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

**FORM 10-Q**

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from__________to __________

Commission file number: 33-92990; 333-223713

**TIAA REAL ESTATE ACCOUNT**
(Exact name of registrant as specified in its charter)

NEW YORK
(State or other jurisdiction
of incorporation or organization)

NOT APPLICABLE
(I.R.S. Employer Identification No.)

C/O TEACHERS INSURANCE AND
ANNUITY ASSOCIATION OF AMERICA
730 THIRD AVENUE
NEW YORK, NEW YORK 10017-3206

(Address of principal executive offices, including zip code)
Registrant’s telephone number, including area code: (212) 490-9000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ (Do not check if a smaller reporting company) | Smaller Reporting Company ☐ |
| | Emerging Growth Company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

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## PART I. FINANCIAL INFORMATION

## ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### TIAA REAL ESTATE ACCOUNT
### CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
### (In millions, except per accumulation unit amounts)

| | March 31, 2018 (Unaudited) | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| Investments, at fair value: | | |
| Real estate properties (cost: $13,033.5 and $12,972.5) | $ 15,906.0 | $ 15,742.7 |
| Real estate joint ventures and limited partnerships (cost: $4,555.5 and $4,675.3) | 5,898.3 | 6,003.0 |
| Marketable securities: | | |
| Real estate-related (cost: $1,196.3 and $991.0) | 1,352.2 (1) | 1,238.0 (1) |
| Other (cost: $3,995.5 and $3,888.1) | 3,994.8 | 3,887.5 |
| Loans receivable (cost: $316.8 and $296.7) | 319.0 | 298.8 |
| Total investments (cost: $23,097.6 and $22,823.6) | 27,470.3 | 27,170.0 |
| Cash and cash equivalents | 9.1 | 11.7 |
| Due from investment manager | 8.0 | 1.0 |
| Other | 257.2 (2) | 270.9 (2) |
| **TOTAL ASSETS** | 27,744.6 | 27,453.6 |
| **LIABILITIES** | | |
| Mortgage loans payable, at fair value (principal outstanding: $2,622.2 and $2,238.6) | 2,594.2 | 2,238.3 |
| Accrued real estate property expenses | 203.9 | 199.1 |
| Payable for collateral for securities loaned | 15.9 | 18.5 |
| Other | 56.7 | 55.1 |
| **TOTAL LIABILITIES** | 2,870.7 | 2,511.0 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **NET ASSETS** | | |
| Accumulation Fund | 24,359.3 | 24,430.8 |
| Annuity Fund | 514.6 | 511.8 |
| **TOTAL NET ASSETS** | $ 24,873.9 | $ 24,942.6 |
| **NUMBER OF ACCUMULATION UNITS OUTSTANDING** | 60.6 | 61.3 |
| **NET ASSET VALUE, PER ACCUMULATION UNIT** | $ 402.123 | $ 398.329 |

(1) Includes securities loaned of $15.5 million at March 31, 2018 and $18.1 million at December 31, 2017.
(2) Includes cash collateral for securities loaned of $15.9 million at March 31, 2018 and $18.5 million at December 31, 2017.

See notes to the consolidated financial statements

**TIAA REAL ESTATE ACCOUNT**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In millions)**
**(Unaudited)**

| | For the Three Months Ended March 31, 2018 | For the Three Months Ended March 31, 2017 |
|---|---|---|
| **INVESTMENT INCOME** | | |
| ***Real estate income, net:*** | | |
| Rental income | $ 272.0 | $ 258.4 |
| Real estate property level expenses and taxes: | | |
| Operating expenses | 57.3 | 55.3 |
| Real estate taxes | 44.9 | 42.5 |
| Interest expense | 23.8 | 22.5 |
| Total real estate property level expenses and taxes | 126.0 | 120.3 |
| Real estate income, net | 146.0 | 138.1 |
| Income from real estate joint ventures and limited partnerships | 54.9 | 45.9 |
| Interest | 18.1 | 9.7 |
| Dividends | 9.7 | (0.7) |
| **TOTAL INVESTMENT INCOME** | 228.7 | 193.0 |
| ***Expenses:*** | | |
| Investment management charges | 14.6 | 20.5 |
| Administrative charges | 14.8 | 15.6 |
| Distribution charges | 6.9 | 7.2 |
| Mortality and expense risk charges | 0.3 | 0.3 |
| Liquidity guarantee charges | 12.2 | 10.2 |
| **TOTAL EXPENSES** | 48.8 | 53.8 |
| **INVESTMENT INCOME, NET** | 179.9 | 139.2 |
| **NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND MORTGAGE LOANS PAYABLE** | | |
| ***Net realized gain (loss) on investments:*** | | |
| Real estate properties | (11.8) | (17.2) |
| Real estate joint ventures and limited partnerships | 0.2 | — |
| Marketable securities | 3.0 | 4.6 |
| **Net realized loss on investments** | (8.6) | (12.6) |
| ***Net change in unrealized appreciation (depreciation) on:*** | | |
| Real estate properties | 102.3 | 51.8 |
| Real estate joint ventures and limited partnerships | 24.3 | 61.0 |
| Marketable securities | (90.8) | 23.3 |
| Loans receivable | 0.1 | — |
| Mortgage loans payable | 27.7 | 11.6 |
| **Net change in unrealized appreciation on investments and mortgage loans payable** | 63.6 | 147.7 |
| **NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND MORTGAGE LOANS PAYABLE** | 55.0 | 135.1 |
| **NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS** | $ 234.9 | $ 274.3 |

See notes to the consolidated financial statements

## TIAA REAL ESTATE ACCOUNT
## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
**(In millions)**
**(Unaudited)**

| | For the Three Months Ended March 31, 2018 | For the Three Months Ended March 31, 2017 |
|---|---|---|
| **FROM OPERATIONS** | | |
| Investment income, net | $ 179.9 | $ 139.2 |
| Net realized loss on investments | (8.6) | (12.6) |
| Net change in unrealized appreciation on investments and mortgage loans payable | 63.6 | 147.7 |
| **NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS** | 234.9 | 274.3 |
| **FROM PARTICIPANT TRANSACTIONS** | | |
| Premiums | 669.1 | 779.5 |
| Annuity payments | (11.2) | (10.9) |
| Withdrawals and death benefits | (961.5) | (699.9) |
| **NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM PARTICIPANT TRANSACTIONS** | (303.6) | 68.7 |
| **NET INCREASE (DECREASE) IN NET ASSETS** | (68.7) | 343.0 |
| **NET ASSETS** | | |
| Beginning of period | 24,942.6 | 24,304.7 |
| End of period | $ 24,873.9 | $ 24,647.7 |

See notes to the consolidated financial statements

## TIAA REAL ESTATE ACCOUNT
## CONSOLIDATED STATEMENTS OF CASH FLOWS
**(In millions)**
**(Unaudited)**

| | For the Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net increase in net assets resulting from operations | $ 234.9 | $ 274.3 |
| *Adjustments to reconcile net changes in net assets resulting from operations to net* | | |
| Net realized loss on investments | 8.6 | 12.6 |
| Net change in unrealized appreciation on investments | (63.6) | (147.7) |
| Purchase of real estate properties | (168.3) | — |
| Capital improvements on real estate properties | (41.7) | (33.9) |
| Proceeds from sale of real estate properties | 143.4 | 115.4 |
| Purchases of long term investments | (221.7) | (276.4) |
| Proceeds from long term investments | 148.9 | 34.5 |
| Increase in loans receivable | (20.1) | (1.0) |
| Increase in other investments | (107.3) | (36.6) |
| Change in due from investment manager | (7.0) | (6.7) |
| Decrease in other assets | 11.4 | 97.8 |
| Decrease in other liabilities | (2.3) | (98.7) |
| **NET CASH USED IN OPERATING ACTIVITIES** | (84.8) | (66.4) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Mortgage loan proceeds received | 386.0 | — |
| Payments of mortgage loans | (2.4) | (0.2) |
| Premiums | 669.1 | 779.5 |
| Annuity payments | (11.2) | (10.9) |
| Withdrawals and death benefits | (961.5) | (699.9) |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | 80.0 | 68.5 |
| **NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | (4.8) | 2.1 |
| **CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | | |
| Beginning of period cash, cash equivalents and restricted cash | 54.0 | 48.8 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | (4.8) | 2.1 |
| End of period cash, cash equivalents and restricted cash | $ 49.2 | $ 50.9 |
| **SUPPLEMENTAL DISCLOSURES:** | | |
| Cash paid for interest | $ 23.9 | $ 22.6 |

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statements of Assets and Liabilities that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows (in millions):

| | For the Three Months Ended March 31, | |
|---|---|---|
| | **2018** | **2017** |
| Cash and cash equivalents | $ 9.1 | $ 9.8 |
| Restricted cash(1) | 40.1 | 41.1 |
| **TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH** | $ 49.2 | $ 50.9 |

(1) Restricted cash is included within other assets on the Account's Statements of Assets and Liabilities.

See notes to the consolidated financial statements

## TIAA REAL ESTATE ACCOUNT
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1—Organization and Significant Accounting Policies

**Business:** The TIAA Real Estate Account ("Account") is an insurance separate account of Teachers Insurance and Annuity Association of America ("TIAA") and was established by resolution of TIAA's Board of Trustees (the "Board") on February 22, 1995, under the insurance laws of the State of New York, for the purpose of funding variable annuity contracts issued by TIAA. The Account offers individual and group accumulating annuity contracts (with contributions made on a pre-tax or after-tax basis), as well as individual lifetime and term-certain variable payout annuity contracts (including the payment of death benefits to beneficiaries). Investors are entitled to transfer funds to or from the Account, and make withdrawals from the Account on a daily basis, under certain circumstances. Funds invested in the Account for each category of contract are expressed in terms of units, and unit values will fluctuate depending on the Account's performance.

The investment objective of the Account is to seek favorable long-term returns primarily through rental income and appreciation of real estate and real estate-related investments owned by the Account. The Account holds real estate properties directly and through subsidiaries wholly-owned by TIAA for the benefit of the Account. The Account also holds limited interests in real estate joint ventures and limited partnerships, as well as investments in loans receivable with commercial real estate properties as underlying collateral. Additionally, the Account invests in real estate-related and non-real estate-related publicly traded securities, cash and other instruments to maintain adequate liquidity levels for operating expenses, capital expenditures and to fund benefit payments (withdrawals, transfers and related transactions).

The Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which requires the use of estimates made by management. Actual results may vary from those estimates and such differences may be material. The following is a summary of the significant accounting policies of the Account.

**Basis of Presentation:** The accompanying Consolidated Financial Statements include the Account and those subsidiaries wholly-owned by TIAA for the benefit of the Account. All significant intercompany accounts and transactions between the Account and such subsidiaries have been eliminated.

