

NUVEEN REAL ESTATE INCOME FUND  
Form N-CSR  
March 06, 2015

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

**FORM N-CSR**

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

Investment Company Act file number 811-10491

Nuveen Real Estate Income Fund  
(Exact name of registrant as specified in charter)

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606  
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606  
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2014

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

## Edgar Filing: NUVEEN REAL ESTATE INCOME FUND - Form N-CSR

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.

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**ITEM 1. REPORTS TO SHAREHOLDERS**

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Closed-End Funds

Nuveen Investments

**Closed-End Funds**

**Annual Report** December 31, 2014

**JRS**

Nuveen Real Estate Income Fund

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**IMPORTANT DISTRIBUTION NOTICE**  
**for Shareholders of the Nuveen Real Estate Income Fund (JRS)**  
**Annual Shareholder Report for the period ending December 31, 2014**

**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 \$0.2250 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.

**NUVEEN INVESTMENTS ACQUIRED BY TIAA-CREF**

On October 1, 2014, TIAA-CREF completed its previously announced acquisition of Nuveen Investments, Inc., the parent company of your fund's investment adviser, Nuveen Fund Advisors, LLC ("NFAL") and the Nuveen affiliates that act as sub-advisers to the majority of the Nuveen Funds. TIAA-CREF is a national financial services organization with approximately \$851 billion in assets under management as of December 31, 2014 and is a leading provider of retirement services in the academic, research, medical and cultural fields. Nuveen is operating as a separate subsidiary within TIAA-CREF's asset management business.



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## **Chairman's Letter**

### **to Shareholders**

#### **Dear Shareholders,**

A pattern of divergence has emerged in the past year. Steady and moderate growth in the U.S. economy helped sustain the stock market's bull run another year. U.S. bonds also performed well, amid subdued inflation, interest rates that remained unexpectedly low and concerns about the economic well-being of the rest of the world. The stronger domestic economy enabled the U.S. Federal Reserve (Fed) to gradually reduce its large scale bond purchases, known as quantitative easing (QE), without disruption to the markets, as well as begin to set expectations for a transition into tightening mode.

The story outside the U.S., however, was different. European growth was stagnating and Japan fell into a recession, contributing to the bouts of volatility in their markets. China's economy decelerated and, despite running well above the rate of other major global economies, investors feared it looked slow by China's standards. Compounding these concerns were a surprisingly steep decline in oil prices, the U.S. dollar's rally and an increase in geopolitical tensions, including the Russia-Ukraine crisis and terrorist attacks across the Middle East and Africa, as well as more recently in Europe.

While a backdrop of healthy economic growth in the U.S. and the continuation of accommodative monetary policy (with the central banks of Japan and potentially Europe stepping in where the Fed has left off) bodes well for the markets, the global outlook has become more uncertain. Indeed, volatility is likely to feature more prominently in the investment landscape going forward. Such conditions underscore the importance of professional investment management. Experienced investment teams have weathered the market's ups and downs in the past and emerged with a better understanding of the sensitivities of their asset class and investment style, particularly in times of turbulence. We recognize the importance of maximizing gains, while striving to minimize volatility.

And, the same is true for investors like you. Maintaining an appropriate time horizon, diversification and relying on practiced investment teams are among your best strategies for achieving your long-term investment objectives. Additionally, I encourage you to communicate with your financial consultant if you have questions about your investment in a Nuveen Fund. 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.

William J. Schneider  
Chairman of the Board  
February 23, 2015

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## Portfolio Managers'

### Comments

Nuveen Real Estate Income Fund (JRS)

*The Fund 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 economic and market conditions, their management strategy and performance of the Fund over the twelve-month reporting period ended December 31, 2014.*

### **What factors affected the U.S. economy and the financial markets during the twelve-month reporting period ended December 31, 2014?**

During this reporting period, the U.S. economy continued to expand at a moderate pace. The Federal Reserve (Fed) maintained efforts to bolster growth and promote progress toward its mandates of maximum employment and price stability by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. At its October 2014 meeting, the Fed announced that it would end its bond-buying stimulus program as of November 1, 2014, after tapering its monthly asset purchases of mortgage-backed and longer-term Treasury securities from the original \$85 billion per month to \$15 billion per month over the course of seven consecutive meetings (December 2013 through September 2014). In making the announcement, the Fed cited substantial improvement in the outlook for the labor market since the inception of the current asset purchase program as well as sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability. The Fed also reiterated that it would continue to look at a wide range of factors, including labor market conditions, indicators of inflationary pressures and readings on financial developments, in determining future actions. Additionally, the Fed stated that it would likely maintain the current target range for the fed funds rate for a considerable time after the end of the asset purchase program, especially if projected inflation continues to run below the Fed's 2% longer-run goal. However, if economic data shows faster progress toward the Fed's employment and inflation objectives than currently anticipated, the Fed indicated that the first increase in the fed funds rate since 2006 could occur sooner than expected.

In the fourth quarter of 2014, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at a 2.6% annual rate, compared with 4.6% in the second quarter and 5.0% in the third quarter of 2014. The decline in real GDP growth rate from the third quarter to the fourth quarter primarily reflects an upturn in imports, a downturn in federal government spending, and decline in exports. These were partly offset by an upturn in consumer spending. The Consumer Price Index (CPI) rose 0.8% year-over-year as of December 2014, while the core CPI (which excludes food and energy) increased 1.6% during the same period, below the Fed's unofficial longer term inflation objective of 2.0%. As of December 31, 2014, the national unemployment rate was 5.6%, the lowest level since July 2008, down from the 6.7% reported in December 2013. The housing market continued to post gains, although price growth has shown signs of

**Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ**

**significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.**

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

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

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**Portfolio Managers' Comments** (continued)

deceleration in recent months. The average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 4.7% for the twelve months ended November 2014 (most recent data available at the time this report was prepared).

As investor sentiment and risk aversion fluctuated throughout the reporting period, U.S. equities across the risk spectrum posted generally positive returns supported by solid corporate earnings, positive economic reports and continued accommodative monetary policy. During the first few months of this reporting period, the financial markets were unsettled in the aftermath of widespread uncertainty about the future of the Fed's quantitative easing program. Also contributing to investor concern was Congress's failure to reach agreement on the Fiscal 2014 federal budget, which had triggered sequestration, or automatic spending cuts and a 16-day federal government shutdown in October 2013. As we moved into 2014, investors quickly shook off these issues and the current bull market in the U.S. entered its sixth year. Then, midway through the first calendar quarter, investors grew concerned about the dampening effects of severe winter weather on near-term growth, firmer language from the Fed regarding potential stimulus withdrawal and mounting tensions with Russia over its territorial assertions in Ukraine. The stock market experienced a rather quick and dramatic rotation away from higher growth, higher price/earnings ratio stocks that had performed so well in 2013 and into more defensive, value-oriented stocks. As we moved into the spring and summer months, equity markets again hit new highs as U.S. data improved and policy uncertainty was reduced. Market volatility declined to levels near historical lows prompting some concern from market analysts and policymakers who believed that investors may be growing overly complacent. As conditions improved on the domestic front, however, global growth was called into question as China and the emerging markets slowed, while Europe slipped back into a recession. The U.S. dollar strengthened dramatically, which weighed on the prices of all commodities. Oil prices experienced a dramatic decline from their early June high of approximately \$105/barrel and ended the reporting period at approximately \$65/barrel (source: West Texas Intermediate).

Real Estate Investment Trusts (REITs) common equities, as measured by the Wilshire U.S. Real Estate Securities Index (WILRESI), surged in 2014, generating highly attractive returns amid easing long-term interest rates, advancing U.S. equity markets and a steady U.S. economic rebound, all against the backdrop of a number of simmering global economic and political risks. Interest rate trends were evident as well in the healthy returns generated by REIT senior fixed income securities, particularly REIT perpetual preferred securities, as measured by the Wells Fargo Hybrid and Preferred Securities REIT Index (WHPSR) with their extended duration profile.

**What key strategies were used to manage the Fund during this twelve-month reporting period ended December 31, 2014?**

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 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 tilt the portfolio towards more ownership of equity. In highly uncertain times, we tend to favor more allocation toward senior securities. The allocation for the portfolio between equity, preferred, debt and cash investments as of December 31, 2014 was 48% equity and 44% preferred, no debt exposure and a small cash position.

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## **How did the Fund perform during this twelve-month reporting period ended December 31, 2014?**

The table in the Performance Overview and Holding Summaries section of this report provides total return performance for the Fund for the one-year, five-year and ten-year periods ended December 31, 2014. For the twelve-month reporting period ended December 31, 2014, the Fund's total return on common share net asset value (NAV) outperformed its Blended Benchmark and the Wilshire U.S. Real Estate Securities Index (WILRESI).

Within the Fund's common equity holdings, there were distinctive performance differences by major property type with the underlying themes and influences reflecting company-specific factors, earlier reporting period performance differentials as well as shifting investor expectations colored by macro-economic trends. In this context, the performance leaders by major property type year-to-date were the office, apartment and regional mall companies.

Office property operations in general have been challenged by generally weak user demand driven by cost sensitive business tenants and efficiency gains in office space use, particularly for more interchangeable suburban product. Yet asset pricing for quality assets in primary markets has remained strong and strength in technology and life science markets has driven leasing and development opportunities for a number of office companies, both areas of overweight in the Fund's holdings. Apartment companies continue to drive healthy revenue growth, but coming into 2014 investors were wary of asset and company valuations in the context of rebounding levels of new supply, rising property taxes and perceived headwinds from a recovering single family housing market. Discounted valuations on the heels of lagging performance in 2013 and evidence of a sputtering single family housing recovery were key drivers of strong stock performance for the group in 2014.

Finally, investors have been cautious over trends impacting regional malls including a deceleration in sales growth, renewed worries over the health of mall anchors Sears and JCPenney and escalating competition from internet-based sales and urban off-mall retail alternatives. After significant underperformance in 2013, the stocks were energized by a spattering of actual and potential merger and acquisition activity as well as the prospective boost to consumers from the rapid fall-off in energy prices.

Within the Fund's common equity holdings, the relative underperformers by major property-type during the reporting period were the hotel, industrial and strip center companies. For hotel companies, returns in the Fund were positive on an absolute basis as economically sensitive operations continued to respond favorably to a combination of healthy corporate and leisure travel patterns and the generally low level of new supply. While rent and occupancy trends have been very healthy in the industrial property type, investors are wary of escalating levels of new construction in a number of key distribution markets, particularly given the short lead times for delivering new industrial assets and abundant capital availability. Lastly, operations for the strip shopping center companies are benefitting from healthy demand for space from "big box" anchor tenants in the context of almost no new construction, and hopeful indicators for in-line small shop tenancy related to a strengthening economy. Investors are wary of prospective challenges, however, including shifting big-box business models in the face of internet competition, heightened competition facing grocers and relatively fragile small shop credit.

We believe the outlook for REITs given the potential for rising interest rates may be adverse to real estate valuations and investor returns. Real estate investors and generalist stock investors appear to be viewing the world differently. This tension is leading to some significant quarter-to-quarter price volatility within REIT common equity.

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

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**Portfolio Managers' Comments** (continued)

pricing is stable-to-improving, and there is a suggestion that private capital stands ready to take advantage of public market overreactions where they occur.

The behavior of generalist stock investors, large/small cap stock funds, hedge funds and closed-end funds, suggest a different view. Many of these investors embrace a dividend orientation to investing in REIT common equity and within their portfolios REIT's are aligned with a group of income-oriented investments which become significantly less appealing as rates rise and vice versa.

We anticipate this tension and the resulting quarter-to-quarter price volatility, to continue as the highly diverse universe of REIT investors respond to shifting signals and interpretations of Fed actions, among a myriad of other factors. After significant pricing gains in the first and second quarters, we characterize current REIT common equity valuation's as full-to-fair in contrast to our more favorable stance coming into the reporting period.

The average allocation for the portfolio between REIT common equity and REIT preferreds for the reporting period was 55% in REIT common equity and 40% in REIT preferreds with the balance in cash. The Fund's allocation during the reporting period between common equity and preferred investments shifted away from the historically more volatile common equity investments due to the rapid price increases in many of these securities compared with our outlook for a moderate improvement in fundamentals. The Fund's ability to shift allocation between common equity and preferred investments is an important management tool to balance growth and income-safety in an economy experiencing a slow but uneven recovery.

