, is calculated by multiplying the current complex-wide fee rate, determined according to the following schedule by the Fund's daily managed assets:

Complex-Level Eligible Asset Breakpoint Level*	Effective Complex-Level Fee Rate at Breakpoint Level
\$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 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 open-end and closed-end funds that constitute eligible assets. Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of a determined amount (originally \$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, 2018, the complex-level fee for the Fund was 0.1591%.

## 8. Borrowing Arrangements

### *Borrowings*

The Fund has entered into a borrowing arrangement as a means of leverage.

As of the end of the reporting period, the Fund has a \$150,000,000 (maximum commitment amount) committed financing agreement (Borrowings). As of the end of the reporting period, the outstanding balance on these Borrowings was \$126,000,000.

**Notes to Financial Statements** (continued)

(Unaudited)

Interest is charged on these Borrowings at 1-Month LIBOR (London Inter-Bank Offered Rate) plus 0.65% per annum on the amount borrowed and 0.50% per annum on the undrawn balance. The Fund is only charged the 0.50% per annum undrawn fee if the undrawn portion of the Borrowings on that day is more than 20% of the maximum commitment amount. During the current fiscal period, the average daily balance outstanding and average annual interest rate on these Borrowings were \$129,529,282 and 2.46%, 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 specifically identified in the Fund's portfolio of investments ( Pledged Collateral ).

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

*Rehypothecation*

The Fund has entered into a Rehypothecation Side Letter ( Side Letter ) with its prime brokerage lender, allowing it 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 prime brokerage lender 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 totaling \$106,811,594. During the current fiscal period, the Fund earned Rehypothecation Fees of \$29,637, which is recognized as Other income on the Statement of Operations.

*Inter-Fund Borrowing and Lending*

The Securities and Exchange Commission ( SEC ) has granted an exemptive order permitting registered open-end and closed-end Nuveen funds to participate in an inter-fund lending facility whereby the Nuveen funds may directly lend to and borrow money from each other for temporary purposes (e.g., to satisfy redemption requests or when a sale of securities fails, resulting in an unanticipated cash shortfall) (the Inter-Fund Program ). The closed-end Nuveen funds,



including the Fund covered by this shareholder report, will participate only as lenders, and not as borrowers, in the Inter-Fund Program because such closed-end funds rarely, if ever, need to borrow cash to meet redemptions. The Inter-Fund Program is subject to a number of conditions, including, among other things, the requirements that (1) no fund may borrow or lend money through the Inter-Fund Program unless it receives a more favorable interest rate than is typically available from a bank or other financial institution for a comparable transaction; (2) no fund may borrow on an unsecured basis through the Inter-Fund Program unless the fund's outstanding borrowings from all sources immediately after the inter-fund borrowing total 10% or less of its total assets; provided that if the borrowing fund has a secured borrowing outstanding from any other lender, including but not limited to another fund, the inter-fund loan must be secured on at least an equal priority basis with at least an equivalent percentage of collateral to loan value; (3) if a fund's total outstanding borrowings immediately after an inter-fund borrowing would be greater than 10% of its total assets, the fund may borrow through the inter-fund loan on a secured basis only; (4) no fund may lend money if the loan would cause its aggregate outstanding loans through the Inter-Fund Program to exceed 15% of its net assets at the time of the loan; (5) a fund's inter-fund loans to any one fund shall not exceed 5% of the lending fund's net assets; (6) the duration of inter-fund loans will be limited to the time required to receive payment for securities sold, but in no event more than seven days; and (7) each interfund loan may be called on one business day's notice by a lending fund and may be repaid on any day by a borrowing fund. In addition, a Nuveen fund may participate in the Inter-Fund Program only if and to the extent that such participation is consistent with the fund's investment objective and investment policies. The Board is responsible for overseeing the Inter-Fund Program.

The limitations detailed above and the other conditions of the SEC exemptive order permitting the Inter-Fund Program are designed to minimize the risks associated with Inter-Fund Program for both the lending fund and the borrowing fund. However, no borrowing or lending activity is without risk. When a fund borrows money from another fund, there is a risk that the loan could be called on one day's notice or not renewed, in which case the fund may have to borrow from a bank at a higher rate or take other actions to payoff such loan if an inter-fund loan is not available from another fund. Any delay in repayment to a lending fund could result in a lost investment opportunity or additional borrowing costs.