The Accumulation Unit Value ("AUV") used for financial reporting purposes may differ from the AUV used for processing transactions. The AUV used for financial reporting purposes includes security and participant transactions effective through the period end date to which this report relates. Total return is computed based on the AUV used for processing transactions.

**Determination of Investments at Fair Value:** The Account reports all investments at fair value in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services—Investment Companies.* Further in accordance with the adoption of the fair value option allowed under ASC 825, *Financial Instruments*, and at the election of Account management, mortgage loans payable are reported at fair value. The FASB has defined fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The following is a description of the valuation methodologies used to determine the fair value of the Account's investments and investment related mortgage loans payable.

*Valuation of Real Estate Properties*—Investments in real estate properties are stated at fair value, as determined in accordance with policies and procedures reviewed by the Investment Committee of the Board and in accordance with the responsibilities of the Board as a whole. Accordingly, the Account does not record depreciation. Determination of fair value involves significant levels of judgment because the actual fair value of real estate can be determined only by negotiation between the parties in a sales transaction.

The Account's primary objective when valuing its real estate investments will be to produce a valuation that represents a reasonable estimate of the fair value of its investments. Implicit in the Account's definition of fair value are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Property and investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates, and interest and inflation rates. As a result, determining real estate and investment values involves many assumptions. Key inputs and assumptions include rental income and expense amounts, related rental income and expense growth rates, capital expenditures, discount rates and capitalization rates. Valuation techniques include discounted cash flow analysis, prevailing market capitalization rates or multiples applied to earnings from the property, analysis of recent comparable sales transactions, actual sale negotiations and bona fide purchase offers received from third parties. Amounts ultimately realized from each investment may vary significantly from the fair value presented.

Real estate properties owned by the Account are initially valued based on an independent third party appraisal, as reviewed by TIAA's internal appraisal staff and as applicable by the Account's independent fiduciary at the time of the closing of the purchase. Such initial valuation may result in a potential unrealized gain or loss reflecting the difference between an investment's fair value (i.e., exit price) and its cost basis (which is inclusive of transaction costs).

Subsequently, each property is appraised each quarter by an independent third party appraiser, reviewed by TIAA's internal appraisal staff and as applicable the Account's independent fiduciary. In general, the Account obtains appraisals of its real estate properties spread out throughout the quarter, which is intended to result in appraisal adjustments, and thus, adjustments to the valuations of its holdings (to the extent such adjustments are made) that happen regularly throughout each quarter and not on one specific day or month in each period.

Further, management reserves the right to order an appraisal and/or conduct another valuation outside of the normal quarterly process when facts or circumstances at a specific property change. For example, under certain circumstances a valuation adjustment could be made when the account receives a bona fide bid for the sale of a property held within the Account or one of the Account's joint ventures. Adjustments may be made for events or circumstances indicating an impairment of a tenant's ability to pay amounts due to the Account under a lease (including due to a bankruptcy filing of that tenant). Alternatively, adjustments may be made to reflect the execution or renewal of a significant lease. Also, adjustments may be made to reflect factors (such as sales values for comparable properties or local employment rate) bearing uniquely on a particular region in which the Account holds properties. TIAA's internal appraisal staff oversees the entire appraisal process, in conjunction with the Account's independent fiduciary (the independent fiduciary is more fully described in the following paragraph). Any differences in the conclusions of TIAA's internal appraisal staff and the independent appraiser will be reviewed by the independent fiduciary, which will make a final determination on the matter (which may include ordering a subsequent independent appraisal).

The independent fiduciary, RERC, LLC, has been appointed by a special subcommittee of the Investment Committee of the Board to, among other things, oversee the entire appraisal process. The independent fiduciary must approve all independent appraisers used by the Account. All appraisals are performed in accordance with Uniform Standards of Professional Appraisal Practices, the real estate appraisal industry standards created by The Appraisal Foundation. Real estate appraisals are estimates of property values based on a professional's opinion. Appraisals of properties held outside of the U.S. are performed in accordance with industry standards commonly applied in the applicable jurisdiction. These independent appraisers are always expected to be MAI-designated members of the Appraisal Institute (or its European equivalent, Royal Institute of Chartered Surveyors) and state certified appraisers from national or regional firms with relevant property type experience and market knowledge. Under the Account's current procedures, each independent appraisal firm will be rotated off of a particular property at least every three years, although such appraisal firm may perform appraisals of other Account properties subsequent to such rotation.

Also, the independent fiduciary may require additional appraisals if factors or events have occurred that could materially change a property's value (including those identified previously) and such change is not reflected in the quarterly valuation review, or otherwise to ensure that the Account is valued appropriately. The independent fiduciary must also approve any valuation change of real estate-related assets where a property's value changed by more than 6% from the most recent independent annual appraisal, or if the value of the Account would change by more than 4% within any calendar quarter or more than 2% since the prior calendar month. When a real estate property is subject to a mortgage, the property is valued independently of the mortgage and the property and mortgage fair values are reported separately (see *Valuation of Mortgage Loans Payable*). The independent fiduciary reviews and approves all mortgage valuation adjustments before such adjustments are recorded by the Account. The Account continues to use the revised value for each real estate property and mortgage loan payable to calculate the Account's daily net asset value until the next valuation review or appraisal.

*Valuation of Real Estate Joint Ventures*—Real estate joint ventures are stated at the fair value of the Account's ownership interests of the underlying entities. The Account's ownership interests are valued based on the fair value of the underlying real estate, any related mortgage loans payable, and other factors, such as ownership percentage, ownership rights, buy/sell agreements, distribution provisions and capital call obligations. Upon the disposition of all real estate investments by an investee entity, the Account will continue to state its equity in the remaining net assets of the investee entity during the wind down period, if any, which occurs prior to the dissolution of the investee entity.

*Valuation of Real Estate Limited Partnerships*—Limited partnership interests are stated at the fair value of the Account's ownership in the partnership which are recorded based upon the changes in the net asset values of the limited partnerships as determined from the financial statements of the limited partnerships when received by the Account. Prior to the receipt of the financial statements from the limited partnerships, the Account estimates the value of its interest in good faith and will from time to time seek input from the issuer or the sponsor of the investments. Since market quotations are not readily available, the limited partnership interests are valued at fair value as determined in good faith by management under the direction of the Investment Committee of the Board and in accordance with the responsibilities of the Board as a whole.

*Valuation of Marketable Securities*—Equity securities listed or traded on any national market or exchange are valued at the last sale price as of the close of the principal securities market or exchange on which such securities are traded or, if there is no sale, at the mean of the last bid and asked prices on such market or exchange, exclusive of transaction costs.

Debt securities with readily available market quotations, other than money market instruments, are generally valued at the most recent bid price or the equivalent quoted yield for such securities (or those of comparable maturity, quality and type). Debt securities for which market quotations are not readily available, are valued at fair value as determined in good faith by the Investment Committee of the Board and in accordance with the responsibilities of the Board as a whole.

Short-term investments are valued in the same manner as debt securities, as described above.

Money market instruments are valued at amortized cost, which approximates fair value.

Equity and fixed income securities traded on a foreign exchange or in foreign markets are valued using their closing values under the valuation methods generally accepted in the country where traded, as of the valuation date. This value is converted to U.S. dollars at the exchange rate in effect on the valuation day. Under certain circumstances (for example, if there are significant movements in the U.S. markets and there is an expectation the securities traded on foreign markets will adjust based on such movements when the foreign markets open the next day), the Account may adjust the value of equity or fixed income securities that trade on a foreign exchange or market after the foreign exchange or market has closed.

*Valuation of Loans Receivable (i.e., the Account as a creditor)*—Loans receivable are stated at fair value and are initially valued at the face amount of the loan funding. Subsequently, loans receivable are valued at least quarterly by TIAA's internal valuation department based on market factors, such as market interest rates and spreads for comparable loans, the liquidity for loans of similar characteristics, the performance of the underlying collateral (such as the loan-to-value ratio and the cash flow of the underlying collateral) and the credit quality of the counterparty. The independent fiduciary reviews and approves all loan receivable valuation adjustments before such adjustments are recorded by the Account. The Account continues to use the revised value for each loan receivable to calculate the Account's daily net asset value until the next valuation review.

*Valuation of Mortgage Loans Payable (i.e., the Account as a debtor)*—Mortgage loans payable are stated at fair value. The estimated fair values of mortgage loans payable are based on the amount at which the liability could be transferred to a third party exclusive of transaction costs. Mortgage loans payable are valued internally by TIAA's internal valuation department, as reviewed by the Account's independent fiduciary, at least quarterly based on market factors, such as market interest rates and spreads for comparable loans, the performance of the underlying collateral (such as the loan-to-value ratio and the cash flow of the underlying collateral), the liquidity for mortgage loans of similar characteristics, the maturity date of the loan, the credit quality of the Account and the return demands of the market.

See *Note 4—Assets and Liabilities Measured at Fair Value on a Recurring Basis* for further discussion and disclosure regarding the determination of the fair value of the Account's investments.

**Foreign Currency Transactions and Translation:** Portfolio investments and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of securities, income receipts and expense payments made in foreign currencies are translated into U.S. dollars at the exchange rates prevailing on the respective dates of the transactions. The effect of any changes in foreign currency exchange rates on portfolio investments and mortgage loans payable are included in net realized and unrealized gains and losses on real estate properties and mortgage loans payable. Net realized gains and losses on foreign currency transactions include disposition of foreign currencies, and currency gains and losses between the accrual and receipt dates of portfolio investment income and between the trade and settlement dates of portfolio investment transactions. Currently, the Account does not hold any foreign investments.

**Accumulation and Annuity Funds:** The accumulation fund represents the net assets attributable to participants in the accumulation phase of their investment ("Accumulation Fund"). The annuity fund represents the net assets attributable to the participants currently receiving annuity payments ("Annuity Fund"). The net increase or decrease in net assets from investment operations is apportioned between the funds based upon their relative daily net asset values. Once an Account participant begins receiving lifetime annuity income benefits, payment levels cannot be reduced as a result of the Account's actual mortality experience. In addition, the contracts pursuant to which the Account is offered are required to stipulate the maximum expense charge for all Account level expenses that can be assessed, which is not to exceed 2.5% of average net assets per year. The Account pays a fee to TIAA to assume mortality and expense risks.

**Accounting for Investments:** The investments held by the Account are accounted for as follows:

*Real Estate Properties*—Rent from real estate properties consists of all amounts earned under tenant operating leases, including base rent, recoveries of real estate taxes and other expenses and charges for miscellaneous services provided to tenants. Rental income is recognized in accordance with the billing terms of the lease agreements. The Account bears the direct expenses of the real estate properties owned. These expenses include, but are not limited to, fees to local property management companies, property taxes, utilities, maintenance, repairs, insurance, and other operating and administrative costs. An estimate of the net operating income earned from each real estate property is accrued by the Account on a daily basis and such estimates are adjusted when actual operating results are determined.