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

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

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

As of December 31, 2014, the Fund's percentages of leverage are as shown in the accompanying table.

|                      | <b>JRS</b> |
|----------------------|------------|
| Effective Leverage*  | 27.76%     |
| Regulatory Leverage* | 27.76%     |

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

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

The Fund employs regulatory leverage through the use of bank borrowings. As of December 31, 2014, the Fund had outstanding bank borrowings of \$134,100,000.

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

**Common Share****Information**

The following 19(a) Notice presents the Fund's most current distribution information as of November 30, 2014 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. See "Distribution Information As of December 31, 2014" below for actual distribution source information for calendar year 2014.

**DISTRIBUTION INFORMATION 19(a) NOTICE**

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

The amounts and sources of distributions reported in this 19(a) Notice 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).

**Data as of 11/30/2014**

| JRS<br>(FYE) Per Share<br>Distribution | Estimated Per Share Sources of Distribution <sup>1</sup> |                    |                     |                      | Estimated Percentage of the<br>Distribution |                    |                     |                         |
|--|--|--------------------|---------------------|----------------------|---|--------------------|---------------------|-------------------------|
|  | Nil  | Long-Term<br>Gains | Short-Term<br>Gains | Return of<br>Capital | Nil   | Long-Term<br>Gains | Short-Term<br>Gains | Return<br>of<br>Capital |
| Current<br>Quarter                     | \$0.1084   | \$ 0.0593          | \$ 0.0573           | \$ 0.0000            | 48.2%                                       | 26.3%              | 25.5%               | 0.0%                    |
| Fiscal<br>YTD                          | \$0.4337   | \$ 0.2371          | \$ 0.2292           | \$ 0.0000            | 48.2%                                       | 26.3%              | 25.5%               | 0.0%                    |

<sup>1</sup> Net investment income is a projection through the end of the current calendar quarter using actual data through the stated month-end date above. Capital gain amounts are as of the stated date above. JRS owns

REIT securities which attribute their distributions to various sources including NII, gains, and return of capital. The NII estimates above are based on prior year attributions which can be expected to differ from the actual final attributions for the current year.

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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 11/30/2014**

| JRS<br>(FYE<br>12/31)<br>Inception<br>Date | Annualized                |                            |                             | Cumulative                 |  |                            |  |
|--|---------------------------|----------------------------|-----------------------------|----------------------------|--|----------------------------|--|
|  | Quarterly<br>Distribution | Fiscal YTD<br>Distribution | Net Asset<br>Value<br>(NAV) | 5-Year<br>Return on<br>NAV | Fiscal YTD<br>Dist Rate on<br>NAV <sup>1</sup> | 5-Year<br>Return on<br>NAV | Fiscal YTD<br>Dist Rate on<br>NAV <sup>1</sup> |
| Nov<br>2001                                | \$ 0.2250                 | \$ 0.9000                  | \$ 12.09                    | 19.84%                     | 7.44%  | 34.39%                     | 7.44%  |

<sup>1</sup> As a percentage of 11/30/2014 NAV.

**DISTRIBUTION INFORMATION AS OF DECEMBER 31, 2014**

The following table provides information regarding the Fund's common share distributions and total return performance for the fiscal year ended December 31, 2014. This information is intended to help you better understand whether the Fund's returns for the specified time period were sufficient to meet its distributions.

| As of December 31, 2014 (Common Shares)              | JRS      |
|--|----------|
| Inception date                                       | 11/15/01 |
| Fiscal year (calendar year) ended December 31, 2014: |          |
| Per share distribution:                              |          |
| From net investment income                           | \$ 0.90  |
| From long-term capital gains                         | 0.00     |
| From short-term capital gains                        | 0.00     |
| Return of capital                                    | 0.00     |
| Total per share distribution                         | \$ 0.90  |
| Current distribution rate*                           | 7.83%    |
| Average annual total returns:                        |          |
| Excluding retained gain tax credit/refund**:         |          |
| 1-Year on NAV  | 36.78%   |
| 5-Year on NAV  | 18.42%   |
| 10-Year on NAV                                       | 3.91%    |
| Including retained gain tax credit/refund**:         |          |
| 1-Year on NAV  | 36.78%   |
| 5-Year on NAV  | 18.42%   |
| 10-Year on NAV                                       | 4.58%    |

\* Current distribution rate is based on the Fund's current annualized quarterly distribution divided by the Fund's current market price. The Fund's quarterly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the fiscal year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes.

\*\* The Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and December 31, 2006, and pay required federal corporate income taxes on these amounts. As reported on Form 2439, common shareholders on record date must include their pro-rata

share of these gains on their applicable federal tax returns, and are entitled to take offsetting tax credits, for their pro-rata share of the taxes paid by the Fund. The total returns "Including retained gain tax credit/refund" include the economic benefit to common shareholders on record date of these tax credits/refunds. The Fund had no retained capital gains for the tax years ended December 31, 2008 through December 31, 2014 or for the tax years ended prior to December 31, 2006.

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**Common Share Information** (continued)**COMMON SHARE EQUITY SHELF PROGRAM**

The Fund filed a registration statement with the Securities and Exchange Commission (SEC) authorizing the Fund to issue an additional 7.1 million common shares through its equity shelf program, which was declared effective by the SEC during the current reporting period. Under this program, the Fund, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above the Fund's NAV per common share.

During the current reporting period, the Fund sold common shares through its equity shelf program at a weighted average premium to its NAV per common share as shown in the accompanying table.

|   | <b>JRS</b> |
|---|------------|
| Common Shares Sold through Equity Shelf Program       | 29,500     |
| Weighted Average Premium to NAV per Common Share Sold | 1.47%      |

Refer to Notes to Financial Statements, Note 1 General Information and Significant Accounting Policies for further details on the Fund's equity shelf program.

**COMMON SHARE REPURCHASES**

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

As of December 31, 2014, 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 December 31, 2014, 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                           | \$ 12.08   |
| Common Share Price                         | \$ 11.50   |
| Premium/(Discount) to NAV                  | (4.80)%    |
| 12-Month Average Premium/(Discount) to NAV | (2.15)%    |

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## Risk

### Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Shares of closed-end funds are subject to investment risks, including the possible loss of principal invested. Past performance is no guarantee of future results. Fund common shares are subject to a variety of risks, including:

**Investment, Market and Price Risk.** An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the corporate securities owned by the Fund, which generally trade in the over-the-counter markets. Shares of closed-end investment companies like the Fund frequently trade at a discount to their NAV. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

**Leverage Risk.** The Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price and distributions. Leverage risk can be introduced through regulatory leverage (issuing preferred shares or debt borrowings at the Fund level) or through certain derivative investments held in the Fund's portfolio. Leverage typically magnifies the total return of the Fund's portfolio, whether that return is positive or negative. The use of leverage creates an opportunity for increased common share net income, but there is no assurance that the Fund's leveraging strategy will be successful.

**Tax Risk.** The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations. This is particularly true for funds employing a managed distribution program.

**Real Estate Risks.** The Fund's performance is linked to the performance of the commercial real estate markets, which may fall due to increasing vacancies, declining rents or the failure of borrowers to pay their loans.

**Common Stock Risk.** Common stock returns often have experienced significant volatility.

**Issuer Credit Risk.** This is the risk that a security in the Fund's portfolio will fail to make dividend or interest payments when due.

**Dividend Income Risk.** There is no guarantee that the issuers of common stocks in which the Fund invests will declare dividends in the future or that, if declared, they will remain at current levels or increase over time.

**Preferred Stock Risk.** Preferred stocks are subordinated to bonds and other debt instruments in a company's capital structure, and therefore are subject to greater credit risk.

**Derivatives Strategy Risk.** Derivative securities, such as calls, puts, warrants, swaps and forwards, carry risks different from, and possibly greater than, the risks associated with the underlying investments.

**Interest Rate Risk.** Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.



**Interest Rate Swaps Risk.** The risk that yields will move in the direction opposite to the direction anticipated by a Fund, which would cause a Fund to make payments to its counterparty in the transaction that could adversely affect the Fund's performance.

**Reinvestment Risk.** If market interest rates decline, income earned from the Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

Nuveen Investments

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**JRS****Nuveen Real Estate Income Fund****Performance Overview and Holding Summaries as of December 31, 2014**

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 December 31, 2014**

|  | <b>1-Year</b> | <b>Average Annual<br/>5-Year</b> | <b>10-Year</b> |
|--|---------------|----------------------------------|----------------|
| JRS at Common Share NAV  | 36.78%        | 18.42%                           | 3.91%          |
| JRS at Common Share Price                                      | 31.03%        | 17.19%                           | 4.65%          |
| Wilshire U.S. Select Real Estate Securities<br>Index (WILRESI) | 31.53%        | 17.23%                           | 8.15%          |
| Blended Benchmark  | 27.11%        | 15.33%                           | N/A            |
| S&P 500® Index   | 13.69%        | 15.45%                           | 7.67%          |

**Average Annual Total Returns as of December 31, 2014<sup>1</sup>  
(including retained gain tax credit/refund)**

|                           | <b>1-Year</b> | <b>Average Annual<br/>5-Year</b> | <b>10-Year</b> |
|---------------------------|---------------|----------------------------------|----------------|
| JRS at Common Share NAV   | 36.78%        | 18.42%                           | 4.58%          |
| JRS at Common Share Price | 31.03%        | 17.19%                           | 5.32%          |

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

**Common Share Price Performance Weekly Closing Price**

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

### **Fund Allocation**

#### **(% of net assets)**

|  |         |
|--|---------|
| Real Estate Investment Trust<br>Common Stocks    | 67.1%   |
| Real Estate Investment Trust<br>Preferred Stocks | 61.1%   |
| Short-Term Investments                           | 10.8%   |
| Other Assets Less Liabilities                    | (0.6)%  |
| Net Assets Plus Borrowings                       | 138.4%  |
| Borrowings                                       | (38.4)% |
| Net Assets                                       | 100%    |

### **Portfolio Composition**

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

|                               |       |
|-------------------------------|-------|
| Retail                        | 31.4% |
| Office                        | 15.1% |
| Specialized                   | 14.2% |
| Residential                   | 10.4% |
| Diversified                   | 7.8%  |
| Hotels, Restaurants & Leisure | 7.0%  |
| Short-Term Investments        | 7.8%  |
| Other                         | 6.3%  |
| Total                         | 100%  |

### **Top Five Common Stock Issuers**

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

|                            |      |
|----------------------------|------|
| Simon Property Group, Inc. | 4.8% |
| Prologis, Inc.             | 2.8% |
| Health Care REIT, Inc.     | 2.4% |
| Equity Residential         | 2.2% |
| Public Storage, Inc.       | 2.1% |

### **Top Five Preferred Stock Issuers**

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

|                                  |      |
|----------------------------------|------|
| Public Storage, Inc.             | 4.1% |
| CBL & Associates Properties Inc. | 3.5% |
| Vornado Realty Trust             | 3.5% |
| Taubman Centers Inc.             | 3.3% |
| Highwoods Properties, Inc.       | 3.1% |

<sup>1</sup> As previously explained in the Common Share Information section of this report, the Fund elected to retain a portion of its realized long-term capital gains for the tax years ended December 31, 2007 and

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

2 Excluding investments in derivatives.

N/A Not Applicable.