During the current reporting period, the Fund did not enter into any inter-fund loan activity.

**Additional Fund Information**

**Board of Trustees**

Margo Cook*	Jack B. Evans	William C. Hunter	Terence J. Toth	Margaret L. Wolff
William J. Schneider	Judith M. Stockdale	Carole E. Stone	Albin F. Moschner	John K. Nelson

\*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 333 West Wacker Drive Chicago, IL 60606	State Street Bank & Trust Company One Lincoln Street Boston, MA 02111	Chapman and Cutler LLP Chicago, IL 60603	KPMG LLP 200 East Randolph Street Chicago, IL 60601	Computershare Trust Company, N.A. 250 Royall Street Canton, MA 02021 (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 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 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

**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.

**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) and 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 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.

**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.

**Leverage:** Leverage is created whenever a fund has investment exposure (both reward and/or risk) equivalent to more than 100% of the investment capital.

**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.

**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.

**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.

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**Annual Investment Management Agreement Approval Process**

(Unaudited)

At a meeting held on May 22-24, 2018 (the *May Meeting* ), the Board of Trustees (the *Board*, and each Trustee, a *Board Member* ) of the Fund, including the Board Members who are not interested persons (as defined under the Investment Company Act of 1940 (the *1940 Act* )) (the *Independent Board Members* ), approved the renewal of the management agreement (the *Investment Management Agreement* ) with Nuveen Fund Advisors, LLC (the *Adviser* ) pursuant to which the Adviser serves as investment adviser to the Fund and the sub-advisory agreement (the *Sub-Advisory Agreement* ) with Security Capital Research & Management Incorporated (the *Sub-Adviser* ) pursuant to which the Sub-Adviser serves as investment sub-adviser to the Fund. Following an initial two-year period, the Board, including the Independent Board Members, is required under the 1940 Act to review and approve the Investment Management Agreement and the Sub-Advisory Agreement on behalf of the Fund on an annual basis. The Investment Management Agreement and the Sub-Advisory Agreement are collectively referred to as the *Advisory Agreements* and the Adviser and the Sub-Adviser are collectively, the *Fund Advisers* and each, a *Fund Adviser*.

In response to a request on behalf of the Independent Board Members by independent legal counsel, the Board received and reviewed prior to the May Meeting extensive materials specifically prepared for the annual review of Advisory Agreements by the Adviser as well as by Broadridge Financial Solutions, Inc. ( *Broadridge* or *Lipper* ), an independent provider of investment company data. The materials provided in connection with the annual review covered a breadth of subject matter including, but not limited to, a description of the nature, extent and quality of services provided by each Fund Adviser; a review of the Sub-Adviser and the applicable investment team(s); an analysis of fund performance in absolute terms and as compared to the performance of certain peer funds and benchmarks with a focus on any performance outliers; an analysis of the fees and expense ratios of the Nuveen funds in absolute terms and as compared to those of certain peer funds with a focus on any expense outliers; a description of portfolio manager compensation; a review of the secondary market for Nuveen closed-end funds (including, among other things, an analysis of performance, distribution and valuation and capital raising trends in the broader closed-end fund market and in particular to Nuveen closed-end funds; a review of the leverage management actions taken on behalf of the Nuveen closed-end funds and the resulting impact on performance; and a description of the distribution management process and any capital management activities); a review of the performance of various service providers; a description of various initiatives Nuveen had undertaken or continued during the year for the benefit of particular Nuveen funds and/or the complex; a description of the profitability or financial data of Nuveen and various sub-advisers to the Nuveen funds; and a description of indirect benefits received by the Fund Advisers as a result of their relationships with the Nuveen funds. The Independent Board Members also received a memorandum from independent legal counsel outlining their fiduciary duties and legal standards in reviewing the Advisory Agreements. The Board Members held an in-person meeting on April 10-11, 2018 (the *April Meeting* ), in part, to review and discuss the performance of the Nuveen funds and the Adviser's evaluation of various sub-advisers to the Nuveen funds. Prior to the May Meeting, the Board Members also received and reviewed supplemental information provided in response to questions posed by the Board Members.