*Real Estate Joint Ventures*—The Account has ownership interests in various real estate joint ventures (collectively, the "joint ventures"). The Account records its contributions as increases to its investments in the joint ventures, and distributions from the joint ventures are treated as income within income from real estate joint ventures and limited partnerships in the Account's consolidated statements of operations. Distributions that are identified as returns of capital are recorded as a reduction to the cost basis of the investment, whereas distributions identified as capital gains or losses are recorded as realized gains or losses. Income distributions from the joint ventures are recorded based on the Account's proportional interest of the income distributed by the joint ventures. Income earned but not yet distributed to the Account by the joint ventures is recorded as unrealized gains and losses.

*Limited Partnerships*—The Account has ownership interests in various private real estate funds (primarily limited partnerships) and a private real estate investment trust (collectively, the "limited partnerships"). The Account records its contributions as increases to the investments, and distributions from the investments are treated as income within income from real estate joint ventures and limited partnerships in the Account's consolidated statements of operations. Distributions that are identified as returns of capital are recorded as a reduction to the cost basis of the investment, whereas distributions identified as capital gains or losses are recorded as realized gains or losses. Unrealized gains and losses are recorded based upon the changes in the net asset values of the limited partnerships as determined from the financial statements of the limited partnerships when received by the Account. Prior to the receipt of the financial statements from the limited partnerships, the Account estimates the value of its interest in good faith and will from time to time seek input from the issuer or the sponsor of the investments. Changes in value based on such estimates are recorded by the Account as unrealized gains and losses.

*Marketable Securities*—Transactions in marketable securities are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date within dividend income. Dividends that are identified as returns of capital are recorded as a reduction to the cost basis of the investment, whereas dividends identified as capital gains or losses are recorded as realized gains or losses. Realized gains and losses on securities transactions are accounted for on the specific identification method.

*Loans Receivable*—The Account has ownership interests in loans receivable. Loans receivable are stated at fair value and are initially valued at the face amount of the loan funding. Subsequently, loans receivable are valued at least quarterly by TIAA's internal valuation department with changes in fair value flowing through unrealized gain (loss). Interest income from loans receivable is recognized using the effective interest method over the expected life of the loan. All loans receivable held to date were originated directly by the Account.

*Realized and Unrealized Gains and Losses*—Realized gains and losses are recorded at the time an investment is sold or a distribution is received in relation to an investment sale from a joint venture or limited partnership. Real estate transactions are accounted for as of the date on which the purchase or sale transactions for the real estate properties close (settlement date). The Account recognizes a realized gain on the sale of a real estate property to the extent that the contract sales price exceeds the cost-to-date of the property being sold. A realized loss occurs when the cost-to-date exceeds the sales price.

Unrealized gains and losses are recorded as the fair values of the Account's investments are adjusted, and as discussed within the *Real Estate Joint Ventures and Limited Partnerships* sections above.

*Net Assets*—The Account's net assets as of the close of each valuation day are valued by taking the sum of:

- the value of the Account's cash, cash equivalents, and short-term and other debt instruments;
- the value of the Account's other securities and other non-real estate assets;
- the value of the individual real properties (based on the most recent valuation of that property) and other real estate-related investments owned by the Account;
- an estimate of the net operating income accrued by the Account from its properties, other real estate-related investments and non-real estate-related investments (including short-term marketable securities) since the end of the prior valuation day; and
- actual net operating income earned from the Account's properties, other real estate-related investments and non-real estate-related investments (but only to the extent any such item of income differs from the estimated income accrued for on such investments),

and then reducing the sum by liabilities held within the Account, including the daily investment management fee, administration and distribution fees, mortality and expense fees, and the liquidity guarantee fee, and certain other expenses attributable to operating the Account. Daily estimates of net operating income are adjusted to reflect actual net operating income on a monthly basis, at which time such adjustments (if any) are reflected in the Account's unit value.

After the end of every quarter, the Account reconciles the amount of expenses deducted from the Account (which is established in order to approximate the costs that the Account will incur) with the expenses the Account actually incurred. If there is a difference, the Account adds it to or deducts it from the Account in equal daily installments over the remaining days of the following quarter. Material differences may be repaid in the current calendar quarter. The Account's at cost deductions are based on projections of Account assets and overall expenses, and the size of any adjusting payments will be directly affected by the difference between management's projections and the Account's actual assets or expenses.

**Income from Securities Lending:** The Account may lend securities to qualified borrowers to generate additional income. When loaning securities, the Account retains the benefits of owning the securities, including the economic equivalent of dividends or interest generated by the securities. Cash collateral received for securities on loan is maintained exclusively in an interest-bearing deposit account. All income generated by the securities lending program is reflected within interest income on the consolidated statements of operations.

**Cash and Cash Equivalents:** Cash and cash equivalents are balances held by the Account in bank deposit accounts which, at times, exceed federally insured limits. The Account's management monitors these balances to mitigate the exposure of risk due to concentration and has not experienced any losses from such concentration.

**Other Assets and Other Liabilities:** Other assets and other liabilities consist of operating assets and liabilities utilized and held at each individual real estate property investment. Other assets consist of, among other items, cash, tenant receivables and prepaid expenses; whereas other liabilities primarily consist of security deposits. Other assets also include cash collateral held for securities on loan.

**Federal Income Taxes:** Based on provisions of the Internal Revenue Code, Section 817, the Account is taxed as a segregated asset account of TIAA and as such, the Account incurs no material federal income tax attributable to the net investment activity of the Account. The Account's federal income tax return is generally subject to examination for a period of three years after it is filed. State and local tax returns may be subject to examination for an additional period of time depending on the jurisdiction. Management has analyzed the Account's tax positions taken for all open federal income tax years and has concluded that no provision for federal income tax is required in the Account's Consolidated Financial Statements.

**Restricted Cash:** The Account held restricted cash in escrow accounts for security deposits, as required by certain states, as well as property taxes, insurance, and various other property related matters as required by certain creditors related to outstanding mortgage loans payable collateralized by certain real estate investments. These amounts are recorded within other assets on the consolidated statements of assets and liabilities. See *Note 6—Mortgage Loans Payable* for additional information regarding the Account's outstanding mortgage loans payable.

**Changes in Net Assets:** Premiums include premiums paid by existing accumulation unit holders in the Account and transfers into the Account. Withdrawals and death benefits include withdrawals out of the Account which include transfers out of the Account and required minimum distributions.

**Due to/from Investment Manager:** Due to/from investment manager represents amounts that are to be paid or received by TIAA on behalf of the Account. Amounts generally are paid or received by the Account within one or two business days and no interest is contractually charged on these amounts.

**New Accounting Pronouncements:** In May 2014, the FASB issued Accounting Standard Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). ASU 2014-09 supersedes all existing revenue recognition guidance and establishes a five-step model to measure and recognize revenue. ASU 2014-09 was effective for fiscal years beginning after December 15, 2017 and the Account adopted this guidance as of January 1, 2018 utilizing the modified retrospective adoption approach. Under this approach, ASU 2014-09 was applied to all contracts that were not completed as of the date of adoption. Based on the Accounts implementation procedures, the adoption of ASU 2014-09 had an immaterial impact to the Account.

The Account adopted the Accounting Standards Update 2016-01, Financials Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01") as of January 1, 2018. ASU 2016-01 amends, among other items, certain aspects of the recognition, measurement, presentation and disclosure of financial statements. The adoption of ASU 2016-01 had an immaterial impact to the Account.

The Account adopted the Accounting Standards Update 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15") as of January 1, 2018. ASU 2016-15 clarifies how to present cash receipts and cash payments for certain activity in the Statement of Cash Flows. The adoption of ASU 2016-15 was retrospectively applied and had an immaterial impact to the Account.

The Account adopted the Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18") as of January 1, 2018. ASU 2016-18 states that the statement of cash flows should present beginning-of-period and end-of-period total amounts that include cash and restricted cash. Transfers between cash and restricted cash will no longer be presented as operating activities within the statement of cash flows. The adoption of ASU 2016-18 was retrospectively applied and required modification to the presentation of restricted cash on the Account's Consolidated Statements of Cash Flows for the current period as of March 31, 2018 and prior period as of March 31, 2017.

The Account adopted the Accounting Standards Update 2017-05, Other Income-Gains and Loss from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets ("ASU 2017-05") as of January 1, 2018, utilizing the modified retrospective adoption approach. ASU 2017-05 clarifies the scope and application of ASC 610-20 on the sale or transfer of non-financial assets and in substance non-financial assets to non-customers, including partial sales. The adoption of ASU 2017-05 had an immaterial impact to the Account.

In February 2016, the FASB issued Accounting Standards Update 2016-02 Leases (Topic 842) (“ASU 2016-02”) which will supersede Topic 840, Leases. This ASU applies to all entities that enter into a lease. Lessees will be required to report assets and liabilities that arise from leases. Lessor accounting is expected to remain unchanged except in certain circumstances. The ASU also contains certain practical expedients, which the Account plans to elect, including the practical expedient not to separate lease and non-lease components whereby both components are accounted for and recognized as lease components. Under ASC 842 as a lessor, lease components will be recognized on a straight line basis, while non-lease components will be recognized in accordance with the new revenue standard. The Account is in the process of evaluating the impact the ASU will have on its consolidated financial statements. The Account’s tenant reimbursement revenues generated from common area and maintenance services that are provided to its tenants are considered a non-lease component that must be separated, allocated based on the transaction price allocation guidance and accounted for according to the new revenue standard. In January 2018, the FASB issued a proposal for comment that would allow lessors to elect a similar practical expedient by class of underlying assets to not separate non-lease components from the lease component. The lessor’s practical expedient election would be limited to circumstances in which (i) the timing and pattern of revenue recognition are the same for the non-lease component and the related lease component and (ii) the combined single lease component would be classified as an operating lease. If the exposed practical expedient is issued in its existing form, the Account expects to elect the practical expedient which would allow the Account the ability to combine the lease and non-lease components if the underlying asset meets the two criteria above. This ASU is effective for public business entities for fiscal years beginning after December 15, 2018, including all interim periods within those fiscal years. The proposed changes were tentatively approved by the FASB in March 2018. Management has completed its initial scoping for the adoption of the ASU 2016-02 and does not expect the adoption of such guidance to materially impact the Account.

**Note 2—Management Agreements, Arrangements and Related Party Transactions**

Investment advisory services for the Account are provided by TIAA officers, under the direction and control of the Board, pursuant to investment management procedures adopted by TIAA for the Account. TIAA’s investment management decisions for the Account are subject to review by the Account’s independent fiduciary. TIAA also provides various portfolio accounting and related services for the Account.