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**Shareholder****Meeting Report**

The annual meeting of shareholders was held in the offices of Nuveen Investments on August 5, 2014 for JRS; at this meeting the shareholders were asked to vote to approve a new investment management agreement, to approve new sub-advisory agreements and to elect Board Members.

|  | <b>JRS</b><br>Common<br>Shares |
|--|--------------------------------|
| <b>To approve a new investment management agreement between the Fund and Nuveen Advisors, LLC.</b>                                       |                                |
| For  | 13,012,260                     |
| Against  | 391,806                        |
| Abstain  | 419,681                        |
| Broker Non-Votes   | 3,363,620                      |
| Total  | 17,187,367                     |
| <b>To approve a new sub-advisory agreement between Nuveen Fund Advisors and Security Capital Research &amp; Management Incorporated.</b> |                                |
| For  | 12,905,462                     |
| Against  | 501,904                        |
| Abstain  | 416,381                        |
| Broker Non-Votes   | 3,363,620                      |
| Total  | 17,187,367                     |
| <b>Approval of the Board Members was reached as follows:</b>   |                                |
| William Adams IV   |                                |
| For  | 16,587,400                     |
| Withhold   | 599,967                        |
| Total  | 17,187,367                     |
| David J. Kundert   |                                |
| For  | 16,561,137                     |
| Withhold   | 626,230                        |
| Total  | 17,187,367                     |
| John K. Nelson   |                                |
| For  | 16,576,892                     |
| Withhold   | 610,475                        |
| Total  | 17,187,367                     |
| Terence J. Toth  |                                |
| For  | 16,576,315                     |
| Withhold   | 611,052                        |
| Total  | 17,187,367                     |

Nuveen Investments

**Report of**

**Independent Registered Public Accounting Firm**

**To the Board of Trustees and Shareholders of**

**Nuveen Real Estate Income Fund:**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Nuveen Real Estate Income Fund (the "Fund") as of December 31, 2014, and the related statements of operations, changes in net assets and cash flows, and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets and the financial highlights for the periods presented through December 31, 2013, were audited by other auditors whose report dated February 27, 2014, expressed an unqualified opinion on that statement and those financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2014, by correspondence with the custodian and brokers or other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2014, the results of its operations, the changes in its net assets, its cash flows and the financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP  
Chicago, Illinois  
February 25, 2015

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## JRS

## Nuveen Real Estate Income Fund

## Portfolio of Investments December 31, 2014

| Shares  | Description (1)  | Value        |
|---------|--|--------------|
|         | <b>LONG-TERM INVESTMENTS 128.2% (92.2% of Total Investments)</b>                     |              |
|         | <b>REAL ESTATE INVESTMENT TRUST COMMON STOCKS 67.1% (48.2% of Total Investments)</b> |              |
|         | <b>Diversified 4.9% (3.5% of Total Investments)</b>                                  |              |
| 232,156 | Duke Realty Corporation, (2)   | \$ 4,689,551 |
| 99,100  | Liberty Property Trust   | 3,729,133    |
| 72,160  | Vornado Realty Trust, (2)  | 8,493,954    |
|         | Total Diversified  | 16,912,638   |
|         | <b>Hotels, Restaurants &amp; Leisure 5.7% (4.1% of Total Investments)</b>            |              |
| 299,075 | Host Hotels & Resorts Inc.   | 7,109,013    |
| 32,400  | Hyatt Hotels Corporation, Class A, (3)   | 1,950,804    |
| 110,100 | LaSalle Hotel Properties   | 4,455,747    |
| 122,050 | RLJ Lodging Trust  | 4,092,336    |
| 29,300  | Starwood Hotels & Resorts Worldwide, Inc.  | 2,375,351    |
|         | Total Hotels, Restaurants & Leisure  | 19,983,251   |
|         | <b>Industrial 4.0% (2.8% of Total Investments)</b>                                   |              |
| 320,403 | Prologis Inc.  | 13,786,941   |
|         | <b>Office 9.8% (7.0% of Total Investments)</b>                                       |              |
| 71,850  | Alexandria Real Estate Equities Inc.   | 6,375,969    |
| 352,690 | BioMed Realty Trust Inc.   | 7,596,943    |
| 55,850  | Boston Properties, Inc.  | 7,187,336    |
| 197,950 | Brandywine Realty Trust  | 3,163,241    |
| 99,250  | Douglas Emmett Inc.  | 2,818,700    |
| 28,200  | Kilroy Realty Corporation  | 1,947,774    |
| 41,250  | SL Green Realty Corporation  | 4,909,575    |
|         | Total Office   | 33,999,538   |
|         | <b>Residential 11.9% (8.6% of Total Investments)</b>                                 |              |
|         | Apartment Investment & Management  |              |
| 160,976 | Company, Class A, (2)  | 5,980,258    |
| 62,088  | AvalonBay Communities, Inc.  | 10,144,558   |
| 85,950  | Equity Lifestyles Properties Inc.  | 4,430,722    |
| 146,220 | Equity Residential   | 10,504,445   |
| 18,788  | Essex Property Trust Inc.  | 3,881,601    |
| 19,700  | Post Properties, Inc.  | 1,157,769    |
| 180,780 | UDR Inc.   | 5,571,640    |
|         | Total Residential  | 41,670,993   |
|         | <b>Retail 16.8% (12.1% of Total Investments)</b>                                     |              |
| 133,200 | Brixmor Property Group Inc.  | 3,308,688    |
| 280,050 | Developers Diversified Realty Corporation  | 5,141,718    |
| 170,049 | General Growth Properties Inc., (2)  | 4,783,478    |
| 171,950 | Kimco Realty Corporation   | 4,322,823    |
| 157,850 | Kite Realty Group Trust  | 4,536,609    |

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|         |  |            |
|---------|--|------------|
| 77,477  | Macerich Company                                   | 6,462,357  |
| 53,110  | Regency Centers Corporation, (2)                   | 3,387,356  |
| 144,300 | Retail Opportunity Investments Corporation,<br>(2) | 2,422,797  |
| 127,099 | Simon Property Group, Inc., (2)                    | 23,145,999 |
| 14,450  | Taubman Centers Inc.                               | 1,104,269  |
|         | Total Retail                                       | 58,616,094 |

Nuveen Investments

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| Shares  | Description (1)   | Value        |
|---------|---|--------------|
|         | <b>Specialized 14.0% (10.1% of Total Investments)</b>                 |              |
| 326,900 | CubeSmart   | \$ 7,214,683 |
| 38,050  | Extra Space Storage Inc.  | 2,231,252    |
| 204,910 | HCP, Inc., (2)  | 9,022,187    |
| 156,631 | Health Care REIT, Inc., (2)   | 11,852,268   |
| 55,587  | Public Storage, Inc., (2)   | 10,275,257   |
| 116,790 | Ventas Inc.   | 8,373,843    |
|         | Total Specialized   | 48,969,490   |
|         | Total Real Estate Investment Trust Common Stocks (cost \$141,071,370) | 233,938,945  |

| Shares  | Description (1)   | Coupon | Ratings (4) | Value        |
|---------|---|--------|-------------|--------------|
|         | <b>REAL ESTATE INVESTMENT TRUST PREFERRED STOCKS 61.1% (44.0% of Total Investments)</b> |        |             |              |
|         | <b>Diversified 5.9% (4.3% of Total Investments)</b>                                     |        |             |              |
| 135,100 | PS Business Parks, Inc.   | 6.450% | Baa2        | \$ 3,463,964 |
| 14,650  | PS Business Parks, Inc.   | 6.000% | Baa2        | 361,855      |
| 267,014 | Vornado Realty Trust  | 6.875% | BBB         | 7,075,871    |
| 134,500 | Vornado Realty Trust  | 6.625% | BBB         | 3,416,300    |
| 125,100 | Vornado Realty Trust  | 5.700% | BBB         | 3,009,906    |
| 146,000 | Vornado Realty Trust  | 5.400% | BBB         | 3,358,000    |
|         | Total Diversified   |        |             | 20,685,896   |
|         | <b>Health Care 4.0% (2.9% of Total Investments)</b>                                     |        |             |              |
| 494,250 | Health Care REIT, Inc.  | 6.500% | Baa3        | 13,176,705   |
| 34,750  | Sabra Health Care REIT, Inc.  | 7.125% | BB          | 943,115      |
|         | Total Health Care   |        |             | 14,119,820   |
|         | <b>Hotels, Restaurants &amp; Leisure 4.0% (2.9% of Total Investments)</b>               |        |             |              |
| 100,000 | Ashford Hospitality Trust Inc.  | 8.450% | N/R         | 2,553,000    |
| 109,000 | Hospitality Properties Trust  | 7.125% | Baa3        | 2,848,170    |
| 43,650  | Pebblebrook Hotel Trust   | 7.875% | N/R         | 1,122,242    |
| 11,800  | Summit Hotel Properties Inc.  | 9.250% | N/R         | 324,972      |
| 141,050 | Sunstone Hotel Investors Inc.   | 8.000% | N/R         | 3,701,152    |
| 139,400 | Strategic Hotel Capital Inc., Series B  | 8.250% | N/R         | 3,486,394    |
|         | Total Hotels, Restaurants & Leisure   |        |             | 14,035,930   |
|         | <b>Industrial 0.8% (0.6% of Total Investments)</b>                                      |        |             |              |
| 114,700 | Terreno Realty Corporation  | 7.750% | N/R         | 2,943,202    |

**Office 11.2% (8.1% of Total Investments)**

|         |   |        |      |                   |
|---------|---|--------|------|-------------------|
| 177,000 | Alexandria Real Estate<br>Equities Inc., Series E | 6.450% | Baa3 | 4,584,300         |
| 40,000  | Brandywine Realty<br>Trust, Series D              | 6.900% | Ba1  | 1,054,000         |
| 39,050  | Corporate Office<br>Properties Trust              | 7.375% | BB   | 1,018,424         |
| 152,400 | Equity Commonwealth                               | 7.250% | Ba1  | 3,886,200         |
| 12,359  | Highwoods Properties,<br>Inc., Series A, (8)      | 8.625% | Baa3 | 15,066,393        |
| 411,200 | Hudson Pacific<br>Properties Inc.                 | 8.375% | N/R  | 10,768,917        |
| 9,000   | Kilroy Realty<br>Corporation                      | 6.875% | Ba1  | 232,380           |
| 99,000  | SL Green Realty<br>Corporation                    | 6.500% | Ba2  | 2,523,510         |
|         | <b>Total Office</b>                               |        |      | <b>39,134,124</b> |

**Residential 2.6% (1.8% of Total Investments)**

|         |   |        |     |                  |
|---------|---|--------|-----|------------------|
| 9,300   | Apartment Investment<br>& Management<br>Company | 7.000% | BB  | 240,312          |
| 234,450 | Apartment Investment<br>& Management<br>Company | 6.875% | BB  | 6,123,834        |
| 89,100  | Campus Crest<br>Communities                     | 8.000% | N/R | 2,262,249        |
| 10,000  | Equity Lifestyle<br>Properties Inc.             | 6.750% | N/R | 262,000          |
|         | <b>Total Residential</b>                        |        |     | <b>8,888,395</b> |

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**JRS Nuveen Real Estate Income Fund**  
**Portfolio of Investments (continued) December 31, 2014**

| Shares  | Description (1)                                     | Coupon | Ratings<br>(4) | Value         |
|---------|---|--------|----------------|---------------|
|         | <b>Retail 26.8% (19.3% of Total Investments)</b>    |        |                |               |
| 681,000 | CBL & Associates Properties Inc.                    | 7.375% | BB             | \$ 17,161,200 |
| 26,750  | DDR Corporation                                     | 6.500% | Baa3           | 681,322       |
| 133,350 | DDR Corporation                                     | 6.250% | Baa3           | 3,336,417     |
| 51,500  | Excel Trust Inc.                                    | 8.125% | BB             | 1,366,810     |
| 449,650 | General Growth Properties                           | 6.375% | N/R            | 11,268,229    |
| 50,964  | Glimcher Realty Trust, Series G                     | 8.125% | B1             | 1,276,648     |
| 95,000  | Glimcher Realty Trust                               | 6.875% | B1             | 2,432,950     |
| 158,000 | Inland Real Estate Corporation                      | 8.125% | N/R            | 4,160,140     |
| 215,900 | Inland Real Estate Corporation                      | 6.950% | N/R            | 5,477,383     |
| 29,000  | Kimco Realty Corporation                            | 6.900% | Baa2           | 744,430       |
| 239,200 | Kimco Realty Corporation                            | 6.000% | Baa2           | 6,003,920     |
| 2,350   | Kite Realty Group Trust                             | 8.250% | N/R            | 61,288        |
| 225,000 | Regency Centers Corporation                         | 6.625% | Baa3           | 5,694,750     |
| 304,250 | Saul Centers, Inc.                                  | 6.875% | N/R            | 8,190,410     |
| 3,169   | Simon Property Group, Inc.                          | 8.375% | BBB+           | 213,749       |
| 188,650 | Taubman Centers Incorporated., Series J             | 6.500% | N/R            | 4,820,008     |
| 454,000 | Taubman Centers Incorporated, Series K              | 6.250% | N/R            | 11,345,460    |
| 45,150  | Urstadt Biddle Properties                           | 7.125% | N/R            | 1,173,900     |
| 127,900 | Urstadt Biddle Properties                           | 6.750% | N/R            | 3,289,588     |
| 185,702 | Weingarten Realty Trust                             | 6.500% | Baa3           | 4,711,260     |
|         | Total Retail  |        |                | 93,409,862    |
|         | <b>Specialized 5.8% (4.1% of Total Investments)</b> |        |                |               |
| 311,150 | Public Storage, Inc. Series R                       | 6.350% | A              | 8,089,900     |
| 167,000 |   | 5.900% | A              | 4,221,760     |

|         |  |        |    |                    |
|---------|--|--------|----|--------------------|
|         | Public Storage, Inc. Series S  |        |    |                    |
| 78,350  | Public Storage, Inc. Series V  | 5.375% | A  | 1,839,658          |
| 47,000  | Public Storage, Inc. Series X  | 5.200% | A3 | 1,085,700          |
| 186,000 | Public Storage, Inc. Series Y  | 6.375% | A  | 4,873,200          |
|         | <b>Total Specialized</b>   |        |    | <b>20,110,218</b>  |
|         | Total Real Estate Investment Trust Preferred Stocks (cost \$204,334,951) |        |    | 213,327,447        |
|         | <b>Total Long-Term Investments (cost \$345,406,321)</b>                  |        |    | <b>447,266,392</b> |