The information prepared specifically for the annual review of the Advisory Agreements supplemented the information provided to the Board and its committees throughout the year. The Board and its committees met regularly during the year and the information provided and topics discussed were relevant to the review of the Advisory Agreements. Some of these reports and other data included, among other things, materials that outlined the investment performance of the Nuveen funds; strategic plans of the Adviser which may impact the services it provides to the Nuveen funds; the review of the Nuveen funds and applicable investment teams; the management of leveraging financing for the Nuveen closed-end funds; the secondary market trading of the Nuveen closed-end funds and any

actions to address discounts; compliance, regulatory and risk management matters; the trading practices of the various sub-advisers; valuation of securities; fund expenses; and overall market and regulatory developments. The Board further continued its practice of seeking to meet periodically with the various sub-advisers to the Nuveen funds and their investment teams, when feasible. As a result, the Independent Board Members considered the review of the Advisory Agreements to be an ongoing process and employed the accumulated information, knowledge, and experience the Board Members had gained during their tenure on the boards governing the Nuveen funds and working with the Fund Advisers in their review of the Advisory Agreements. Throughout the year and during the annual review of Advisory Agreements, the Independent Board Members met in executive sessions with independent legal counsel and had the benefit of counsel's advice.



In deciding to renew the Advisory Agreements, the Independent Board Members did not identify a particular factor as determinative, but rather the decision reflected the comprehensive consideration of all the information provided, and each Board Member may have attributed different levels of importance to the various factors and information considered in connection with the approval process. The following summarizes the principal factors, but not all the factors, the Board considered in deciding to renew the Advisory Agreements and its conclusions.

**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 and the resulting performance of the Fund. With respect to the Adviser, the Board recognized the comprehensive set of management, oversight and administrative services the Adviser and its affiliates provided to manage and operate the Nuveen funds in a highly regulated industry. As illustrative, these services included, but were not limited to, product management; investment oversight, risk management and securities valuation services; fund accounting and administration services; board support and administration services; compliance and regulatory oversight services; legal support; and with respect to closed-end funds, leverage, capital and distribution management services.

In addition to the services necessary to operate and maintain the Nuveen funds, the Board recognized the Adviser's continued program of improvements and innovations to make the Nuveen fund complex more relevant and attractive to existing and new investors and to accommodate the new and changing regulatory requirements in an increasingly complex regulatory environment. The Board noted that some of the initiatives the Adviser had taken over recent years to benefit the complex and particular Nuveen funds included, among other things:

**Fund Rationalizations** continuing efforts to rationalize the product line through mergers, liquidations and repositionings in seeking to enhance shareholder value over the years through increased efficiency, reduced costs, improved performance and revised investment approaches more relevant to current shareholder needs;

**Product Innovations** developing product innovations and launching new products that will help the Nuveen fund complex offer a variety of products that will attract new investors and retain existing investors, such as launching the target term funds, exchange-traded funds ( *ETFs* ) and multi-asset class funds;

**Risk Management Enhancements** continuing efforts to enhance risk management, including enhancing reporting to increase the efficiency of risk monitoring, implementing programs to strengthen the ability to detect and mitigate operational risks, dedicating resources and staffing necessary to create standards to help ensure compliance with new liquidity requirements, and implementing a price verification system;

**Additional Compliance Services** the continuing investment of significant resources, time and additional staffing to meet the various new regulatory requirements affecting the Nuveen funds over the past several years, the further implementation of unified compliance policies and processes, the development of additional compliance training modules, and the reorganization of the compliance team adding further depth to its senior leadership;

**Expanded Dividend Management Services** as the Nuveen fund complex has grown, the additional services necessary to manage the distributions of the varied funds offered and investing in automated systems to assist in this process; and

with respect specifically to closed-end funds, such initiatives also included:

**Leverage Management Services** continuing activities to expand financing relationships and develop new product structures to lower fund leverage expenses and to manage associated risks, particularly in an interest rate increasing environment;

**Capital Management Services** continuing capital management activities through the share repurchase program and additional equity offerings in seeking to increase net asset value and/or improve fund performance for the respective Nuveen funds;

**Data and Market Analytics** continuing development of databases that help with obtaining and analyzing ownership data of closed-end funds;

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

(Unaudited)

**Enhanced Secondary Market Reporting** providing enhanced reporting and commentary on the secondary market trading of closed-end funds which permit more efficient analysis of the performance of the Nuveen funds compared to peers and of trends in the marketplace; and

**Tender Option Bond Services** providing the additional support services necessary for Nuveen funds that seek to use tender option bonds to meet new regulatory requirements.