The Account is a party to the Distribution Agreement for the Contracts Funded by the TIAA Real Estate Account (the “Distribution Agreement”), dated January 1, 2008, by and among TIAA, for itself and on behalf of the Account, and TIAA-CREF Individual and Institutional Services, LLC (“Services”), a wholly-owned subsidiary of TIAA and a registered broker-dealer and a member of the Financial Industry Regulatory Authority. Pursuant to the Distribution Agreement, Services performs distribution services for the Account which include, among other things, (i) distributing of annuity contracts issued by TIAA and funded by the Account, (ii) advising existing annuity contract owners in connection with their accumulations and (iii) helping employers implement and manage retirement plans. In addition, TIAA performs administrative functions for the Account, which include, among other things, (i) maintaining accounting records and performing accounting services, (ii) receiving and allocating premiums, (iii) calculating and making annuity payments, (iv) processing withdrawal requests, (v) providing regulatory compliance and reporting services, (vi) maintaining the Account's records of contract ownership and (vii) otherwise assisting generally in all aspects of the Account's operations. Both distribution services (pursuant to the Distribution Agreement) and administrative services are provided to the Account by Services and TIAA, as applicable, on an at cost basis.

The Distribution Agreement is terminable by either party upon 60 days written notice and terminates automatically upon any assignment thereof.

TIAA and Services provide investment management, administrative and distribution services at cost. TIAA and Services receive payments from the Account on a daily basis according to formulas established each year and adjusted periodically with the objective of keeping the payments as close as possible to the Account's expenses actually incurred. Any differences between actual expenses and the amounts paid by the Account are adjusted quarterly.

TIAA also provides a liquidity guarantee to the Account, for a fee, to ensure that sufficient funds are available to meet participant transfer and cash withdrawal requests in the event that the Account's cash flows and liquid investments are insufficient to fund such requests. TIAA ensures sufficient funds are available for such transfer and withdrawal requests by purchasing accumulation units of the Account.

To the extent TIAA owns accumulation units issued pursuant to the liquidity guarantee, the independent fiduciary monitors and oversees, among other things, TIAA's ownership interest in the Account and may require TIAA to eventually redeem some of its units, particularly when the Account has un-invested cash or liquid investments available. TIAA also receives a fee for assuming certain mortality and expense risks.

The expenses for the services noted above that are provided to the Account by TIAA and Services are identified in the accompanying consolidated statements of operations and are reflected in *Note 7—Financial Highlights*.

**Note 3—Credit Risk Concentrations**

Concentrations of credit risk may arise when a number of properties or tenants are located in a similar geographic region such that the economic conditions of that region could impact tenants' obligations to meet their contractual obligations or cause the values of individual properties to decline. As of March 31, 2018, the Account had no significant concentrations of tenants as no single tenant had annual contract rent that made up more than 2% of the rental income of the Account.

The Account's wholly-owned real estate investments and investments in joint venture are located in the United States. The following table represents the diversification of the Account's portfolio by region and property type as of March 31, 2018:

**Diversification by Fair Value[1]**

| | West | East | South | Midwest | Total |
|---|---|---|---|---|---|
| Office | 16.3% | 20.0% | 5.1% | —% | 41.4% |
| Apartment | 8.5% | 8.0% | 4.2% | 0.9% | 21.6% |
| Retail | 8.2% | 3.0% | 7.6% | 0.7% | 19.5% |
| Industrial | 7.6% | 2.1% | 4.0% | 0.8% | 14.5% |
| Other[2] | 0.4% | 2.4% | 0.1% | 0.1% | 3.0% |
| **Total** | 41.0% | 35.5% | 21.0% | 2.5% | 100.0% |

(1) Wholly-owned properties are represented at fair value and gross of any debt, while joint venture properties are represented at the net equity value.

(2) Represents interests in Storage Portfolio investments, a fee interest encumbered by a ground lease real estate investment and land.

Properties in the "West" region are located in: AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY

Properties in the "East" region are located in: CT, DC, DE, KY, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

Properties in the "South" region are located in: AL, AR, FL, GA, LA, MS, OK, TN, TX

Properties in the "Midwest" region are located in: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

## Note 4—Assets and Liabilities Measured at Fair Value on a Recurring Basis

**Valuation Hierarchy:** The Account's fair value measurements are grouped categorically into three levels, as defined by the FASB. The levels are defined as follows:

Level 1—Valuations using unadjusted quoted prices for assets traded in active markets, such as stocks listed on the New York Stock Exchange. Active markets are defined as having the following characteristics for the measured asset or liability: (i) many transactions, (ii) current prices, (iii) price quotes not varying substantially among market makers, (iv) narrow bid/ask spreads and (v) most information regarding the issuer is publicly available. Level 1 assets held by the Account are generally marketable equity securities.

Level 2—Valuations for assets and liabilities traded in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities. Level 2 inputs for fair value measurements are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

a. Quoted prices for similar assets or liabilities in active markets;
b. Quoted prices for identical or similar assets or liabilities in markets that are not active (that is, markets in which there are few transactions for the asset (or liability), the prices are not current, price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly);
c. Inputs other than quoted prices that are observable within the market for the asset (or liability) (for example, interest rates and yield curves, implied volatilities, prepayment speeds, loss severities, credit risks, and default rates that are observable at commonly quoted intervals); and
d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (for example, market-corroborated inputs).

Examples of securities which may be held by the Account and included in Level 2 include certificates of deposit, commercial paper, government agency notes, variable notes, United States Treasury securities, and debt securities.

Level 3—Valuations for assets and liabilities that are derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market, and require significant professional judgment in determining the fair value assigned to such assets or liabilities. Examples of Level 3 assets and liabilities which may be held by the Account from time to time include investments in real estate, investments in joint ventures, and loans receivable and payable.

An investment's categorization within the valuation hierarchy described above is based upon the lowest level of input that is significant to the fair value measurement. The Account's limited partnership investments are valued using the net asset value per share as a practical expedient, which excludes the investments from the valuation hierarchy.

The Account's determination of fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon vendor-provided, evaluated prices or internally developed models that primarily use market-based or independently sourced market data, including interest rate yield curves, market spreads, and currency rates. Valuation adjustments will be made to reflect changes in credit quality, counterparty's creditworthiness, the Account's creditworthiness, liquidity, and other observable and unobservable inputs that are applied consistently over time.

The methods described above are considered to produce fair values that represent a good faith estimate of what an unaffiliated buyer in the marketplace would pay to purchase the asset or would receive to transfer the liability. Since fair value calculations involve significant professional judgment in the application of both observable and unobservable attributes, actual realizable values or future fair values may differ from amounts reported. Furthermore, while the Account believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments, while reasonable, could result in different estimates of fair value at the reporting date. As discussed in *Note 1—Organization and Significant*

*Accounting Policies* in more detail, the Account generally obtains independent third party appraisals on a quarterly basis; there may be circumstances in the interim in which the true realizable value of a property is not reflected in the Account's daily net asset value calculation or in the Account's periodic Consolidated Financial Statements. This disparity may be more apparent when the commercial and/or residential real estate markets experience an overall and possibly dramatic decline (or increase) in property values in a relatively short period of time between appraisals.

The following tables show the major categories of assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 (unaudited) and December 31, 2017, using unadjusted quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3); and practical expedient (in millions):

| Description | Level 1: Quoted Prices in Active Markets for Identical Assets | Level 2: Significant Other Observable Inputs | Level 3: Significant Unobservable Inputs | Fair Value Using Practical Expedient | Total at March 31, 2018 |
|---|---|---|---|---|---|
| Real estate properties | $ — | $ — | $ 15,906.0 | $ — | $ 15,906.0 |
| Real estate joint ventures | — | — | 5,805.6 | — | 5,805.6 |
| Limited partnerships | — | — | — | 92.7 | 92.7 |
| Marketable securities: | | | | | |
| Real estate-related | 1,352.2 | — | — | — | 1,352.2 |
| Government agency notes | — | 2,918.8 | — | — | 2,918.8 |
| United States Treasury securities | — | 1,076.0 | — | — | 1,076.0 |
| Loans receivable | — | — | 319.0 | — | 319.0 |
| **Total Investments at March 31, 2018** | $ 1,352.2 | $ 3,994.8 | $ 22,030.6 | $ 92.7 | $ 27,470.3 |
| Mortgage loans payable | $ — | $ — | $ (2,594.2) | $ — | $ (2,594.2) |

| Description | Level 1: Quoted Prices in Active Markets for Identical Assets | Level 2: Significant Other Observable Inputs | Level 3: Significant Unobservable Inputs | Fair Value Using Practical Expedient | Total at December 31, 2017 |
|---|---|---|---|---|---|
| Real estate properties | $ — | $ — | $ 15,742.7 | $ — | $ 15,742.7 |
| Real estate joint ventures | — | — | 5,860.6 | — | 5,860.6 |
| Limited partnerships | — | — | — | 142.4 | 142.4 |
| Marketable securities: | | | | | |
| Real estate-related | 1,238.0 | — | — | — | 1,238.0 |
| Government agency notes | — | 2,872.3 | — | — | 2,872.3 |
| United States Treasury securities | — | 1,015.2 | — | — | 1,015.2 |
| Loans receivable | — | — | 298.8 | — | 298.8 |
| **Total Investments at December 31, 2017** | $ 1,238.0 | $ 3,887.5 | $ 21,902.1 | $ 142.4 | $ 27,170.0 |
| Mortgage loans payable | $ — | $ — | $ (2,238.3) | $ — | $ (2,238.3) |

The following tables show the reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the three months ended March 31, 2018 and 2017 (in millions, unaudited):

| | Real Estate Properties | Real Estate Joint Ventures | Loans Receivable | Total Level 3 Investments | Mortgage Loans Payable |
|---|---|---|---|---|---|
| **For the three months ended March 31, 2018** | | | | | |
| Beginning balance January 1, 2018 | $ 15,742.7 | $ 5,860.6 | $ 298.8 | $ 21,902.1 | $ (2,238.3) |
| Total realized and unrealized gains included in changes in net assets | 90.5 | 24.2 | 0.1 | 114.8 | 27.7 |
| Purchases[1] | 216.2 | 14.4 | 20.1 | 250.7 | (386.0) |
| Sales | (143.4) | — | — | (143.4) | — |
| Settlements[2] | — | (93.6) | — | (93.6) | 2.4 |
| Ending balance March 31, 2018 | $ 15,906.0 | $ 5,805.6 | $ 319.0 | $ 22,030.6 | $ (2,594.2) |

| | Real Estate Properties | Real Estate Joint Ventures | Loans Receivable | Total Level 3 Investments | Mortgage Loans Payable |
|---|---|---|---|---|---|
| **For the three months ended March 31, 2017** | | | | | |
| Beginning balance January 1, 2017 | $ 15,452.8 | $ 5,622.4 | $ 295.7 | $ 21,370.9 | $ (2,332.1) |
| Total realized and unrealized gains included in changes in net assets | 34.6 | 62.7 | — | 97.3 | 11.6 |
| Purchases[1] | 29.5 | 251.7 | 1.0 | 282.2 | — |
| Sales | (115.4) | — | — | (115.4) | — |
| Settlements[2] | — | (0.3) | — | (0.3) | 0.2 |
| Ending balance March 31, 2017 | $ 15,401.5 | $ 5,936.5 | $ 296.7 | $ 21,634.7 | $ (2,320.3) |

(1) Includes purchases, contributions for joint ventures, capital expenditures, lending for loans receivable and assumption of mortgage loans payable.