**Principal**

| Principal Amount (000) | Description (1)  | Coupon        | Maturity                           | Value                 |
|------------------------|--|---------------|------------------------------------|-----------------------|
|                        | <b>SHORT-TERM INVESTMENTS</b>  | <b>10.8%</b>  | <b>(7.8% of Total Investments)</b> |                       |
| \$ 37,830              | Repurchase Agreement with Fixed Income Clearing Corporation, dated 12/31/14, repurchase price \$37,830,469, collateralized by \$32,025,000 U.S. Treasury Bonds, 3.750%, due 11/15/43, value \$38,590,125 | 0.000%        | 01/02/15                           | \$ 37,830,469         |
|                        | <b>Total Short-Term Investments (cost \$37,830,469)</b>  |               |                                    | <b>37,830,469</b>     |
|                        | <b>Total Investments (cost \$383,236,790)</b>  | <b>139.0%</b> |                                    | <b>485,096,861</b>    |
|                        | <b>Borrowings (38.4)% (5), (6)</b>   |               |                                    | <b>(134,100,000)</b>  |
|                        | <b>Other Assets Less Liabilities (0.6)% (7)</b>  |               |                                    | <b>(2,003,875)</b>    |
|                        | <b>Net Assets Applicable to Common Shares</b>  | <b>100%</b>   |                                    | <b>\$ 348,992,986</b> |

Investments in Derivatives as of December 31, 2014

**Interest Rate Swaps outstanding:**

| Counterparty | Notional Amount | Fund Pay/Receive Floating Rate | Floating Rate Index | Fixed Rate (Annualized) | Fixed Rate Payment Frequency | Effective Date | Termination Date | Unrealized Appreciation (Depreciation) (7) |
|--------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|----------------|------------------|--|
| JPMorgan     | \$35,761,000    | Receive                        | USD-LIBOR-BBA       | 1.462%                  | Monthly                      | 12/01/15       | 12/01/20         | \$ 122,013                                 |
| JPMorgan     | 35,761,000      | Receive                        | USD-LIBOR-BBA       | 1.842%                  | Monthly                      | 12/01/15       | 12/01/22         | 72,005                                     |

\$71,522,000

\$ 194,018

Nuveen Investments

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

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to common shares unless otherwise noted.
- (2) Investment, or portion of investment, is out on loan as described in Note 8 Borrowing Arrangements. The total value of investments out on loan as of the end of the reporting period was \$862,700.
- (3) Non-income producing; issuer has not declared a dividend within the past twelve months.
- (4) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (5) Borrowings as a percentage of Total Investments is 27.6%.
- (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 \$275,628,886 have been pledged as collateral for Borrowings.
- (7) Other Assets Less Liabilities includes the Unrealized Appreciation (Depreciation) of derivative instruments as listed within Investments in Derivatives as of the end of the reporting period.
- (8) For fair value measurement disclosure purposes, Real Estate Investment Trust Preferred Stocks classified as Level 2. See Notes to Financial Statements, Note 2 Investment Valuation and Fair Value Measurements for more Information.
- (9) Effective date represents the date on which both the Fund and Counterparty commence interest payment accruals on each contract.

REIT Real Estate Investment Trust.

USD-LIBOR-BBA United States Dollar London Inter-Bank Offered Rate British Bankers' Association.

*See accompanying notes to financial statements.*

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**Statement of****Assets and Liabilities December 31, 2014**

|   |                       |
|---|-----------------------|
| <b>Assets</b>   |                       |
| Long-term investments, at value (cost \$345,406,321)        | \$ 447,266,392        |
| Short-term investments, at value (cost approximates value)  | 37,830,469            |
| Unrealized appreciation on interest rate swaps              | 194,018               |
| Receivable for dividends                                    | 2,422,745             |
| Other assets  | 263,670               |
| <b>Total assets</b>   | <b>487,977,294</b>    |
| <b>Liabilities</b>  |                       |
| Borrowings  | 134,100,000           |
| Payable for investments purchased                           | 4,313,075             |
| Accrued expenses:   |                       |
| Management fees   | 353,966               |
| Interest on borrowings                                      | 7,511                 |
| Trustees fees   | 65,814                |
| Other   | 143,942               |
| <b>Total liabilities</b>                                    | <b>138,984,308</b>    |
| <b>Net assets applicable to common shares</b>               | <b>\$ 348,992,986</b> |
| Common shares outstanding                                   | 28,892,471            |
| <b>Net asset value ("NAV") per common share outstanding</b> | <b>\$ 12.08</b>       |
| <b>Net assets applicable to common shares consist of:</b>   |                       |
| Common shares, \$.01 par value per share                    | \$ 288,925            |
| Paid-in surplus   | 357,708,698           |
| Undistributed (Over-distribution of) net investment income  | (62,840)              |
| Accumulated net realized gain (loss)                        | (110,995,886)         |
| Net unrealized appreciation (depreciation)                  | 102,054,089           |
| <b>Net assets applicable to common shares</b>               | <b>\$ 348,992,986</b> |
| Authorized shares:  |                       |
| Common  | Unlimited             |
| Preferred   | Unlimited             |

*See accompanying notes to financial statements.*

**Statement of****Operations Year Ended December 31, 2014****Investment Income**

|   |               |
|---|---------------|
| Dividends (net of dividend tax withheld of \$2,594) | \$ 16,199,156 |
| Other   | 197,444       |
| Total investment income                             | 16,396,600    |

**Expenses**

|   |            |
|---|------------|
| Management fees                               | 3,894,968  |
| Shareholder servicing agent fees and expenses | 3,432      |
| Interest expense on borrowings                | 1,366,938  |
| Custodian fees and expenses                   | 79,550     |
| Trustees fees and expenses                    | 14,200     |
| Professional fees                             | 53,029     |
| Shareholder reporting expenses                | 94,961     |
| Stock exchange listing fees                   | 2,963      |
| Investor relations expense                    | 103,883    |
| Other expenses                                | 17,232     |
| Total expenses                                | 5,631,156  |
| Net investment income (loss)                  | 10,765,444 |

**Realized and Unrealized Gain (Loss)**

|   |               |
|---|---------------|
| Net realized gain (loss) from:  |               |
| Investments and foreign currency  | 35,798,985    |
| Swaps   | (1,024,375)   |
| Change in net unrealized appreciation (depreciation) of:                          |               |
| Investments and foreign currency  | 55,323,662    |
| Swaps   | (2,096,322)   |
| Net realized and unrealized gain (loss)   | 88,001,950    |
| Net increase (decrease) in net assets applicable to common shares from operations | \$ 98,767,394 |

*See accompanying notes to financial statements.*

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

|   | <b>Year<br/>Ended<br/>12/31/14</b> | <b>Year<br/>Ended<br/>12/31/13</b> |
|---|------------------------------------|------------------------------------|
| <b>Operations</b>   |                                    |                                    |
| Net investment income (loss)  | \$ 10,765,444                      | \$ 9,742,122                       |
| Net realized gain (loss) from:  |                                    |                                    |
| Investments and foreign currency  | 35,798,985                         | 22,400,496                         |
| Swaps   | (1,024,375)                        | (694,120)                          |
| Change in net unrealized appreciation (depreciation) of:  |                                    |                                    |
| Investments and foreign currency  | 55,323,662                         | (34,707,706)                       |
| Swaps   | (2,096,322)                        | 3,577,963                          |
| Net increase (decrease) in net assets applicable to common shares from operations                 | 98,767,394                         | 318,755                            |
| <b>Distributions to Common Shareholders</b>   |                                    |                                    |
| From net investment income  | (25,991,823)                       | (27,195,724)                       |
| Decrease in net assets applicable to common shares from distributions to common shareholders      | (25,991,823)                       | (27,195,724)                       |
| <b>Capital Share Transactions</b>   |                                    |                                    |
| Proceeds from shelf offering, net of offering costs   | 312,363                            |                                    |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions              | 459,257                            | 1,116,081                          |
| Net increase (decrease) in net assets applicable to common shares from capital share transactions | 771,620                            | 1,116,081                          |
| Net increase (decrease) in net assets applicable to common shares                                 | 73,547,191                         | (25,760,888)                       |
| Net assets applicable to common shares at the beginning of period                                 | 275,445,795                        | 301,206,683                        |
| Net assets applicable to common shares at the end of period                                       | \$348,992,986                      | \$275,445,795                      |
| Undistributed (Over-distribution of) net investment income at the end of period                   | \$ (62,840)                        | \$ (63,236)                        |
| <i>See accompanying notes to financial statements.</i>  |                                    |                                    |

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**Statement of****Cash Flows Year Ended December 31, 2014****Cash Flows from Operating Activities:****Net Increase (Decrease) In Net Assets Applicable to****Common Shares from Operations**

\$ 98,767,394

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 (258,048,887)

Proceeds from sales and maturities of investments 289,400,319

Proceeds from (Purchases of) short-term investments, net (35,305,685)

Proceeds from (Payments for) swap contracts, net (1,024,375)

(Increase) Decrease in:

Receivable for dividends (470,571)

Other assets (196,139)

Increase (Decrease) in:

Payable for investments purchased 4,313,075

Accrued management fees 57,895

Accrued interest on borrowings 61

Accrued Trustees fees (1,475)

Accrued other expenses 15,970

Net realized (gain) loss from:

Investments and foreign currency (35,798,985)

Swaps 1,024,375

Change in net unrealized (appreciation) depreciation of:

Investments and foreign currency (55,323,662)

Swaps 2,096,322

Capital gain and return of capital distributions from investments 5,114,571

Net cash provided by (used in) operating activities 14,620,203

**Cash Flows from Financing Activities:**

Proceeds from borrowings 10,600,000

Cash distributions paid to common shareholders (25,532,566)

Proceeds from shelf offering, net of offering costs 312,363

Net cash provided by (used in) financing activities (14,620,203)

**Net Increase (Decrease) in Cash**

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) \$ 1,366,877

Non-cash financing activities not included herein consists of reinvestments of common share distributions 459,257

*See accompanying notes to financial statements.*



**Financial****Highlights**

Selected data for a common share outstanding throughout each period:

|                   | Investment Operations               |  |  |         | Less Distributions<br>From<br>Accum-<br>ulated         |  |  | Premium<br>from<br>Common<br>Shares<br>Sold<br>through<br>Shelf<br>Offering | Ending<br>Common<br>Share<br>NAV |
|-------------------|-------------------------------------|--|--|---------|--|--|--|---|----------------------------------|
|                   | Beginning<br>Common<br>Share<br>NAV | Net<br>Investment<br>Income<br>(Loss)(a) | Net<br>Realized/<br>Unrealized<br>Gain<br>(Loss) | Total   | Investment<br>Income to<br>Common<br>Share-<br>holders | Net<br>Realized<br>Gains to<br>Common<br>Share-<br>holders | Return<br>of<br>Capital<br>to<br>Common<br>Share-<br>holders |   |                                  |
| Year Ended 12/31: |                                     |  |  |         |  |  |  |   |                                  |
| 2014              | \$ 9.56                             | \$ 0.37                                  | \$ 3.05  | \$ 3.42 | \$ (0.90)  | \$   | \$ (0.90)  | \$ *  | \$ 12.08                         |
| 2013              | 10.49                               | 0.34                                     | (0.32)   | 0.02    | (0.95)   |  | (0.95)   |   | 9.56                             |
| 2012              | 9.64                                | 0.37                                     | 1.40   | 1.77    | (0.92)   |  | (0.92)   |   | 10.49                            |
| 2011              | 9.79                                | 0.30                                     | 0.46   | 0.76    | (0.91)   |  | (0.91)   |   | 9.64                             |
| 2010              | 8.10                                | 0.28                                     | 2.29   | 2.57    | (0.88)   |  | (0.88)   |   | 9.79                             |