The Board also recognized the Adviser's investor relations program which seeks to advance the Nuveen closed-end funds through, among other things, raising awareness and delivering education regarding closed-end funds to investors and financial advisors and promoting the Nuveen closed-end funds with such investors.

In addition to the services provided by the Adviser, the Board also noted the business-related risks the Adviser incurred in managing the Nuveen funds, including entrepreneurial, legal and litigation risks.

The Board further considered the division of responsibilities between the Adviser and the Sub-Adviser and the investment and compliance oversight over the Sub-Adviser provided by the Adviser. The Board recognized that the Sub-Adviser generally provided the portfolio advisory services for the Fund. The Board reviewed the Adviser's analysis of the Sub-Adviser which evaluated, among other things, the investment team, the members' experience and any changes to the team during the year, the team's assets under management, the stability and history of the organization, the team's investment approach and the performance of the Fund over various periods. The Board noted that the Adviser recommended the renewal of the Sub-Advisory Agreement.

Based on its review, the Board determined, in the exercise of its reasonable business judgment, that it was satisfied with the nature, extent and quality of services provided to the Fund under each applicable Advisory Agreement.

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

As part of its evaluation of the services provided by the Fund Advisers, the Board considered the investment performance of the Fund. In this regard, the Board reviewed Fund performance over the quarter, one-, three- and five-year periods ending December 31, 2017 as well as performance data for the first quarter of 2018 ending March 31, 2018. The Independent Board Members noted that they reviewed and discussed fund performance over various time periods with management at their quarterly meetings throughout the year and their review and analysis of performance during the annual review of Advisory Agreements incorporated such discussions.

The Board reviewed performance on an absolute basis and in comparison to the performance of peer funds (the *Performance Peer Group*) and recognized and/or customized benchmarks (*i.e.*, generally benchmarks derived from multiple recognized benchmarks). The Board considered the Adviser's analysis of each Nuveen fund's performance, including, in particular, an analysis of the Nuveen funds determined to be performance outliers and the factors contributing to their underperformance. In addition to the foregoing, in recognizing the importance of secondary market trading to shareholders of closed-end funds, the Board reviewed, among other things, the premium or discount to net asset value of the Nuveen closed-end funds as of a specified date as well as relative to the premiums or

discounts of certain peers and the funds' total return based on net asset value and market price over various periods. The Board considers the review of premiums and discounts of the closed-end funds to be a continuing priority and as such, the Board and/or its Closed-end Fund Committee also receives an update on the secondary closed-end fund market and evaluates the premiums and discounts of the Nuveen closed-end funds at each quarterly meeting, reviewing, among other things, the premium and discount trends in the broader closed-end fund market, by asset category and by closed-end fund; the historical total return performance data for the Nuveen closed-end funds based on net asset value and price over various periods; the volatility trends in the market; the distribution data of the Nuveen closed-end funds and as compared to peer averages; and a summary of the common share shelf offerings and share repurchase activity during the applicable quarter. As the Board's Closed-end Fund Committee oversees matters particularly impacting the closed-end fund product line, the committee further engages in more in-depth discussions of the premiums and discounts of the Nuveen closed-end funds at each of its quarterly meetings.

In reviewing performance data, the Independent Board Members appreciated some of the inherent limitations of such data. In this regard, the Independent Board Members recognized that there may be limitations with the comparative data of certain

peer groups or benchmarks as they may pursue objective(s), strategies or have other characteristics that are different from the respective Nuveen fund and therefore the performance results necessarily are different and limit the value of the comparisons. As an example, some funds may utilize leverage which may add to or detract from performance compared to an unlevered benchmark. The Independent Board Members also noted that management had ranked the relevancy of the peer group as low, medium or high to help the Board evaluate the value of the comparative peer performance data. The Board was aware that the performance data was measured as of a specific date and a different time period may reflect significantly different results and a period of underperformance can significantly impact long term performance figures. The Board further recognized that a shareholder's experience in the Fund depends on his or her own holding period which may differ from that reviewed by the Independent Board Members.