(2) Includes operating income for real estate joint ventures, net of distributions, and principal payments and extinguishment of mortgage loans payable.

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of March 31, 2018 (unaudited).

| Type | Asset Class | Valuation Technique(s) | Unobservable Inputs | Range (Weighted Average) |
|---|---|---|---|---|
| **Real Estate Properties and Joint Ventures** | Office | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.5% - 8.6% (6.6%)<br>4.0% - 7.5% (5.5%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.8% - 7.0% (4.8%) |
| | Industrial | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.5% - 8.9% (6.8%)<br>4.5% - 8.3% (5.5%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 4.0% - 7.5% (5.0%) |
| | Apartment | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.0% - 7.8% (6.2%)<br>3.5% - 6.3% (4.8%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.3% - 5.8% (4.3%) |
| | Retail | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.0% - 11.0% (6.4%)<br>4.3% - 9.0% (5.2%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.8% - 10.0% (4.6%) |
| **Mortgage Loans Payable** | Office and Industrial | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 36.4% - 68.7% (46.9%)<br>3.9% - 5.5% (4.2%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 36.4% - 68.7% (46.9%)<br>1.2 - 1.5 (1.3) |
| | Apartment | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 26.9% - 63.9% (39.9%)<br>3.4% - 4.0% (3.7%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 26.9% - 63.9% (39.9%)<br>1.1 - 1.4 (1.3) |
| | Retail | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 17.8% - 56.7% (32.7%)<br>3.6% - 4.8% (3.9%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 17.8% - 56.7% (32.7%)<br>1.1 - 1.4 (1.2) |
| **Loans Receivable** | Office, Retail and Storage | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 59.5% - 77.5% (75.4%)<br>4.2% - 8.3% (6.4%) |

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of March 31, 2017 (unaudited).

| Type | Asset Class | Valuation Technique(s) | Unobservable Inputs | Range (Weighted Average) |
|---|---|---|---|---|
| **Real Estate Properties and Joint Ventures** | Office | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.5% - 8.3% (6.5%)<br>4.3% - 7.3% (5.5%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.8% - 7.0% (4.6%) |
| | Industrial | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.7% - 8.6% (6.6%)<br>4.8% - 8.0% (5.5%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 4.0% - 7.5% (4.9%) |
| | Apartment | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.3% - 7.3% (6.2%)<br>3.8% - 6.0% (4.8%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.3% - 5.5% (4.2%) |
| | Retail | Income Approach—Discounted Cash Flow | Discount Rate<br>Terminal Capitalization Rate | 5.0% - 10.4% (6.4%)<br>4.3% - 8.5% (5.2%) |
| | | Income Approach—Direct Capitalization | Overall Capitalization Rate | 3.8% - 8.3% (4.7%) |
| **Mortgage Loans Payable** | Office and Industrial | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 38.5% - 68.4% (43.7%)<br>3.7% - 4.6% (3.9%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 38.5% - 68.4% (43.7%)<br>1.2 - 1.5 (1.3) |
| | Apartment | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 29.5% - 61.2% (41.6%)<br>2.9% - 3.6% (3.3%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 29.5% - 61.2% (41.6%)<br>1.2 - 1.5 (1.3) |
| | Retail | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 18.3% - 51.1% (31.3%)<br>3.0% - 4.5% (3.6%) |
| | | Net Present Value | Loan to Value Ratio<br>Weighted Average Cost of Capital Risk Premium Multiple | 18.3% - 51.1% (31.3%)<br>1.1 - 1.3 (1.2) |
| **Loans Receivable** | Office, Retail and Storage | Discounted Cash Flow | Loan to Value Ratio<br>Equivalency Rate | 58.9% - 79.2% (75.9%)<br>4.2% - 8.3% (6.3%) |

*Real Estate Properties and Joint Ventures:* The significant unobservable inputs used in the fair value measurement of the Account's real estate property and joint venture investments are the selection of certain investment rates (Discount Rate, Terminal Capitalization Rate, and Overall Capitalization Rate). Significant increases (decreases) in any of those inputs in isolation would result in significantly lower (higher) fair value measurements, respectively.

*Mortgage Loans Payable:* The significant unobservable inputs used in the fair value measurement of the Account's mortgage loans payable are the loan to value ratios and the selection of certain credit spreads and weighted average cost of capital risk premiums. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value, respectively.

*Loans Receivable:* The significant unobservable inputs used in the fair value measurement of the Account's loans receivable are the loan to value ratios and the selection of certain credit spreads. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value, respectively.

During the three months ended March 31, 2018 and 2017, there were no transfers between Levels 1, 2 or 3.

The amount of total net unrealized gains (losses) included in changes in net assets attributable to the change in net unrealized gains (losses) relating to Level 3 investments and mortgage loans payable using significant unobservable inputs still held as of the reporting date is as follows (in millions, unaudited):

| | Real Estate Properties | Real Estate Joint Ventures | Loans Receivable | Total Level 3 Investments | Mortgage Loans Payable |
|---|---|---|---|---|---|
| For the three months ended March 31, 2018 | $ 94.6 | $ 24.2 | $ 0.1 | $ 118.9 | $ 27.7 |
| For the three months ended March 31, 2017 | $ 38.6 | $ 62.7 | $ — | $ 101.3 | $ 11.6 |

Transwestern Mezzanine Realty Partners III, LLC (“Transwestern”) may engage in liquidation activities in 2017 based on the terms of its partnership agreement. The Account may elect to sell or transfer its ownership units by giving notice and acquiring consent from the management committee of Transwestern, which requires approval by a majority of the members. Redemption of the Account’s interest in Transwestern prior to liquidation is prohibited, unless a supermajority of the members approves the redemption request.

Clarion Gables Multi-Family Trust LP allows redemptions with an advanced notice of three months or more. Redemptions are funded using the partnership’s available cash, which may not immediately be in excess of the redemption amount, and may not be sufficient to fund the redemption amount for several months. The general partner has sole discretion in identifying how much cash is available to process redemptions. The partnership allows the Account to sell its interest in the partnership, subject to the consent and approval of the general partner.

Taconic New York City GP Fund, LP prohibits redemptions in the partnership prior to liquidation. Liquidation of the partnership is estimated to begin no earlier than 2024. The partnership allows the Account to sell its interest in the partnership, subject to the consent and approval of the general partner.

**Note 5—Investments in Joint Ventures**

The Account owns interests in several real estate properties through joint ventures and receives distributions and allocations of profits and losses from the joint ventures based on the Account’s ownership interest in those investments. Several of these joint ventures have mortgage loans payable collateralized by the properties owned by the aforementioned joint ventures. At March 31, 2018, the Account held investments in joint ventures with ownership interest percentages that ranged from 33.3% to 97.5%. Certain joint ventures are subject to adjusted distribution percentages when earnings in the investment reach a pre-determined threshold. The fair value of the Account’s equity interest in these joint ventures was $5.8 billion and $5.9 billion at March 31, 2018 and December 31, 2017, respectively.

A condensed summary of the results of operations of the joint ventures are shown below (in millions, unaudited):

| | For the Three Months Ended March 31, 2018 | For the Three Months Ended March 31, 2017 |
|---|---|---|
| **Operating Revenue and Expenses** | | |
| Revenues | $ 225.8 | $ 211.9 |
| Expenses | 140.6 | 103.9 |
| Excess of revenues over expenses | $ 85.2 | $ 108.0 |

### Note 6—Mortgage Loans Payable

At March 31, 2018, the Account had outstanding mortgage loans payable secured by the following properties (in millions):

| Property | Annual Interest Rate and Payment Frequency[2] | Principal Amounts Outstanding as of March 31, 2018 | Principal Amounts Outstanding as of December 31, 2017 | Maturity |
|---|---|---|---|---|
| | | (Unaudited) | | |
| Mass Court[1] [4] | 2.88% paid monthly | 91.6 | 92.1 | September 1, 2019 |
| Red Canyon at Palomino Park[4] [5] | 5.34% paid monthly | 27.1 | 27.1 | August 1, 2020 |
| Green River at Palomino Park[4] [5] | 5.34% paid monthly | 33.2 | 33.2 | August 1, 2020 |
| Blue Ridge at Palomino Park[4] [5] | 5.34% paid monthly | 33.4 | 33.4 | August 1, 2020 |
| Ashford Meadows Apartments[4] | 5.17% paid monthly | 44.6 | 44.6 | August 1, 2020 |
| The Knoll[1] [4] | 3.98% paid monthly | 17.4 | 17.5 | December 5, 2020 |
| The Corner[4] | 4.66% paid monthly | 105.0 | 105.0 | June 1, 2021 |
| The Palatine[1] [4] | 4.25% paid monthly | 78.4 | 78.8 | January 10, 2022 |
| The Forum at Carlsbad[1] [4] | 4.25% paid monthly | 88.5 | 88.9 | March 1, 2022 |
| The Colorado[1][4] | 3.69% paid monthly | 91.1 | 91.7 | November 1, 2022 |
| The Legacy at Westwood[1] [4] | 3.69% paid monthly | 46.5 | 46.7 | November 1, 2022 |
| Regents Court[1] [4] | 3.69% paid monthly | 39.4 | 39.6 | November 1, 2022 |
| Fourth & Madison[4] | 3.75% paid monthly | 200.0 | 200.0 | June 1, 2023 |
| 1001 Pennsylvania Avenue | 3.70% paid monthly | 330.0 | 330.0 | June 1, 2023 |
| 1401 H Street NW[4] | 3.65% paid monthly | 115.0 | 115.0 | November 5, 2024 |
| Circa Green Lake[4] | 3.71% paid monthly | 52.0 | — | March 5, 2025 |
| Union - South Lake Union[4] | 3.66% paid monthly | 57.0 | — | March 5, 2025 |
| 32 South State Street[4] | 4.48% paid monthly | 24.0 | 24.0 | June 6, 2025 |
| 780 Third Avenue[4] | 3.55% paid monthly | 150.0 | 150.0 | August 1, 2025 |
| 780 Third Avenue[4] | 3.55% paid monthly | 20.0 | 20.0 | August 1, 2025 |
| 701 Brickell Avenue[4] | 3.66% paid monthly | 184.0 | 184.0 | April 1, 2026 |
| 55 Second Street[4] [6] | 3.74% paid monthly | 137.5 | 137.5 | October 1, 2026 |
| 1900 K Street, NW | 3.93% paid monthly | 163.0 | 163.0 | April 1, 2028 |
| 501 Boylston Street[4] | 3.70% paid monthly | 216.5 | 216.5 | April 1, 2028 |
| 99 High Street[4] | 3.90% paid monthly | 277.0 | — | March 1, 2030 |
| Total Principal Outstanding | | $ 2,622.2 | $ 2,238.6 | |
| Fair Value Adjustment[3] | | (28.0) | (0.3) | |
| Total Mortgage Loans Payable | | $ 2,594.2 | $ 2,238.3 | |

(1) The mortgage is adjusted monthly for principal payments.