**Borrowings at End of Period**

|                   | Aggregate<br>Amount<br>Outstanding<br>(000) | Asset<br>Coverage<br>Per \$1,000 |
|-------------------|---|----------------------------------|
| Year Ended 12/31: |   |                                  |
| 2014              | \$ 134,100                                  | \$ 3,602                         |
| 2013              | 123,500                                     | 3,230                            |
| 2012              | 123,000                                     | 3,449                            |
| 2011              | 111,000                                     | 3,484                            |
| 2010              | 64,710                                      | 5,313                            |

Nuveen Investments



| Total Returns       |                              |                          |   | Ratios/Supplemental Data   |                              |  |                              |                            |     |
|---------------------|------------------------------|--------------------------|---|--|------------------------------|--|------------------------------|----------------------------|-----|
|                     |                              |                          |   | Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c) |                              | Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d) |                              |                            |     |
| Ending Market Value | Based on Common Share NAV(b) | Based on Market Value(b) | Ending Net Assets Applicable to Common Shares (000) | Net Investment Expenses  | Net Investment Income (Loss) | Net Investment Expenses  | Net Investment Income (Loss) | Portfolio Turnover Rate(e) |     |
| Year Ended 12/31:   |                              |                          |   |  |                              |  |                              |                            |     |
| 2014                | 11.50                        | 36.78%                   | 31.03%  | \$ 348,993   | 1.75%                        | 3.35%  | N/A                          | N/A                        | 61% |
| 2013                | 9.52                         | (0.25)                   | (0.88)  | 275,446  | 1.83                         | 3.18   | N/A                          | N/A                        | 88  |
| 2012                | 10.48                        | 18.63                    | 9.25  | 301,207  | 1.90                         | 3.56   | N/A                          | N/A                        | 54  |
| 2011                | 10.44                        | 8.18                     | 13.11   | 275,750  | 1.74                         | 2.95   | 1.65%                        | 3.04%                      | 49  |
| 2010                | 10.11                        | 32.98                    | 37.51   | 279,071  | 1.60                         | 2.95   | 1.48                         | 3.07                       | 58  |

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

(b) Total Return Based on Market Value 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.

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.

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

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

| Ratios of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares |       |
|---|-------|
| Year Ended 12/31:   |       |
| 2014  | 0.43% |
| 2013  | 0.49  |
| 2012  | 0.56  |
| 2011  | 0.42  |

2010

0.35

(d) After expense reimbursement from the Adviser, where applicable. As of November 30, 2011, the Adviser is no longer reimbursing the Fund for any fees or expenses.

(e) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions) divided by the average long-term market value during the period.

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

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

*See accompanying notes to financial statements.*

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## Notes to

### Financial Statements

#### 1. General Information and Significant Accounting Policies

##### General Information

###### *Fund Information*

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

###### *Investment Adviser*

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

###### *Change in Control*

On October 1, 2014, TIAA-CREF, a national financial services organization, completed its previously announced acquisition of Nuveen, the parent company of the Adviser.

Because the consummation of the acquisition resulted in the "assignment" (as defined in the Investment Company Act of 1940) and automatic termination of the Fund's investment management agreement and investment sub-advisory agreement, Fund shareholders were asked to approve a new investment management agreement with the Adviser and a new investment sub-advisory agreement with Security Capital. These new agreements were approved by shareholders of the Fund, and went into effect during the current fiscal period.

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

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

##### Significant Accounting Policies

The Fund is an investment company and follows accounting and reporting guidance under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946 "Financial Services Investment Companies." The following is a summary of significant accounting policies followed by

the Fund in the preparation of its financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

*Investment Transactions*

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

As of December 31, 2014, the Fund's outstanding when-issued/delayed delivery purchase commitments were as follows:

|   |    |
|---|----|
| Outstanding when-issued/delayed delivery purchase commitments | \$ |
| <i>Investment Income</i>                                      |    |

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

### *Professional Fees*

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

### *Dividends and Distributions to Common Shareholders*

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

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

REIT distributions received by the Fund are generally comprised of ordinary income, long-term capital gains and a return of REIT capital. The actual character of amounts received during the period are not known until after the fiscal year-end. For the fiscal year ended December 31, 2014, the character of distributions to the Fund from the REITs was 75.95% ordinary income, 20.93% long-term capital gains and 3.12% return of REIT capital. For the fiscal year ended December 31, 2013, the character of distributions to the Fund from the REITs was 73.95% ordinary income, 15.33% long-term capital gains and 10.72% return of REIT capital.

For the fiscal years ended December 31, 2014 and December 31, 2013, the Fund applied the actual character of distributions reported by the REITs in which the Fund invests to its receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Fund treated the distributions as ordinary income.

The actual character of distributions made by the Fund during the fiscal years ended December 31, 2014 and December 31, 2013, are reflected in the accompanying financial statements.

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

The Fund has filed a registration statement with the Securities and Exchange Commission ("SEC") authorizing the Fund to issue additional common shares through an equity shelf program ("Shelf Offering").

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

Common shares authorized, common shares issued and offering proceeds, net of offering costs under the Fund's Shelf Offering during the fiscal year ended December 31, 2014, were as follows:

|  | <b>Year<br/>Ended<br/>12/31/14</b> |
|--|------------------------------------|
| Common shares authorized                 | 7,100,000*                         |
| Common shares issued                     | 29,500                             |
| Offering proceeds, net of offering costs | \$ 312,363                         |

\* Shelf Offering declared effective by the SEC during the current reporting period.

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

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

During the fiscal year ended December 31, 2014, Nuveen Securities, LLC, the Fund's distributor and a wholly-owned subsidiary of Nuveen, received commissions of \$560, related to the sale of common shares as a result of the Fund's Shelf Offering.

### *Indemnifications*

Under the Fund's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

### *Netting Agreements*

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

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

### *Use of Estimates*

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

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

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

### **Investment Valuation**

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

Prices of fixed-income securities are provided by a pricing service approved by the Board. The pricing service establishes a security's fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market



quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer or market activity, provided by the Adviser. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.

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

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

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Board and/or its appointee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of the Fund's NAV (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics

considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Board and/or its appointee.

### Fair Value Measurements

Fair value is defined as the price that the Fund would receive 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).

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                      | \$233,938,945        | \$                  | \$        | \$233,938,945        |
| Real Estate Investment Trust       |                      |                     |           |                      |
| Preferred Stocks                   | 198,261,054          | 15,066,393**        |           | 213,327,447          |
| <b>Short-Term Investments:</b>     |                      |                     |           |                      |
| Repurchase Agreements              |                      |                     |           |                      |
|                                    |                      | 37,830,469          |           | 37,830,469           |
| <b>Investments in Derivatives:</b> |                      |                     |           |                      |
| Interest Rate Swaps***             |                      |                     |           |                      |
|                                    |                      | 194,018             |           | 194,018              |
| <b>Total</b>                       | <b>\$432,199,999</b> | <b>\$53,090,880</b> | <b>\$</b> | <b>\$485,290,879</b> |

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

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

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

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

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

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

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

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

## Notes to Financial Statements (continued)

### 3. Portfolio Securities and Investments in Derivatives

#### Portfolio Securities

##### *Foreign Currency Transactions*

To the extent that the Fund invests in securities and/or contracts that are denominated in a currency other than U.S. dollars, the Fund will be subject to currency risk, which is the risk that an increase in the U.S. dollar relative to the foreign currency will reduce returns or portfolio value. Generally, when the U.S. dollar rises in value against a foreign currency, the Fund's investments denominated in that currency will lose value because its currency is worth fewer U.S. dollars; the opposite effect occurs if the U.S. dollar falls in relative value. Investments and other assets and liabilities denominated in foreign currencies are converted into U.S. dollars on a spot (i.e. cash) basis at the spot rate prevailing in the foreign currency exchange market at the time of valuation. Purchases and sales of investments and income denominated in foreign currencies are translated into U.S. dollars on the respective dates of such transactions.

The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, assets and liabilities are translated into U.S. dollars at 4:00 p.m. Eastern Time. Investment transactions, income and expenses are translated on the respective dates of such transactions. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of the transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received.

The realized gains and losses resulting from changes in foreign currency exchange rates and changes in foreign exchange rates associated with other assets and liabilities on investments and investments in derivatives are recognized as a component of "Net realized gain (loss) from investments and foreign currency," on the Statement of Operations, when applicable.

The unrealized gains and losses resulting from changes in foreign currency exchange rates and changes in foreign exchange rates on assets and liabilities associated with investments are recognized as a component of "Change in net unrealized appreciation (depreciation) of investments and foreign currency," on the Statement of Operations, when applicable. The unrealized gains and losses resulting from changes in foreign exchange rates associated with forward foreign currency exchange contracts, futures, options purchased, options written and swaps are recognized as a component of "Change in net unrealized appreciation (depreciation) of forward foreign currency exchange contracts, futures contracts, options purchased, options written and swaps," respectively, on the Statement of Operations, when applicable.

##### *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<br/>Investments, at Value</b> | <b>Collateral<br/>Pledged (From)<br/>Counterparty*</b> | <b>Net<br/>Exposure</b> |
|-----------------------------------|---|--|-------------------------|
| Fixed Income Clearing Corporation | \$ 37,830,469                               | \$(37,830,469)   | \$                      |

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

### **Investments in Derivatives**

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

#### *Swap Contracts*

Interest rate swap contracts involve the Fund's agreement with the counterparty to pay or receive a fixed rate payment in exchange for the counterparty receiving or paying a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on any variable rate borrowing. Forward interest rate swap contracts involve the Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the swap contract. Swap contracts do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that the Fund is to receive. 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 a daily basis, and recognizes the daily change in the fair value of the Fund's contractual rights and obligations under the contracts. The net amount recorded for these transactions for each counterparty is recognized on the Statement of Assets and Liabilities as a component of "Unrealized appreciation or depreciation on interest rate swaps (,net)" with the change during the fiscal period recognized on the Statement of Operations as a component of "Change in net unrealized appreciation (depreciation) of swaps." Income received or paid by the Fund is recognized as a component of "Net realized gain (loss) from swaps" on the Statement of Operations, in addition to the net realized gains or losses recognized upon the termination of a swap contract and are equal to the difference between the Fund's basis in the swap contract and the proceeds from (or cost of) the closing transaction. Payments received or made at the beginning of the measurement period are recognized as a component of "Interest rate swap premiums paid and/or received" on the Statement of Assets and Liabilities, when applicable. For tax purposes, periodic payments are treated as ordinary income or expense.

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

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

|  |              |
|--|--------------|
| Average notional amount of interest rate swap contracts outstanding* | \$92,249,500 |
|--|--------------|

\* The average notional amount is calculated based on the outstanding notional at the beginning of the fiscal year and at the end of each fiscal quarter within the current fiscal year.

The following table presents the fair value of all interest rate 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 Derivative Risk | Instrument | Location on the Statements of Assets and Liabilities |           | Value    | Location on the Statements of Assets and Liabilities |       |
|----------------------------|------------|--|-----------|----------|--|-------|
|                            |            | Asset Derivatives                                    |           |          | (Liability) Derivatives                              |       |
| Exposure                   | Instrument | Location   | Value     | Location | Value  | Value |
| Interest rate              | Swaps      | Unrealized appreciation on interest rate swaps       | \$194,018 |          |  | \$    |

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

| Counterparty | Gross Unrealized Appreciation on Interest Rate Swaps* | Gross Unrealized (Depreciation) on Interest Rate Swaps* | Amounts Netted on Statement of Assets and Liabilities | Net Unrealized Appreciation (Depreciation) on Interest Rate Swaps | Collateral Pledged to (from) Counterparty | Net Exposure |
|--------------|---|---|---|---|---|--------------|
|              |   |   |   |   |   |              |
| JPMorgan     | \$ 194,018  | \$  | \$  | \$ 194,018  | \$ (194,018)                              | \$           |

\* 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.

| <b>Underlying Risk Exposure</b>            | <b>Derivative Instrument</b> | <b>Net Realized Gain (Loss) from Swaps</b> | <b>Change in Net Unrealized Appreciation (Depreciation) of Swaps</b> |
|--|------------------------------|--|--|
| Interest rate                              | Swaps                        | \$ (1,024,375)                             | \$ (2,096,322)   |
| <i>Market and Counterparty Credit Risk</i> |                              |  |  |

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.