In their review of performance, the Independent Board Members focused, in particular, on the Adviser's analysis of Nuveen funds determined to be underperforming performance outliers. The Independent Board Members noted that only a limited number of the Nuveen funds appeared to be underperforming performance outliers at the end of 2017 and considered the factors contributing to the respective fund's performance and whether there were any performance concerns that needed to be addressed. The Board recognized that some periods of underperformance may only be temporary while other periods of underperformance may indicate a broader issue that may require a corrective action. Accordingly, with respect to any Nuveen funds for which the Board had identified performance issues, the Board monitors such funds closely until performance improves, discusses with the Adviser the reasons for such results, considers whether any steps are necessary or appropriate to address such issues, and reviews the results of any efforts undertaken.

The Board noted that the Fund ranked in the second quartile of its Performance Peer Group in the one- and three-year periods and first quartile in the five-year period. In addition, although the Fund's performance was below its blended benchmark in the three-year period, the Fund outperformed its blended benchmark in the one- and five-year periods. The Board was satisfied with the Fund's overall performance.

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

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

In its annual review, the Board considered the fees paid to the Fund Advisers and the total operating expense ratio of the Fund. More specifically, the Independent Board Members reviewed, among other things, the Fund's gross and net management fee rates and net total expense ratio in relation to those of a comparable universe of funds (the *Peer Universe*) established by Broadridge. The Independent Board Members reviewed the methodology Broadridge employed to establish its Peer Universe and recognized that differences between the applicable fund and its respective Peer Universe may limit some of the value of the comparative data. The Independent Board Members also considered a fund's operating expense ratio as it more directly reflected the shareholder's costs in investing in the respective fund. In their review, the Independent Board Members considered, in particular, each fund with a net expense ratio (excluding investment-related costs of leverage for closed-end funds) of six basis points or higher compared to that of its peer average (each an *Expense Outlier Fund*). The Board noted that the number of Nuveen funds classified as an Expense Outlier Fund pursuant to the foregoing criteria had decreased over the past few years with only a limited number of the Nuveen funds identified as Expense Outlier Funds in 2017. The Independent Board Members reviewed an analysis as to the factors contributing to each such fund's higher relative net expense ratio. In addition, although the Board reviewed a fund's total net expenses both including and excluding investment-related expenses (*i.e.*, leverage costs) and taxes for certain of the Nuveen closed-end funds, the Board recognized that leverage expenses will vary across funds and in comparison to peers because of differences in the forms and terms of leverage employed by the respective fund. Accordingly, in reviewing the comparative data between a fund and its peers, the Board generally considered the fund's net expense ratio and fees (excluding leverage costs and leveraged assets for the closed-end

funds) to be higher if they were over 10 basis points higher, slightly higher if they were 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 their review of the fee arrangements for the Nuveen funds, the Independent Board Members considered the management fee schedules, including the complex-wide and fund-level breakpoint schedules, as applicable. The Board considered that

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

(Unaudited)

across the Nuveen fund complex, the complex-wide fee breakpoints reduced fees by \$47.4 million and fund-level breakpoints reduced fees by \$54.6 million in 2017.

The Board considered the sub-advisory fees paid to the Sub-Adviser, including any breakpoint schedule, and as described below, comparative data of the fees the Sub-Adviser charges to other clients.

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

Based on their review of the information provided, the Board 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**

In determining the appropriateness of fees, the Board also reviewed information regarding the fee rates the respective Fund Advisers charged for certain other types of clients and the type of services provided to these other clients. With respect to the Adviser and/or affiliated sub-advisers, such other clients may include: retail and institutional managed accounts; hedge funds; investment companies outside the Nuveen family; foreign investment companies offered by Nuveen; collective investment trusts; and certain funds advised by an affiliated sub-adviser. The Board further noted that the Adviser also advised certain ETFs sponsored by Nuveen.