(2) Interest rates are fixed. Some mortgages held by the Account are structured to begin principal and interest payments after an initial interest only period.

(3) The fair value adjustment consists of the difference (positive or negative) between the principal amount of the outstanding debt and the fair value of the outstanding debt. See Note 1—*Organization and Significant Accounting Policies.*

(4) These properties are each owned by separate wholly-owned subsidiaries of TIAA for benefit of the Account.

(5) Represents mortgage loans on these individual properties which are held within the Palomino Park portfolio.

(6) This mortgage is comprised of three individual loans, all with equal recourse, interest rate and maturity. The principal balances by loan are $79.0 million, $45.0 million and $13.5 million.

## Note 7—Financial Highlights

Selected condensed financial information for an Accumulation Unit of the Account is presented below. Per Accumulation Unit data is calculated on average units outstanding.

| | For the Three Months Ended March 31, 2018 (Unaudited) | Years Ended December 31, 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Per Accumulation Unit Data: | | | | |
| Rental income | $ 4.463 | $ 17.132 | $ 16.433 | $ 15.538 |
| Real estate property level expenses and taxes | 2.067 | 7.722 | 7.534 | 7.319 |
| Real estate income, net | 2.396 | 9.410 | 8.899 | 8.219 |
| Other income | 1.357 | 4.762 | 3.594 | 3.342 |
| Total income | 3.753 | 14.172 | 12.493 | 11.561 |
| Expense charges(1) | 0.801 | 3.318 | 3.290 | 3.092 |
| Investment income, net | 2.952 | 10.854 | 9.203 | 8.469 |
| Net realized and unrealized gain on investments and mortgage loans payable | 0.842 | 5.839 | 9.660 | 18.911 |
| Net increase in Accumulation Unit Value | 3.794 | 16.693 | 18.863 | 27.380 |
| Accumulation Unit Value: | | | | |
| Beginning of period | 398.329 | 381.636 | 362.773 | 335.393 |
| End of period | $ 402.123 | $ 398.329 | $ 381.636 | $ 362.773 |
| Total return(3) | 0.95% | 4.37% | 5.20% | 8.16% |
| Ratios to Average net assets(2): | | | | |
| Expenses(1) | 0.80% | 0.83% | 0.86% | 0.86% |
| Investment income, net | 2.95% | 2.72% | 2.41% | 2.37% |
| Portfolio turnover rate(3): | | | | |
| Real estate properties(4) | 0.8% | 2.7% | 1.3% | 5.7% |
| Marketable securities(5) | 0.2% | 5.7% | 3.5% | 10.0% |
| Accumulation Units outstanding at end of period (in millions) | 60.6 | 61.3 | 62.4 | 60.4 |
| Net assets end of period (in millions) | $ 24,873.9 | $ 24,942.6 | $ 24,304.7 | $ 22,360.0 |

(1) Expense charges per Accumulation Unit and the Ratio of Expenses to average net assets reflect the year to date Account level expenses and exclude real estate property level expenses which are included in real estate income, net.

(2) Percentages for the three months ended March 31, 2018 are annualized.

(3) Percentages for the three months ended March 31, 2018 are not annualized.

(4) Real estate investment portfolio turnover rate is calculated by dividing the lesser of purchases or sales of real estate property investments (including contributions to, or return of capital distributions received from, existing joint venture and limited partnership investments) by the average value of the portfolio of real estate investments held during the period.

(5) Marketable securities portfolio turnover rate is calculated by dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the average value of the portfolio securities held during the period.

## Note 8—Accumulation Units

Changes in the number of Accumulation Units outstanding were as follows (in millions):

| | For the Three Months Ended March 31, 2018 (Unaudited) | For the Year Ended December 31, 2017 |
|---|---|---|
| Outstanding: | | |
| Beginning of period | 61.3 | 62.4 |
| Credited for premiums | 1.7 | 6.6 |
| Annuity, other periodic payments, withdrawals and death benefits | (2.4) | (7.7) |
| End of period | 60.6 | 61.3 |

## Note 9—Commitments and Contingencies

*Commitments*—The Account had $32.0 million of outstanding immediately callable commitments to purchase additional interests in its limited partnership investments as of March 31, 2018 and December 31, 2017. The commitment at March 31, 2018 and December 31, 2017 is related to the Taconic New York City GP Fund, LP, in which the Account has entered into an agreement to provide funding. As of March 31, 2018, $13.0 million of the commitment has been funded. Once the remaining commitment is funded, the Account anticipates holding a 60%-90% interest in the fund.

*Contingencies*—In the normal course of business, the Account may be named, from time to time, as a defendant or may be involved in various legal actions, including arbitrations, class actions and other litigation.

The Account establishes an accrual for all litigation and regulatory matters when it believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be higher or lower than the amounts accrued for those matters.

As of the date of this report, management of the Account does not believe that the results of any such claims or litigation, individually or in the aggregate, will have a material effect on the Account's business, financial position or results of operations.

## Note 10—Securities Lending

The Account may lend securities to qualified borrowers to earn additional income. The Account receives cash collateral against the loaned securities and maintains cash collateral in an amount not less than 100% of the market value of loaned securities during the period of the loan; any additional collateral required due to changes in security values is delivered to the Account the next business day. Cash collateral received by the Account is invested exclusively in an interest-bearing deposit account. The value of the loaned securities and the liability to return the cash collateral received are reflected in the consolidated statements of assets and liabilities.

As of March 31, 2018, securities lending transactions are for real-estate related equity securities, and the resulting loans are continuous, can be recalled at any time, and have no set maturity. Securities lending income recognized by the Account consists of interest earned on cash collateral and lending fees, net of any rebates to the borrower and compensation to the agent. Such income is reflected within interest income on the consolidated statements of operations. In lending its securities, the Account bears the market risk with respect to the investment of collateral and the risk that the agent may default on its contractual obligations to the Account. The agent bears the risk that the borrower may default on its obligation to return the loaned securities as the agent is contractually obligated to indemnify the Account if at the time of a default by a borrower some or all of the loan securities have not been returned.

(Dollar values shown in millions)

## REAL ESTATE PROPERTIES—57.9% and 57.9%

| Location/Description | Type | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|
| **Arizona:** | | | |
| Camelback Center | Office | $ 59.8 | $ 59.8 |
| **California:** | | | |
| 55 Second Street | Office | 367.3 (1) | 355.5 (1) |
| 88 Kearny Street | Office | 175.2 | 174.2 |
| 200 Middlefield Road | Office | 61.5 | 61.4 |
| 30700 Russell Ranch | Office | 33.0 | — |
| Allure at Camarillo | Apartments | 59.6 | 59.6 |
| BLVD63 | Apartments | 162.0 | 162.1 |
| Bridgepointe Shopping Center | Retail | 125.7 | 124.5 |
| Castro Station | Office | 169.8 | 169.0 |
| Centre Pointe and Valley View | Industrial | 49.1 | 47.8 |
| Cerritos Industrial Park | Industrial | 145.0 | 142.0 |
| Charleston Plaza | Retail | 93.0 | 93.0 |
| Frontera Industrial Business Park | Industrial | 56.5 | 56.4 |
| Great West Industrial Portfolio | Industrial | 169.0 | 167.0 |
| Holly Street Village | Apartments | 149.0 | 148.0 |
| Larkspur Courts | Apartments | 144.0 | 143.7 |
| Northern CA RA Industrial Portfolio | Industrial | 88.5 | 87.4 |
| Oakmont IE West Portfolio | Industrial | 88.5 | 87.6 |
| Oceano at Warner Center | Apartments | 89.5 | 89.0 |
| Ontario Industrial Portfolio | Industrial | 405.7 | 398.6 |
| Ontario Mills Industrial Portfolio | Industrial | 59.7 | 58.5 |
| Pacific Plaza | Office | 113.9 | 115.2 |
| Rancho Cucamonga Industrial Portfolio | Industrial | 73.7 | 71.9 |
| Regents Court | Apartments | 100.0 (1) | 99.1 (1) |
| Southern CA RA Industrial Portfolio | Industrial | 141.1 | 138.0 |
| Stella | Apartments | 180.7 | 179.7 |
| Stevenson Point | Industrial | 51.9 | 50.9 |
| The Forum at Carlsbad | Retail | 221.0 (1) | 221.0 (1) |
| The Legacy at Westwood | Apartments | 143.0 (1) | 143.0 (1) |
| Township Apartments | Apartments | 89.8 | 89.8 |
| West Lake North Business Park | Office | 60.5 | 60.3 |
| Westcreek | Apartments | 51.6 | 51.4 |
| Westwood Marketplace | Retail | 142.0 | 131.9 |
| Wilshire Rodeo Plaza | Office | 327.7 | 327.8 |
| **Colorado:** | | | |
| Palomino Park | Apartments | 344.4 (1) | 329.7 (1) |
| South Denver Marketplace | Retail | 72.7 | 72.7 |
| **Connecticut:** | | | |
| Wilton Woods Corporate Campus | Office | 126.7 | 133.0 |
| **Florida:** | | | |
| 701 Brickell Avenue | Office | 390.5 (1) | 368.5 (1) |
| Broward Industrial Portfolio | Industrial | 54.6 | 54.2 |
| Casa Palma | Apartments | 96.0 | 95.0 |
| Orion on Orpington | Apartments | 45.7 | 44.4 |