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**Notes to Financial Statements** (continued)**4. Fund Shares***Common Shares*

Transactions in common shares for the fiscal years ended December 31, 2014 and December 31, 2013 were as follows:

|   | <b>Year<br/>Ended<br/>12/31/14</b> | <b>Year<br/>Ended<br/>12/31/13</b> |
|---|------------------------------------|------------------------------------|
| <b>Common shares:</b>                                       |                                    |                                    |
| Sold through shelf offering                                 | 29,500                             |                                    |
| Issued to shareholders due to reinvestment of distributions | 45,371                             | 101,564                            |
| <b>Total</b>  | <b>74,871</b>                      | <b>101,564</b>                     |
| <b>Weighted average common share:</b>                       |                                    |                                    |
| Premium to NAV per shelf offering share sold                | 1.47%                              | %                                  |

**5. Investment Transactions**

Long-term purchases and sales (including maturities but excluding derivative transactions) during the fiscal year ended December 31, 2014, aggregated \$258,048,887 and \$289,400,319, respectively.

**6. Income Tax Information**

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

For all open tax years and all major taxing jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

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

As of December 31, 2014, the cost and unrealized appreciation (depreciation) of investments (excluding investments in derivatives), as determined on a federal income tax basis, were as follows:

|                     |               |
|---------------------|---------------|
| Cost of investments | \$386,916,544 |
|---------------------|---------------|



Gross unrealized:

|   |                |
|---|----------------|
| Appreciation  | \$ 101,944,998 |
| Depreciation  | (3,764,681)    |
| Net unrealized appreciation (depreciation) of investments | \$ 98,180,317  |

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

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

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

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

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The tax character of distributions paid during the Fund's tax years ended December 31, 2014 and December 31, 2013, was designated for purposes of the dividends paid deduction as follows:

**2014**

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

**2013**

|   |              |
|---|--------------|
| Distributions from net ordinary income <sup>1</sup> | \$27,195,724 |
| Distributions from net long-term capital gains      |              |

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

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

## Expiration:

|                           |               |
|---------------------------|---------------|
| December 31, 2017         | \$107,316,132 |
| Not subject to expiration |               |
| Total                     | \$107,316,132 |

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

**7. Management Fees and Other Transactions with Affiliates**

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

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

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

| 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 according to the following schedule:

**Complex-Level Managed Asset**

| Breakpoint Level* | Effective Rate at Breakpoint Level |
|-------------------|------------------------------------|
| \$55 billion      | 0.2000%                            |
| \$56 billion      | 0.1996                             |

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|               |        |
|---------------|--------|
| \$57 billion  | 0.1989 |
| \$60 billion  | 0.1961 |
| \$63 billion  | 0.1931 |
| \$66 billion  | 0.1900 |
| \$71 billion  | 0.1851 |
| \$76 billion  | 0.1806 |
| \$80 billion  | 0.1773 |
| \$91 billion  | 0.1691 |
| \$125 billion | 0.1599 |
| \$200 billion | 0.1505 |
| \$250 billion | 0.1469 |
| \$300 billion | 0.1445 |

\* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to certain types of leverage. For these purposes, leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an

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## Notes to Financial Statements (continued)

agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of \$2 billion added to the Nuveen fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of December 31, 2014, the complex-level fee rate for the Fund was 0.1639%.

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

## 8. Borrowing Arrangements

### *Borrowings*

The Fund has entered into a \$140 million (maximum commitment amount) prime brokerage facility ("Borrowings") with BNP Paribas Prime Brokerage, Inc. ("BNP") as a means of leverage. As of December 31, 2014, the outstanding balance on these Borrowings was \$134.1 million. During the fiscal year ended December 31, 2014, the average daily balance outstanding and interest rate on these Borrowings were \$128.8 million and 1.01%, respectively.

In order to maintain these Borrowings, the Fund must meet certain collateral, asset coverage and other requirements. Borrowings outstanding are fully secured by securities held in the Fund's portfolio of investments ("Pledged Collateral"). Interest is charged on these Borrowings at 1-Month LIBOR (London Inter-Bank Offered Rate) plus 0.85% per annum on the amount borrowed and 0.50% per annum on the undrawn balance. Effective December 4, 2014, 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.

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

### *Rehypothecation*

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

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

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

As of December 31, 2014, the Fund had Hypothecated Securities totalling \$862,700. During the fiscal year ended December 31, 2014, the Fund earned Rehypothecation Fees of \$197,444, which is recognized as "Other income" on the Statement of Operations.



## Additional

### Fund Information (Unaudited)

#### Board of Trustees

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

\* Interested Board Member.

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

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

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

#### Nuveen Funds' Proxy Voting Information

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

#### CEO Certification Disclosure

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

#### Common Share Information

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).

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**Additional Fund Information** (continued)

**Distribution Information**

The Fund hereby designates its percentage of dividends paid from net ordinary income as dividends qualifying for the 70% dividends received deduction (DRD) for corporations and its percentage as qualified dividend income (QDI) for individuals under Section 1(h)(11) of the Internal Revenue Code as shown in the accompanying table. The actual qualified dividend income distributions will be reported to shareholders on Form 1099-DIV which will be sent to shareholders shortly after calendar year end.

|       | <b>JRS</b> |
|-------|------------|
| % QDI | 0.00%      |
| % DRD | 0.00%      |

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## Glossary of Terms

### Used in this Report

n **Average Annual Total Return:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

n **Blended Benchmark:** A blended return comprised of: 1) 60% Wilshire U.S. Real Estate Securities Index (WILRESI). The Wilshire U.S. Real Estate Securities Index measures the performance of publicly traded real estate investment trusts (REITs) 2) 40% Wells Fargo Hybrid and Preferred Securities REIT Index (inception date 5/31/2007). The Wells Fargo Hybrid and Preferred Securities REIT Index is designed to track the performance of preferred securities issued in the U.S. market by real estate investment trusts (REITs). The index is composed exclusively of preferred shares and depositary shares. Index returns assume reinvestment of distributions, but do not include the effects of any applicable sales charges or management fees.

n **Dow Jones Industrial Average:** A price-weighted index of the 30 largest, most widely held stocks traded on the New York Stock Exchange. The index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.

n **Effective Leverage:** Effective leverage is a fund's effective economic leverage, and includes both regulatory leverage (see below) and the leverage effects of certain derivative investments in the fund's portfolio.

n **Gross Domestic Product (GDP):** The total market value of all final goods and services produced in a country/region in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

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

n **Net Asset Value (NAV) Per Share:** A fund's Net Assets is equal to its total assets (securities, cash, accrued earnings and receivables) less its total liabilities. NAV per share is equal to the fund's Net Assets divided by its number of shares outstanding.

n **Regulatory Leverage:** Regulatory leverage consists of preferred shares issued by or borrowings of a fund. Both of these are part of a fund's capital structure. Regulatory leverage is subject to asset coverage limits set in the Investment Company Act of 1940.

n **S&P 500® Index:** An unmanaged index generally considered representative of the U.S. stock market. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.

n **Wilshire U.S. Real Estate Securities Index (WILRESI):** A float-adjusted market capitalization index that is reviewed quarterly. This index is designed to measure the performance of publicly traded real estate investment trusts and to serve as a proxy for direct real estate investments. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.



**Reinvest Automatically,**

**Easily and Conveniently**

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

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

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

By choosing to reinvest, you'll 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'll 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.

Nuveen Investments

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**Board****Members & Officers**

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board of Trustees of the Funds. The number of trustees of the Funds is currently set at eleven. None of the trustees who are not "interested" persons of the Funds (referred to herein as "independent trustees") has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the trustees and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| <b>Name,<br/>Year of<br/>Birth<br/>&amp;<br/>Address</b>  | <b>Position(s)<br/>Held<br/>with the<br/>Funds</b> | <b>Year<br/>First<br/>Elected<br/>or<br/>Appointed<br/>and<br/>Term<sup>(1)</sup></b> | <b>Principal<br/>Occupation(s)<br/>Including other<br/>Directorships<br/>During Past 5 Years</b>  | <b>Number<br/>of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by<br/>Board<br/>Member</b> |
|---|--|---|---|--|
| <b>Independent Board Members:</b>                         |  |   |   |  |
| <b>nWILLIAM J. SCHNEIDER</b>                              |  |   |   |  |
| 1944<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Chairman<br>and<br>Board<br>Member                 | <b>1996<br/>Class III</b>   | Chairman of Miller-Valentine Partners, a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired (2004) of Miller-Valentine Group; an owner in several other Miller Valentine entities; Board Member of Med-America Health System, Tech Town, Inc., a not-for-profit community development company, Board Member of WDPR Public Radio station; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank and University of Dayton Business School Advisory Council. | <b>195</b>   |
| <b>nJACK B. EVANS</b>                                     |  |   |   |  |
| 1948<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Board<br>Member                                    | <b>1999<br/>Class III</b>   | President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Chairman, United Fire Group, a publicly held company; formerly, President Pro-Tem of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.            | <b>195</b>   |
| <b>nWILLIAM C. HUNTER</b>                                 |  |   |   |  |
| 1948<br>333 W.<br>Wacker<br>Drive                         | Board<br>Member                                    | <b>2004<br/>Class I</b>   | Dean Emeritus (since June 30, 2012), formerly, Dean, Tippie College of Business, University of Iowa (2006-2012); Director (since 2004) of Xerox Corporation; Director (since 2005), and President (since  | <b>195</b>   |

Chicago,  
IL 60606

July 2012) Beta Gamma Sigma, Inc., The International Business Honor Society; Director of Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.

**nDAVID J. KUNDERT**

1942

333 W.

Wacker

Drive

Chicago,

IL 60606

Board

Member

**2005**

**Class II**

Formerly, Director, Northwestern Mutual Wealth Management Company (2006-2013), retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Regent Emeritus, Member of Investment Committee, Luther College; member of the Wisconsin Bar Association; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation; member of the Board of Directors (Milwaukee), College Possible.

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Nuveen Investments

**Board Members & Officers** (Unaudited) (continued)

| <b>Name,<br/>Year of<br/>Birth<br/>&amp;<br/>Address</b>    | <b>Position(s)<br/>Held<br/>with the<br/>Funds</b> | <b>Year<br/>First<br/>Elected<br/>or<br/>Appointed<br/>and<br/>Term<sup>(1)</sup></b> | <b>Principal<br/>Occupation(s)<br/>Including other<br/>Directorships<br/>During Past 5 Years</b>  | <b>Number<br/>of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by<br/>Board<br/>Member</b> |
|---|--|---|---|--|
| <b>Independent Board Members (continued):</b>               |  |   |   |  |
| <b>nJOHN K. NELSON</b>                                      |  |   |   |  |
| 1962<br>333 West<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Board<br>Member                                    | <b>2013<br/>Class II</b>  | Senior external advisor to the financial services practice of Deloitte Consulting LLP (since 2012); Member of Board of Directors of Core12 LLC since 2008), a private firm which develops branding, marketing and communications strategies for clients; Director of The Curran Center for Catholic American Studies (since 2009) and The President's Council, Fordham University (since 2010); formerly, Chairman of the Board of Trustees of Marian University (2010 as trustee, 2011-2014 as Chairman); formerly, Chief Executive Officer of ABN AMRO N.V. North America, and Global Head of its Financial Markets Division (2007-2008); prior senior positions held at ABN AMRO include Corporate Executive Vice President and Head of Global Markets-the Americas (2006-2007), CEO of Wholesale Banking North America and Global Head of Foreign Exchange and Futures Markets (2001-2006), and Regional Commercial Treasurer and Senior Vice President Trading-North America (1996-2001); formerly, Trustee at St. Edmund Preparatory School in New York City. | <b>195</b>   |
| <b>nJUDITH M. STOCKDALE</b>                                 |  |   |   |  |
| 1947<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606   | Board<br>Member                                    | <b>1997<br/>Class I</b>   | Board Member, Land Trust Alliance (since June 2013) and U.S. Endowment for Forestry and Communities (since November 2013); formerly, Executive Director (1994-2012), Gaylord and Dorothy Donnelley Foundation; prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).  | <b>195</b>   |
| <b>nCAROLE E. STONE</b>                                     |  |   |   |  |
| 1947<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606   | Board<br>Member                                    | <b>2007<br/>Class I</b>   | Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); Director, CBOE Holdings, Inc. (since 2010); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010).  | <b>195</b>   |
| <b>nVIRGINIA L. STRINGER</b>                                |  |   |   |  |



|   |                 |                                |   |            |
|---|-----------------|--------------------------------|---|------------|
| 1944<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606                             | Board<br>Member | <b>2011</b><br><b>Class I</b>  | Board Member, Mutual Fund Directors Forum; former governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc., a management consulting firm; former Member, Governing Board, Investment Company Institute's Independent Directors Council; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010).   | <b>195</b> |
| n <b>TERENCE J. TOTH</b><br>1959<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Board<br>Member | <b>2008</b><br><b>Class II</b> | Managing Partner, Promus Capital (since 2008); Director, Fulcrum IT Service LLC (since 2010), Quality Control Corporation (since 2012) and LogicMark LLC (since 2012); formerly, Director, Legal & General Investment Management America, Inc. (2008-2013); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); member: Chicago Fellowship Board (since 2005), Catalyst Schools of Chicago Board (since 2008) and Chairman, and Mather Foundation Board (since 2012), and a member of its investment committee; formerly, Member, Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004). | <b>195</b> |