The Board also reviewed, among other things, a description of the different levels of services provided to other clients of the Adviser and/or its affiliated sub-advisers compared to the services provided to the Nuveen funds as well as the differences in portfolio investment policies, investor profiles, account sizes and regulatory requirements, all of which contribute to the variations in the fee schedules. With respect to ETFs, the Board considered the differences in the passive management of Nuveen's Nushares ETFs compared to the active management of other Nuveen funds which also contributed to differing management fee levels compared to such other Nuveen funds. In general, the Board noted that the higher fee levels reflect higher levels of services provided by Nuveen, increased investment management complexity, greater product management requirements and higher levels of business risk or some combination of these factors. The Board concluded the varying levels of fees were justified given, among other things, the inherent differences in the products and the level of services provided to the Nuveen funds versus other clients, the differing regulatory requirements and legal liabilities and the entrepreneurial risks incurred in sponsoring and advising a registered investment company.

The Board recognized that the Fund had an unaffiliated sub-adviser and considered that the Sub-Adviser's fee is essentially for portfolio management services. The Independent Board Members reviewed the average fee rates that the Sub-Adviser charges for other clients. The Independent Board Members noted that the sub-advisory fee was the result of arm's length negotiations and was reasonable in relation to the fees assessed other clients.

**3. Profitability of Fund Advisers**

In conjunction with their review of fees, the Independent Board Members considered Nuveen's level of profitability for its advisory services to the Nuveen funds for the calendar years 2017 and 2016. In considering profitability, the Independent Board Members reviewed the level of profitability realized by Nuveen including and excluding any distribution expenses incurred by Nuveen from its own resources. The Independent Board Members also reviewed a description of the expense allocation methodology employed to develop the financial information and a summary of the history of changes to the methodology over the years. For comparability purposes, the Board recognized that a prior year's profitability would be restated to reflect any refinements to the methodology. The Independent Board Members were aware of the inherent limitations in calculating profitability as the use of different reasonable allocation methodologies may lead to significantly different results and in reviewing profitability margins over extended periods given the refinements to the methodology over time. The Board noted that two Independent Board Members, along with independent counsel, serve as the Board's liaisons to review and discuss any proposed changes to the methodology prior to the full Board's review.

In their review, the Independent Board Members evaluated, among other things, Nuveen's adjusted operating margins, gross and net revenue margins (pre-tax and after-tax) for advisory activities for the Nuveen funds, and the revenues, expenses, and net income (pre-tax and after-tax and before distribution) of Nuveen for fund advisory services for each of the last two



calendar years. The Independent Board Members also reviewed an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2017 versus 2016. The Board noted that Nuveen recently launched its ETF product line in 2016 and reviewed the revenues, expenses and operating margin from this product line.

In addition to reviewing Nuveen's profitability in absolute terms, the Independent Board Members also examined comparative profitability data reviewing, among other things, the revenues, expenses and adjusted total company margins of other advisory firms that had publicly available information and comparable assets under management (based on asset size and asset composition) for 2017 and as compared to their adjusted operating margins for 2016. The Independent Board Members, however, recognized the difficulty in comparing the profitability of various fund managers given the limited public information available and the subjective nature of calculating profitability which may be affected by numerous factors including the fund manager's organizational structure, types of funds, other lines of business, methodology used to allocate expenses and cost of capital. Nevertheless, considering such limitations and based on the information provided, the Board noted that Nuveen's adjusted operating margins appeared reasonable when compared to the adjusted margins of the peers.

Aside from Nuveen's profitability, the Board recognized that the Adviser is a subsidiary of Nuveen, LLC, the investment management arm of Teachers Insurance and Annuity Association of America (TIAA). As such, the Board also reviewed a balance sheet for TIAA reflecting its assets, liabilities and capital and contingency reserves for the 2017 and 2016 calendar years to consider the financial strength of TIAA.

In reviewing profitability, the Independent Board Members also considered the profitability of the various sub-advisers from their relationships with the respective Nuveen fund(s). The Independent Board Members considered a profitability and margin analysis for the Sub-Adviser, including revenues, expenses and operating margins for its advisory services to the applicable Nuveen funds for the calendar years 2017 and 2016.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered any other ancillary benefits derived by the respective Fund Adviser from its relationship with the Nuveen funds as discussed in further detail below.

Based on a consideration of all the information provided, the Board noted that Nuveen's and the Sub-Adviser's level of profitability was acceptable and not unreasonable in light of the services provided.