(Dollar values shown in millions)

| Location/Description | Type | Fair Value at March 31, 2018 | Fair Value at December 31, 2017 |
|---|---|---|---|
| | | (Unaudited) | |
| Publix at Weston Commons | Retail | $ 74.9 | $ 74.8 |
| Seneca Industrial Park | Industrial | 112.7 | 108.8 |
| South Florida Apartment Portfolio | Apartments | 105.9 | 105.1 |
| The Manor Apartments | Apartments | 52.6 | 52.6 |
| The Manor at Flagler Village | Apartments | 145.0 | 148.1 |
| The Residences at the Village of Merrick Park | Apartments | 76.5 | 76.0 |
| Urban Centre | Office | — | 143.3 |
| Weston Business Center | Industrial | 94.3 | 92.8 |
| **Georgia:** | | | |
| Atlanta Industrial Portfolio | Industrial | 32.7 | 32.4 |
| Shawnee Ridge Industrial Portfolio | Industrial | 85.0 | 91.1 |
| **Illinois:** | | | |
| 32 South State Street | Retail | 48.7 (1) | 48.3 (1) |
| 803 Corday | Apartments | 94.7 | 94.5 |
| Chicago Caleast Industrial Portfolio | Industrial | 82.0 | 80.5 |
| Chicago Industrial Portfolio | Industrial | 101.7 | 100.3 |
| **Maryland:** | | | |
| Landover Logistics Center | Industrial | 44.0 | 43.4 |
| The Shops at Wisconsin Place | Retail | 89.7 | 90.0 |
| **Massachusetts:** | | | |
| 99 High Street | Office | 495.0 (1) | 502.1 |
| 501 Boylston Street | Office | 515.7 (1) | 505.2 (1) |
| Fort Point Creative Exchange Portfolio | Office | 223.4 | 223.1 |
| Northeast RA Industrial Portfolio | Industrial | 41.0 | 40.9 |
| One Beeman Road | Industrial | 33.8 | 33.8 |
| **Minnesota:** | | | |
| The Bridges | Apartments | 63.5 | 62.4 |
| The Knoll | Apartments | 36.1 (1) | 34.0 (1) |
| **New Jersey:** | | | |
| 200 Milik Street | Industrial | 53.2 | 53.1 |
| Marketfair | Retail | 103.0 | 102.9 |
| Amazon Distribution Center | Industrial | 131.4 | 110.0 |
| South River Road Industrial | Industrial | 91.8 | 87.8 |
| **New York:** | | | |
| 21 Penn Plaza | Office | 270.1 | 261.2 |
| 250 North 10th Street | Apartments | 162.0 | 163.1 |
| 425 Park Avenue | Ground Lease | 460.0 | 457.0 |
| 430 West 15th Street | Office | 143.0 | 145.8 |
| 780 Third Avenue | Office | 423.0 (1) | 427.0 (1) |
| 837 Washington Street | Office | 209.0 | 210.0 |
| The Colorado | Apartments | 257.7 (1) | 256.2 (1) |
| The Corner | Apartments | 252.0 (1) | 251.0 (1) |
| **Oregon:** | | | |
| The Cordelia | Apartments | 49.0 | 49.0 |
| **Pennsylvania:** | | | |
| 1619 Walnut Street | Retail | 24.1 | 24.1 |
| **South Carolina:** | | | |
| Greene Crossing | Apartments | 74.4 | 67.2 |

**TIAA REAL ESTATE ACCOUNT**
**CONSOLIDATED SCHEDULES OF INVESTMENTS**
**(Dollar values shown in millions)**

| Location/Description | Type | Fair Value at March 31, 2018 | Fair Value at December 31, 2017 |
|---|---|---|---|
| | | (Unaudited) | |
| **Tennessee:** | | | |
| Southside at McEwen | Retail | $ 48.3 | $ 48.2 |
| **Texas:** | | | |
| Beltway North Commerce Center | Industrial | 19.8 | 19.3 |
| Carrington Park | Apartments | 65.0 | — |
| Churchill on the Park | Apartments | 71.2 | — |
| Cliffs at Barton Creek | Apartments | 46.1 | 45.9 |
| Dallas Industrial Portfolio | Industrial | 215.8 | 213.2 |
| Houston Apartment Portfolio | Apartments | 159.8 | 158.7 |
| Lincoln Centre | Office | 368.0 | 358.0 |
| Northwest Houston Industrial Portfolio | Industrial | 70.7 | 70.7 |
| Park 10 Distribution | Industrial | 10.3 | 10.3 |
| Pinnacle Industrial Portfolio | Industrial | 50.6 | 53.3 |
| Pinto Business Park | Industrial | 132.2 | 131.6 |
| The Maroneal | Apartments | 55.6 | 56.6 |
| **Virginia:** | | | |
| 8270 Greensboro Drive | Office | 50.3 | 50.3 |
| Ashford Meadows Apartments | Apartments | 107.0 (1) | 107.3 (1) |
| Plaza America | Retail | 118.0 | 117.0 |
| The Ellipse at Ballston | Office | 82.8 | 83.7 |
| The Palatine | Apartments | 123.1 (1) | 123.2 (1) |
| **Washington:** | | | |
| Circa Green Lake | Apartments | 94.5 (1) | 97.5 |
| Fourth and Madison | Office | 550.0 (1) | 530.0 (1) |
| Millennium Corporate Park | Office | 160.0 | 184.1 |
| Northwest RA Industrial Portfolio | Industrial | 39.5 | 38.5 |
| Pacific Corporate Park | Industrial | 47.0 | 45.5 |
| Prescott Wallingford Apartments | Apartments | 61.3 | 62.0 |
| Rainier Corporate Park | Industrial | 129.8 | 123.7 |
| Regal Logistics Campus | Industrial | 102.0 | 100.0 |
| Union - South Lake Union | Apartments | 111.0 (1) | 111.0 |
| **Washington DC:** | | | |
| 1001 Pennsylvania Avenue | Office | 765.0 (1) | 785.0 (1) |
| 1401 H Street, NW | Office | 211.0 (1) | 201.1 (1) |
| 1900 K Street, NW | Office | 335.0 (1) | 330.0 (1) |
| Mass Court | Apartments | 171.5 (1) | 171.0 (1) |
| The Ashton | Apartments | 36.3 | 37.5 |
| The Louis at 14th | Apartments | 175.0 | 176.0 |
| The Woodley | Apartments | 191.0 | 191.0 |
| **TOTAL REAL ESTATE PROPERTIES** | | | |
| **(Cost $13,033.5 and $12,972.5)** | | **$ 15,906.0** | **$ 15,742.7** |

(Dollar values shown in millions)

## REAL ESTATE JOINT VENTURES AND LIMITED PARTNERSHIPS—21.5% and 22.1%
## REAL ESTATE JOINT VENTURES—21.2% and 21.6%

| Location/Description | Type | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|
| **California:** | | | |
| CA—Colorado Center LP<br>Colorado Center (50% Account Interest) | Office | $ 355.0 (2) | $ 351.0 (2) |
| PC Borrower, LLC<br>Pacific City (70% Account Interest) | Retail | 134.8 | 134.9 |
| TREA 9625 Towne Center, LLC<br>9625 Towne Centre Drive (40.59% Account Interest) | Land | 22.8 | 15.1 |
| TREA Campus Pointe 1, LLC<br>Campus Pointe 1 (45% Account Interest) | Office | 145.0 | 143.0 |
| TREA Campus Pointe 2 & 3, LLC<br>Campus Pointe 2 & 3 (45% Account Interest) | Office (5) | 129.7 | 127.1 |
| TREA Campus Pointe 4, LLC<br>Campus Pointe 4 (45% Account Interest) | Office | 8.9 | 8.8 |
| T-C 1500 Owens, LLC<br>1500 Owens Street (49.9% Account Interest) | Office | 77.3 | 77.5 |
| T-C Foundry Square II Venture LLC<br>Foundry Square II (50.1% Account Interest) | Office | 268.4 | 262.7 |
| T-C Illinois Street, LLC<br>409-499 Illinois Street (40% Account Interest) | Office | 210.1 | 209.3 |
| Valencia Town Center Associates LP<br>Valencia Town Center (50% Account Interest) | Retail | 144.3 (2) | 138.8 (2) |
| **Florida:** | | | |
| Florida Mall Associates, Ltd<br>The Florida Mall (50% Account Interest) | Retail | 760.5 (2) | 758.4 (2) |
| TREA Florida Retail, LLC<br>Florida Retail Portfolio (80% Account Interest) | Retail | 151.5 | 150.6 |
| West Dade County Associates<br>Miami International Mall (50% Account Interest) | Retail | 168.4 (2) | 166.0 (2) |
| **Maryland:** | | | |
| WP Project Developer<br>The Shops at Wisconsin Place (33.33% Account Interest) | Retail | 18.4 | 20.0 |
| **Massachusetts:** | | | |
| One Boston Place REIT<br>One Boston Place (50.25% Account Interest) | Office | 233.9 | 229.1 |
| T-C 225 Binney, LLC<br>225 Binney Street (70% Account Interest) | Office | 200.5 | 201.9 |
| **Nevada:** | | | |
| Fashion Show Holding I, LLC<br>Fashion Show (50% Account Interest) | Retail | 829.7 (2) | 844.4 (2) |
| **New York:** | | | |
| 401 West 14th Street, LLC<br>401 West 14th Street (42.19% Account Interest) | Retail | 46.5 (2) | 46.4 (2) |
| 817 Broadway Owner, LLC<br>817 Broadway (61.46% Account Interest) | Office | 23.2 (2) | 23.0 (2) |
| MRA Hub 34 Holding, LLC<br>The Hub (95% Account Interest) | Office | 57.5 (2) | 56.9 (2) |
| RGM 42, LLC<br>MiMA (70% Account Interest) | Apartments | 187.7 (2) | 189.2 (2) |

# TIAA REAL ESTATE ACCOUNT
# CONSOLIDATED SCHEDULES OF INVESTMENTS
# (Dollar values shown in millions)

| Location/Description | Type | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|
| TREA 35th Street LIC Investor Member, LLC<br>Commerce LIC (97.5% Account Interest) | Industrial | $ 60.3 | $ 58.2 |
| **Tennessee:** | | | |
| West Town Mall, LLC<br>West Town Mall (50% Account Interest) | Retail | 148.9 (2) | 140.4 (2) |
| **Texas:** | | | |
| Four Oaks Venture LP<br>Four Oaks Place LP (51% Account Interest) | Office | 341.7 (2) | 338.7 (2) |
| **Washington:** | | | |
| T-C REA 400 Fairview Investor, LLC<br>400 Fairview (90% Account Interest) | Office | 265.9 | 263.7 |
| **Various:** | | | |
| DDRTC Core Retail Fund, LLC<br>DDR Joint Venture (85% Account Interest) | Retail | 632.1 (2,3) | 636.2 (2,3) |
| Storage Portfolio I, LLC<br>Storage Portfolio I (66.02% Account Interest)[9] | Storage | 83.5 (2,3) | 177.5 (2,3) |
| Storage Portfolio II, LLC<br>Storage Portfolio II (90% Account Interest) | Storage | 99.1 (2,3) | 91.8 (2,3) |
| **TOTAL REAL ESTATE JOINT VENTURES<br>(Cost $4,456.4 and $4,534.5)** | | **$ 5,805.6** | **$ 5,860.6** |
| | | | |
| **LIMITED PARTNERSHIPS—0.3% and 0.5%** | | | |
| Clarion Gables Multi-Family Trust LP (4.842% Account Interest) | | $ 77.6 | $ 126.7 |
| Taconic New York City GP Fund, LP (60% Account Interest) | | 10.5 | 10.8 |
| Transwestern Mezz Realty Partners III, LLC (11.708% Account Interest) | | 4.6 | 4.9 |
| **TOTAL LIMITED PARTNERSHIPS<br>(Cost $99.1 and $140.8)** | | **$ 92.7** | **$ 142.4** |
| **TOTAL REAL ESTATE JOINT VENTURES AND LIMITED PARTNERSHIPS<br>(Cost $4,555.5 and $4,675.3)** | | **$ 5,898.3** | **$ 6,003.0** |