Nuveen Investments

| <b>Name,<br/>Year of<br/>Birth<br/>&amp;<br/>Address</b>  | <b>Position(s)<br/>Held<br/>with the<br/>Funds</b> | <b>Year<br/>First<br/>Elected<br/>or<br/>Appointed<br/>and<br/>Term<sup>(1)</sup></b> | <b>Principal<br/>Occupation(s)<br/>Including other<br/>Directorships<br/>During Past 5 Years</b>  | <b>Number<br/>of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by<br/>Board<br/>Member</b> |
|---|--|---|---|--|
| <b>Interested Board Members:</b>                          |  |   |   |  |
| <b>nWILLIAM ADAMS IV<sup>(2)</sup></b>                    |  |   |   |  |
| 1955<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Board<br>Member                                    | <b>2013<br/>Class II</b>  | Senior Executive Vice President, Global Structured Products (since 2010); formerly, Executive Vice President, U.S. Structured Products, of Nuveen Investments, Inc. (1999-2010); Co-President of Nuveen Fund Advisors, LLC (since 2011); President (since 2011), formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC; Board Member of the Chicago Symphony Orchestra and of Gilda's Club Chicago.   | <b>195</b>   |
| <b>nTHOMAS S. SCHREIER, JR.<sup>(2)</sup></b>             |  |   |   |  |
| 1962<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Board<br>Member                                    | <b>2013<br/>Class III</b>   | Vice Chairman, Wealth Management of Nuveen Investments, Inc. (since 2011); Co-President of Nuveen Fund Advisors, LLC; Chairman of Nuveen Asset Management, LLC (since 2011); Co-Chief Executive Officer of Nuveen Securities, LLC (since 2011); Member of Board of Governors and Chairman's Council of the Investment Company Institute; formerly, Chief Executive Officer (2000-2010) and Chief Investment Officer (2007-2010) of FAF Advisors, Inc.; formerly, President of First American Funds (2001-2010). | <b>195</b>   |
| <b>Officers of the Funds:</b>                             |  |   |   |  |
| <b>nGIFFORD R. ZIMMERMAN</b>                              |  |   |   |  |
| 1956<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Chief<br>Administrative<br>Officer                 | <b>1988</b>   | Managing Director (since 2002), and Assistant Secretary of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director,  | <b>196</b>   |

Associate General Counsel and Assistant Secretary, of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Santa Barbara Asset Management, LLC (since 2006), and of Winslow Capital Management, LLC, (since 2010); Vice President and Assistant Secretary (since 2013), formerly, Chief Administrative Officer and Chief Compliance Officer (2006-2013) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.

**nCEDRIC H. ANTOSIEWICZ**

1962 **2007**

333 W. Wacker Drive  
Chicago,  
IL 60606

Vice  
President

Managing Director of Nuveen Securities, LLC. (since 2004); Managing Director of Nuveen Fund Advisors, LLC (since 2014)

**89**

**nMARGO L. COOK**

1964 **2009**

333 W. Wacker Drive  
Chicago,  
IL 60606

Vice  
President

Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, LLC (since 2011); Managing Director-Investment Services of Nuveen Commodities Asset Management, LLC (since August 2011), previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.

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Nuveen Investments

**Board Members & Officers** (Unaudited) (continued)

| <b>Name,<br/>Year of<br/>Birth<br/>and<br/>Address</b>                                 | <b>Position(s)<br/>Held<br/>with the<br/>Funds</b>         | <b>Year<br/>First<br/>Elected<br/>or<br/>Appointed<sup>(3)</sup></b> | <b>Principal<br/>Occupation(s)<br/>During Past 5 Years</b>  | <b>Number<br/>of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by Officer</b> |
|--|--|--|---|---|
| <b>Officers of the Funds (continued):</b>  |  |  |   |   |
| <b>nLORNA C. FERGUSON</b><br>1945<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606 | Vice<br>President  | <b>1998</b>  | Managing Director (since 2005) of Nuveen Fund Advisors, LLC and Nuveen Securities, LLC (since 2004).  | <b>196</b>  |
| <b>nSTEPHEN D. FOY</b><br>1954<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606    | Vice<br>President<br>and<br>Controller                     | <b>1998</b>  | Managing Director (since 2014), formerly, Senior Vice President (2013-2014), and Vice President of Nuveen Fund Advisors, LLC; Chief Financial Officer of Nuveen Commodities Asset Management, LLC (since 2010); Senior Vice President (2010-2011), Formerly Vice President (2005-2010) and Funds Controller of Nuveen Securities, LLC; Certified Public Accountant.   | <b>196</b>  |
| <b>nSCOTT S. GRACE</b><br>1970<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606    | Vice<br>President<br>and<br>Treasurer                      | <b>2009</b>  | Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors, LLC, Nuveen Investments Advisers, Inc., Nuveen Investments Holdings Inc. and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, LLC.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation. | <b>196</b>  |
| <b>nWALTER M. KELLY</b><br>1970<br>333 W.<br>Wacker<br>Drive<br>Chicago,<br>IL 60606   | Chief<br>Compliance<br>Officer<br>and<br>Vice<br>President | <b>2003</b>  | Senior Vice President (since 2008) of Nuveen Investment Holdings, Inc.  | <b>196</b>  |

**nTINA M. LAZAR**

|                     |                |             |   |            |
|---------------------|----------------|-------------|---|------------|
| 1961                |                | <b>2002</b> | Senior Vice President of Nuveen Investment Holdings, Inc. | <b>196</b> |
| 333 W. Wacker Drive | Vice President |             |   |            |
| Chicago, IL 60606   |                |             |   |            |

**nKEVIN J. MCCARTHY**

|                     |                              |             |  |            |
|---------------------|------------------------------|-------------|--|------------|
| 1966                | Vice President and Secretary | <b>2007</b> | Managing Director and Assistant Secretary (since 2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of Nuveen Investments Advisers Inc., NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, and of Winslow Capital Management, LLC. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC. | <b>196</b> |
| 333 W. Wacker Drive |                              |             |  |            |
| Chicago, IL 60606   |                              |             |  |            |

Nuveen Investments

| Name,<br>Year of<br>Birth<br>and<br>Address                       | Position(s)<br>Held<br>with the<br>Funds           | Year<br>First<br>Elected<br>or<br>Appointed <sup>(3)</sup> | Principal<br>Occupation(s)<br>During Past 5 Years   | Number<br>of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Officer |
|---|--|--|---|--|
| <b>Officers of the Funds (continued):</b>                         |  |  |   |  |
| <b>nKATHLEEN L. PRUDHOMME</b>                                     |  |  |   |  |
| 1953<br>901<br>Marquette<br>Avenue<br>Minneapolis,<br>MN<br>55402 | Vice<br>President<br>and<br>Assistant<br>Secretary | <b>2011</b>  | Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010). | <b>196</b>   |
| <b>nJOEL T. SLAGER</b>  |  |  |   |  |
| 1978<br>333 West<br>Wacker<br>Drive<br>Chicago,<br>IL 60606       | Vice<br>President<br>and<br>Assistant<br>Secretary | <b>2013</b>  | Fund Tax Director for Nuveen Funds (since May, 2013); previously, Vice President of Morgan Stanley Investment Management, Inc., Assistant Treasurer of the Morgan Stanley Funds (from 2010 to 2013); Tax Director at PricewaterhouseCoopers LLP (from 2008 to 2010).  | <b>196</b>   |

(1) The Board Members serve three year terms. The Board of Trustees is divided into three classes. Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.

(2) "Interested person" as defined in the 1940 Act, by reason of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.

(3) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.



**Notes**

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**Notes**

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Nuveen Investments:

### **Serving Investors for Generations**

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

### **Focused on meeting investor needs.**

Nuveen Investments provides high-quality investment services designed to help secure the long-term goals of institutional and individual investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets a wide range of specialized investment solutions which provide investors access to capabilities of its high-quality boutique investment affiliates Nuveen Asset Management, Symphony Asset Management, NWQ Investment Management Company, Santa Barbara Asset Management, Tradewinds Global Investors, Winslow Capital Management and Gresham Investment Management. In total, Nuveen Investments managed \$230 billion as of December 31, 2014.

### **Find out how we can help you.**

To learn more about how the products and services of Nuveen Investments 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 Investments, 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/cef](http://www.nuveen.com/cef)

**Distributed by** Nuveen Securities, LLC | 333 West Wacker Drive | Chicago, IL 60606 | [www.nuveen.com/cef](http://www.nuveen.com/cef)

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**ITEM 2. CODE OF ETHICS.**

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at [www.nuveen.com/CEF/Shareholder/FundGovernance.aspx](http://www.nuveen.com/CEF/Shareholder/FundGovernance.aspx). (To view the code, click on Code of Conduct.)

**ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.**

The registrant's Board of Directors or Trustees ( Board ) determined that the registrant has at least one audit committee financial expert (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial experts are Carole E. Stone and Jack B. Evans, who are independent for purposes of Item 3 of Form N-CSR.

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms. Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser ( SCI ). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the CFO ) and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

**ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

NUVEEN REAL ESTATE INCOME FUND

## Edgar Filing: NUVEEN REAL ESTATE INCOME FUND - Form N-CSR

The following tables show the amount of fees billed to the Fund during the Fund's last two fiscal years by KPMG LLP, the Fund's current auditor, and Ernst & Young LLP, the Fund's former auditor. The audit fees billed to the Fund for the fiscal year 2014 are the only fees that have been billed to the Fund by KPMG LLP. All other fees listed in the tables below were billed to the Fund by Ernst & Young. For engagements with KPMG LLP and Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that KPMG LLP and Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the pre-approval exception). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

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SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| Fiscal Year Ended                                      | Audit Fees Billed to Fund (1) | Audit-Related Fees Billed to Fund (2) | Tax Fees Billed to Fund (3) | All Other Fees Billed to Fund (4) |
|--|-------------------------------|---------------------------------------|-----------------------------|-----------------------------------|
| December 31, 2014                                      | \$ 25,500                     | \$ 0                                  | \$ 0                        | \$ 0                              |
| Percentage approved pursuant to pre-approval exception | 0%                            | 0%                                    | 0%                          | 0%                                |
| December 31, 2013                                      | \$ 25,300                     | \$ 5,000                              | \$ 0                        | \$ 0                              |
| Percentage approved pursuant to pre-approval exception | 0%                            | 0%                                    | 0%                          | 0%                                |

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements that are not reported under Audit Fees. These fees include offerings related to the Fund's common shares and leverage.

(3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning. These fees include: all global withholding tax services; excise and state tax reviews; capital gain, tax equalization and taxable basis calculation performed by the principal accountant.

(4) All Other Fees are the aggregate fees billed for products and services other than Audit Fees, Audit-Related Fees and Tax Fees. These fees represent all Agreed-Upon Procedures engagements pertaining to the Fund's use of leverage.