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

The Independent Board Members considered the extent to which economies of scale may be achieved as the Fund grows and whether these economies of scale have been shared with shareholders. Although the Board recognized that economies of scale are difficult to measure, the Independent Board Members noted that there are several methods that may be used in seeking to share economies of scale, including through breakpoints in the management fee schedule reducing the fee rates as asset levels grow, fee waivers and/or expense limitation agreements and the Adviser's investment in its business which can enhance the services provided to the Nuveen funds. With respect to breakpoint schedules, because the Board had previously recognized that economies of scale may occur not only when the assets of a particular fund grow but also when the assets in the complex grow, the Nuveen funds generally pay the Adviser a management fee comprised of a fund-level component and a complex-level component each with its own breakpoint schedule, subject to certain exceptions. In general terms, the breakpoint schedule at the fund-level reduces fees as assets in the particular fund pass certain thresholds and the breakpoint schedule at the complex level reduces fees on certain funds as the eligible assets in the complex pass certain thresholds. Subject to exceptions for certain Nuveen

funds, the Independent Board Members reviewed the fund-level and complex-level fee schedules and any resulting savings in fees. In addition, with respect to closed-end funds, the Independent Board Members noted that, although such funds may from time-to-time make additional share offerings, the growth of their assets would occur primarily through the appreciation of such funds' investment portfolios. Further, the Independent Board Members recognized the Adviser's continued reinvestment in its business through, among other things, improvements in technology, additional staffing, product innovations and other organizational changes designed to expand or enhance the services provided to the benefit of all of the Nuveen funds.

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

(Unaudited)

Based on its review, the Board concluded that the current fee arrangements together with the Adviser's reinvestment in its business appropriately shared any economies of scale with shareholders.

**E. Indirect Benefits**

The Independent Board Members received and considered information regarding other benefits the respective Fund Adviser or its affiliates may receive as a result of their relationship with the Nuveen funds. The Independent Board Members reviewed the revenues that an affiliate of the Adviser received in 2017 as a result of serving as co-manager in the initial public offerings of new closed-end funds and as the underwriter on shelf offerings of existing closed-end funds.

In addition to the above, the Independent Board Members considered whether the Sub-Adviser uses commissions paid by the Fund on portfolio transactions to obtain research products and other services ( *soft dollar transactions* ). The Board recognized that the Sub-Adviser may benefit from research received from broker-dealers that execute Fund portfolio transactions. The Board, however, noted that the benefits for sub-advisers transacting in fixed-income securities may be more limited as such securities generally trade on a principal basis and therefore do not generate brokerage commissions. Further, the Board noted that although the Sub-Adviser may benefit from the receipt of research and other services that it may otherwise have to pay for out of its own resources, the research may also benefit the Fund to the extent it enhances the ability of the Sub-Adviser to manage the Fund or is acquired through the commissions paid on portfolio transactions of other funds or clients.

Based on their review, the Board 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 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**

**Notes**

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**Notes**

Nuveen:

Serving Investors for Generations

Since 1898, financial advisors and their clients have relied on Nuveen to provide dependable investment solutions through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor needs.

Nuveen is the investment manager of TIAA. We have grown into one of the world's premier global asset managers, with specialist knowledge across all major asset classes and particular strength in solutions that provide income for investors and that draw on our expertise in alternatives and responsible investing. Nuveen is driven not only by the independent investment processes across the firm, but also the insights, risk management, analytics and other tools and resources that a truly world-class platform provides. As a global asset manager, our mission is to work in partnership with our clients to create solutions which help them secure their financial future.

Find out how we can help you.

To learn more about how the products and services of Nuveen may be able to help you meet your financial goals, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain a prospectus, please contact your securities representative or Nuveen, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at: **[www.nuveen.com/closed-end-funds](http://www.nuveen.com/closed-end-funds)**

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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



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. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.**

Not applicable.

**Item 13. 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/ Gifford R. Zimmerman  
Gifford R. Zimmerman  
Vice President and Secretary

Date: September 6, 2018

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/ Cedric H. Antosiewicz  
Cedric H. Antosiewicz  
Chief Administrative Officer  
(principal executive officer)

Date: September 6, 2018

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

Date: September 6, 2018