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by KPMG LLP and Ernst & Young LLP to Nuveen Fund Advisors, LLC (formerly Nuveen Fund Advisors, Inc.) (the Adviser), and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund (Affiliated Fund Service Provider), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to KPMG LLP and Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would

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have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

| <b>Fiscal Year Ended</b>                               | <b>Audit-Related Fees<br/>Billed to Adviser and<br/>Affiliated Fund<br/>Service Providers</b> | <b>Tax Fees Billed to<br/>Adviser and<br/>Affiliated Fund<br/>Service Providers</b> | <b>All Other Fees<br/>Billed to Adviser<br/>and Affiliated Fund<br/>Service Providers</b> |
|--|---|---|---|
| December 31, 2014                                      | \$ 0  | \$ 0  | \$ 0  |
| Percentage approved pursuant to pre-approval exception | 0%  | 0%  | 0%  |
| December 31, 2013                                      | \$ 0  | \$ 0  | \$ 0  |
| Percentage approved pursuant to pre-approval exception | 0%  | 0%  | 0%  |



NON-AUDIT SERVICES

The following table shows the amount of fees that KPMG LLP and Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that KPMG LLP and Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the pre-approval exception described above). The Audit Committee requested and received information from KPMG LLP and Ernst & Young LLP about any non-audit services that KPMG LLP and Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating KPMG LLP and Ernst & Young LLP's independence.

| Fiscal Year Ended | Total Non-Audit Fees<br>Billed to Fund | Total Non-Audit Fees<br>billed to Adviser and<br>Affiliated Fund Service<br>Providers (engagements<br>related directly to the<br>operations and financial<br>reporting of the Fund) | Total Non-Audit Fees<br>billed to Adviser and<br>Affiliated Fund Service<br>Providers (all other<br>engagements) | Total |
|-------------------|--|---|--|-------|
| December 31, 2014 | \$ 0                                   | \$ 0  | \$ 0   | 0     |
| December 31, 2013 | \$ 0                                   | \$ 0  | \$ 0   | 0     |

Non-Audit Fees billed to Fund for both fiscal year ends represent Tax Fees and All Other Fees billed to Fund in their respective amounts from the previous table.

Less than 50 percent of the hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

**Audit Committee Pre-Approval Policies and Procedures.** Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.**

The registrant's Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Jack B. Evans, David J. Kundert, John K. Nelson, Carole E. Stone and Terence J. Toth.

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.

Nuveen Fund Advisors, LLC, formerly known as Nuveen Fund Advisors, Inc., is the registrant's investment adviser (also referred to as the Adviser). The Adviser is responsible for the on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Security Capital Research & Management Incorporated (Security Capital or Sub-Adviser) as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has delegated to the Sub-Adviser the full responsibility for proxy voting on securities held in the registrant's portfolio and related duties in accordance with the Sub-Adviser's policies and procedures. The Adviser periodically monitors the Sub-Adviser's voting to ensure that it is carrying out its duties. The Sub-Adviser's proxy voting policies and procedures are summarized as follows:

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Security Capital may be granted by its clients the authority to vote the proxies of the securities held in client portfolios. To ensure that the proxies are voted in the best interests of its clients, Security Capital has adopted detailed proxy voting procedures ( Procedures ) that incorporate detailed proxy guidelines( Guidelines ) for voting proxies on specific types of issues.

Pursuant to the Procedures, most routine proxy matters will be voted in accordance with the Guidelines, which have been developed with the objective of encouraging corporate action that enhances shareholder value. For proxy matters that are not covered by the Guidelines (including matters that require a case-by-case determination) or where a vote contrary to the Guidelines is considered appropriate, the Procedures require a certification and review process to be completed before the vote is cast. That process is designed to identify actual or potential material conflicts of interest and ensure that the proxy is cast in the best interest of clients. For proxy matters that are not covered by the Guidelines or where a vote contrary to the Guidelines is considered appropriate, the investment analyst who covers that company will document on a proxy summary how Security Capital is voting and that summary is signed-off by the investment analyst, as well as two Portfolio Managers. In addition, this summary is provided to Security Capital's Chief Compliance Officer.

To oversee and monitor the proxy-voting process, Security Capital has established a proxy committee and appointed a proxy administrator. The proxy committee meets periodically to review general proxy-voting matters, review and approve the Guidelines annually, and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues.

A copy of the Security Capital's proxy voting procedures and guidelines are available upon request by contacting your client service representative.

#### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, LLC ( NFALLC ) is the registrant's investment adviser (NFALLC is also referred to as the Adviser ). NFALLC is responsible for the selection and on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Security Capital Research & Management Incorporated ( Security Capital ) for a portion of the registrant's investments. (Security Capital is also referred to as Sub-Adviser .) Security Capital, as Sub-Adviser, provides discretionary investment advisory services. The following section provides information on the portfolio managers at the Sub-Adviser:

##### **Item 8 (a)(1). Portfolio management team from SECURITY CAPITAL RESEARCH & MANAGEMENT INCORPORATED**

**ANTHONY R. MANNO JR.** is CEO, President and Chief Investment Officer of Security Capital Research & Management Incorporated. He is Chairman, President and Managing Director of SC-Preferred Growth LLC. Prior to joining Security Capital in 1994, Mr. Manno spent 14 years with LaSalle Partners Limited as a Managing Director, responsible for real estate investment banking activities. Mr. Manno began his career in real estate finance at The First National Bank of Chicago and has 41 years of experience in the real estate investment business. He received an MBA in Finance with honors (Beta Gamma Sigma) from the University of Chicago and graduated Phi Beta Kappa from Northwestern University with a BA and MA in Economics. Mr. Manno is also a Certified Public Accountant and was awarded an Elijah Watt Sells award.

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**KENNETH D. STATZ** is a Managing Director and Senior Market Strategist of Security Capital Research & Management Incorporated where he is responsible for the development and implementation of portfolio investment strategy. Prior to joining Security Capital in 1995, Mr. Statz was a Vice President in the Investment Research Department of Goldman, Sachs & Co., concentrating on research and underwriting for the REIT industry. Previously, he was a REIT Portfolio Manager and a Managing Director of Chancellor Capital Management. Mr. Statz has 33 years of experience in the real estate securities industry and received an MBA and a BBA in Finance from the University of Wisconsin.

**KEVIN W. BEDELL** is a Managing Director of Security Capital Research & Management Incorporated where he directs the Investment Analysis Team, which provides in-depth proprietary research on publicly listed companies. Prior to joining Security Capital in 1996, Mr. Bedell spent nine years with LaSalle Partners Limited where he was Equity Vice President and Portfolio Manager, with responsibility for strategic, operational and financial management of a private real estate investment trust with commercial real estate investments in excess of \$1 billion. Mr. Bedell has 28 years of experience in the real estate securities industry and received an MBA in Finance from the University of Chicago and a BA from Kenyon College.

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**Item 8 (a)(2). Other Accounts Managed by Security Capital Research & Management Incorporated**

**Nuveen Real Estate Income Fund and Nuveen Diversified Dividend and Income Fund ( Funds )  
Security Capital Research & Management Incorporated ( Adviser )**

(a)(2) For each person identified in column (a)(1), provide number of (a)(3) Performance Fee Accounts. For each of the categories accounts other than the Funds managed by the person within each in column (a)(2), provide number of accounts and the total category below and the total assets in the accounts managed within assets in the accounts with respect to which the advisory fee is each category below based on the performance of the account

| (a)(1) Identify portfolio manager(s) of the Adviser to be named in the Fund prospectus | Registered Investment Companies |                           |                    | Other Pooled Investment Vehicles Other Accounts |                    |                           | Registered Investment Companies Other Pooled Investment Vehicles Other Accounts |              |                    |                           |
|--|---------------------------------|---------------------------|--------------------|---|--------------------|---------------------------|---|--------------|--------------------|---------------------------|
|  | Number of Accounts              | Total Assets (\$billions) | Number of Accounts | Total Assets (\$billions)                       | Number of Accounts | Total Assets (\$billions) | Number of Accounts  | Total Assets | Number of Accounts | Total Assets (\$billions) |
|  | Anthony R. Manno Jr.            | 7                         | \$ 0.4             | 2   | \$ 0.8             | 232                       | \$ 2.6  |              |                    | 1                         |
| Kenneth D. Statz   | 7                               | \$ 0.4                    | 2                  | \$ 0.8  | 224                | \$ 2.6                    |   |              | 1                  | \$ 0.1                    |
| Kevin W. Bedell  | 7                               | \$ 0.4                    | 2                  | \$ 0.8  | 222                | \$ 2.6                    |   |              | 1                  | \$ 0.1                    |

**Potential Material Conflicts of Interest**

As shown in the above tables, the portfolio managers may manage accounts in addition to the Nuveen Funds (the Funds ). The potential for conflicts of interest exists when portfolio managers manage other accounts with similar investment objectives and strategies as the Funds ( Similar Accounts ). Potential conflicts may include, for example, conflicts between investment strategies and conflicts in the allocation of investment opportunities.

Responsibility for managing Security Capital s clients portfolios is organized according to investment strategies within asset classes. Generally, client portfolios with similar strategies are managed using the same objectives, approach and philosophy. Therefore, portfolio holdings, relative position sizes and sector exposures tend to be similar across similar portfolios, which minimizes the potential for conflicts of interest.

Security Capital may receive more compensation with respect to certain Similar Accounts than that received with respect to the Nuveen Funds or may receive compensation based in part on the performance of certain Similar Accounts. This may create a potential conflict of interest for Security Capital or its portfolio managers by providing an incentive to favor these Similar Accounts when, for example, placing securities transactions. Potential conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of limited investment opportunities. Allocations of aggregated trades, particularly trade orders that were only partially completed due to limited availability, and allocation of investment opportunities generally, could raise a potential conflict of interest, as Security Capital may have an incentive to allocate securities that are expected to increase in value to favored accounts. Initial public offerings, in particular, are frequently of very limited availability. Security Capital may be perceived as causing accounts it manages to participate in an offering to increase Security Capital s overall allocation of securities in that offering. A potential conflict of interest also may be perceived to arise if transactions in one account closely follow related transactions in a different account, such as when a purchase increases the value of securities previously purchased by another account, or when a sale in one account lowers the sale price received in a sale by a second account. If Security Capital manages accounts that engage in short sales of securities of the type in which the Funds invests, Security Capital could be seen as harming the performance of the Funds for the benefit of the accounts engaging in short sales if the short sales cause the market value of the securities to fall.

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Security Capital has policies and procedures designed to manage these conflicts described above such as allocation of investment opportunities to achieve fair and equitable allocation of investment opportunities among its clients over time. For example:

Orders placed for the same equity security within a reasonable time period are aggregated consistent with Security Capital's duty of best execution for its clients. If aggregated trades are fully executed, accounts participating in the trade will be allocated their pro rata share on an average price basis. Partially completed orders will be allocated among the participating accounts on a pro-rata average price basis as well.

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**Item 8 (a)(3). Fund Manager Compensation**

The principal form of compensation of Security Capital's professionals is a base salary and annual bonus. Base salaries are fixed for each portfolio manager. Each professional is paid a cash salary and, in addition, a year-end bonus based on achievement of specific objectives that the professional's manager and the professional agree upon at the commencement of the year. The annual bonus is paid partially in cash and partially in either: (i) restricted stock of Security Capital's parent company, JPMorgan Chase & Co., (ii) in self-directed parent company mutual funds, and/or (iii) mandatory notional investment in selected mutual funds advised by Security Capital, all vesting over a three-year period (50% each after the second and third years). The annual bonus is a function of Security Capital achieving its financial, operating and investment performance goals, as well as the individual achieving measurable objectives specific to that professional's role within the firm and the investment performance of all accounts managed by the portfolio manager. None of the portfolio managers' compensation is based on the performance of, or the value of assets held in, the Funds.

**Item 8 (a)(4).****Ownership of JRS Securities as of December 31, 2014.**

| Portfolio Manager    | None | \$1-\$10,000 | \$10,001-\$50,000 | \$50,001-\$100,000 | \$100,001-\$500,000 | \$500,001 -<br>\$1,000,000 | Over<br>\$1,000,000 |
|----------------------|------|--------------|-------------------|--------------------|---------------------|----------------------------|---------------------|
| Anthony R. Manno Jr. | X    |              |                   |                    |                     |                            |                     |
| Kenneth D. Statz     |      |              |                   |                    | X                   |                            |                     |
| Kevin W. Bedell      | X    |              |                   |                    |                     |                            |                     |

**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

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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.
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ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/CEF/Shareholder/FundGovernance.aspx](http://www.nuveen.com/CEF/Shareholder/FundGovernance.aspx) and there were no amendments during the period covered by this report. (To view the code, click on Code of Conduct.)

(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: 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 registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

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SIGNATURES

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

(Registrant) Nuveen Real Estate Income Fund

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

Date: March 6, 2015

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

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

Date: March 6, 2015

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

Date: March 6, 2015