(Dollar values shown in millions)

## MARKETABLE SECURITIES—19.4% and 18.9%
## REAL ESTATE-RELATED MARKETABLE SECURITIES—4.9% and 4.6%

| Shares 2018 | Shares 2017 | Issuer | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|
| 107,681 | 90,769 | Acadia Realty Trust | $ 2.6 | $ 2.5 |
| 38,699 | 31,513 | Agree Realty Corporation | 1.9 | 1.6 |
| 2,748 | 2,309 | Alexander's, Inc. | 1.0 | 0.9 |
| 131,117 | 103,464 | Alexandria Real Estate Equities, Inc. | 16.4 | 13.5 |
| — | 53,951 | Altisource Residential Corp. | — | 0.6 |
| 52,143 | 43,804 | American Assets Trust, Inc. | 1.7 | 1.7 |
| 178,132 | 148,817 | American Campus Communities, Inc. | 6.9 | 6.1 |
| 316,521 | 263,720 | American Homes 4 Rent | 6.4 | 5.8 |
| 554,159 | 462,615 | American Tower Corp. | 80.5 | 66.0 |
| 59,452 | — | Americold Realty Trust | 1.1 | — |
| 204,125 | 171,065 | Apartment Investment and Management Company | 8.3 | 7.5 |
| 275,335 | 231,041 | Apple Hospitality Inc. | 4.8 | 4.5 |
| 60,611 | 47,395 | Armada Hoffler Properties Inc. | 0.8 | 0.7 |
| 33,043 | 27,462 | Ashford Hospitality Prime Inc. | 0.3 | 0.3 |
| 100,440 | 88,009 | Ashford Hospitality Trust, Inc. | 0.6 | 0.6 |
| 180,488 | 150,694 | Avalonbay Communities, Inc. | 29.7 | 26.9 |
| 24,509 | 24,509 | Bluerock Residential Growth, Inc. | 0.2 | 0.2 |
| 201,842 | 168,560 | Boston Properties, Inc. | 24.9 | 21.9 |
| 226,345 | 189,208 | Brandywine Realty Trust | 3.6 | 3.4 |
| 400,377 | 336,302 | Brixmore Property Group Inc | 6.1 | 6.3 |
| 119,194 | 99,633 | Camden Property Trust | 10.0 | 9.2 |
| 100,001 | 85,789 | CareTrust REIT Inc. | 1.3 | 1.4 |
| 59,333 | 48,438 | Catchmark Timber Trust, Inc. | 0.7 | 0.6 |
| 223,342 | 185,540 | CBL & Associates Properties, Inc. | 0.9 [8] | 1.1 [8] |
| 112,105 | 92,124 | Cedar Shopping Centers, Inc. | 0.4 | 0.6 |
| 59,609 | 49,866 | Chatham Lodging Trust | 1.1 | 1.1 |
| 77,145 | 64,702 | Chesapeake Lodging Trust | 2.1 | 1.8 |
| 43,224 | 32,933 | City Office REIT Inc. | 0.5 | 0.4 |
| 21,288 | 15,330 | Clipper Realty, Inc. | 0.2 | 0.2 |
| 698,886 | 583,920 | Colony Northstar, Inc. | 3.9 | 6.7 |
| 157,900 | 131,158 | Columbia Property Trust Inc. | 3.2 | 3.0 |
| 23,436 | 17,855 | Community Healthcare Trust, Inc. | 0.6 | 0.5 |
| 154,001 | 130,237 | CoreCivic, Inc. | 3.0 | 2.9 |
| 16,269 | 12,695 | Corenergy Infrastructure Trust, Inc. | 0.6 | 0.5 |
| 44,385 | 37,213 | CoreSite Realty Corporation | 4.5 | 4.2 |
| 130,001 | 109,361 | Corporate Office Properties Trust | 3.4 | 3.2 |
| 546,100 | 458,712 | Cousins Properties Incorporated | 4.7 | 4.2 |
| 527,351 | 440,146 | Crown Castle International Corporation | 57.8 | 48.9 |
| 235,654 | 197,633 | Cubesmart | 6.6 | 5.7 |
| 117,891 | 98,521 | CyrusOne Inc. | 6.0 | 5.9 |
| 122,467 | 101,202 | DCT Industrial Trust, Inc. | 6.9 | 5.9 |
| 403,287 | 340,952 | DDR Corp | 3.0 | 3.1 |
| 261,312 | 219,132 | DiamondRock Hospitality Company | 2.7 | 2.5 |
| 267,701 | 223,448 | Digital Realty Trust, Inc. | 28.2 | 25.5 |
| 208,562 | 174,051 | Douglas Emmett, Inc. | 7.7 | 7.1 |
| 465,987 | 388,940 | Duke Realty Corporation | 12.3 | 10.6 |

**(Dollar values shown in millions)**

| Shares | | | Fair Value at | |
|---|---|---|---|---|
| 2018 | 2017 | Issuer | March 31, 2018 (Unaudited) | December 31, 2017 |
| 56,686 | 46,776 | Easterly Government Properties, Inc. | $ 1.2 | $ 1.0 |
| 44,417 | 36,626 | EastGroup Properties, Inc. | 3.7 | 3.2 |
| 98,738 | 82,652 | Education Realty Trust, Inc. | 3.2 | 2.9 |
| 167,935 | 139,642 | Empire State Realty Trust | 2.8 | 2.9 |
| 82,421 | 68,867 | EPR Properties | 4.6 | 4.5 |
| 101,871 | 85,048 | Equinix Inc. | 42.6 | 38.5 |
| 159,006 | 132,344 | Equity Commonwealth | 4.9 | 4.0 |
| 108,837 | 89,456 | Equity Lifestyle Properties, Inc. | 9.6 | 8.0 |
| 467,461 | 390,235 | Equity Residential | 28.8 | 24.9 |
| 39,142 | 39,142 | Escrow Winthrop Realty Trust | 0.3 | 0.3 |
| 85,673 | 71,499 | Essex Property Trust, Inc. | 20.6 | 17.3 |
| 159,556 | 133,620 | Extra Space Storage, Inc. | 13.9 | 11.7 |
| 39,335 | 33,146 | Farmland Partners, Inc. | 0.3 (8) | 0.3 (8) |
| 95,354 | 78,850 | Federal Realty Investment Trust | 11.1 | 10.5 |
| 155,053 | 130,114 | First Industrial Realty Trust, Inc. | 4.5 | 4.1 |
| 318,182 | 266,222 | Forest City Realty Trust A | 6.4 | 6.4 |
| 83,563 | 68,809 | Four Corners Property Trust | 1.9 | 1.8 |
| 138,566 | 119,538 | Franklin Street Properties Corp. | 1.2 | 1.3 |
| 59,534 | — | Front Yard Residential Corp. | 0.6 | — |
| 263,397 | 221,037 | Gaming and Leisure Properties, Inc. | 8.8 | 8.2 |
| 807,416 | 674,285 | General Growth Properties, Inc. | 16.5 | 15.8 |
| 158,990 | 134,715 | GEO Group Inc./The | 3.3 | 3.2 |
| 42,630 | 36,337 | Getty Realty Corp. | 1.1 | 1.0 |
| 37,480 | 30,560 | Gladstone Commercial Corporation | 0.7 | 0.6 |
| 11,775 | 11,775 | Gladstone Land Corporation | 0.1 | 0.2 |
| 21,950 | 14,323 | Global Medical REIT, Inc. | 0.2 (8) | 0.1 (8) |
| 87,682 | 73,715 | Global Net Lease, Inc. | 1.5 | 1.5 |
| 126,437 | 102,459 | Government Properties Income Trust | 1.7 | 1.9 |
| 208,337 | 173,959 | Gramercy Property Trust Inc. | 4.5 | 4.6 |
| 615,331 | 513,801 | HCP, Inc. | 14.3 | 13.4 |
| 159,409 | 133,528 | Healthcare Realty Trust Inc. | 4.4 | 4.3 |
| 265,204 | 221,345 | Healthcare Trust of America | 7.0 | 6.6 |
| 53,731 | 45,394 | Hersha Hospitality Trust | 1.0 | 0.8 |
| 133,130 | 111,471 | Highwoods Properties, Inc. | 5.8 | 5.7 |
| 212,484 | 179,103 | Hospitality Properties Trust | 5.4 | 5.3 |
| 957,630 | 799,202 | Host Hotels & Resorts, Inc. | 17.9 | 15.9 |
| 204,263 | 171,423 | Hudson Pacific Properties, Inc. | 6.6 | 5.9 |
| 113,014 | 93,383 | Independence Realty Trust, Inc. | 1.0 | 0.9 |
| 27,799 | — | Industrial Logics Properties | 0.6 | — |
| 150,224 | 130,841 | Investors Real Estate Trust | 0.8 | 0.7 |
| 384,097 | 320,427 | Invitation Homes, Inc. | 8.8 | 7.6 |
| 369,218 | 302,923 | Iron Mountain Inc. | 12.1 | 11.4 |
| 1,500,000 | 1,500,000 | iShares Dow Jones US Real Estate Index Fund | 113.2 (8) | 121.5 (8) |
| 112,864 | 94,915 | JBG Smith Properties | 3.8 | 3.3 |
| 126,351 | 106,012 | Kilroy Realty Corporation | 9.0 | 7.9 |
| 541,291 | 451,921 | Kimco Realty Corporation | 7.8 | 8.2 |
| 107,478 | 90,119 | Kite Realty Group Trust | 1.6 | 1.8 |
| 108,519 | 91,259 | Lamar Advertising Corporation | 6.9 | 6.8 |
| 148,330 | 124,427 | LaSalle Hotel Properties | 4.3 | 3.5 |

(Dollar values shown in millions)

| Shares 2018 | Shares 2017 | Issuer | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|
| 305,455 | 257,171 | Lexington Realty Trust | $ 2.4 | $ 2.5 |
| 193,254 | 161,972 | Liberty Property Trust | 7.7 | 7.0 |
| 59,970 | 50,130 | Life Storage, Inc. | 5.0 | 4.5 |
| 51,209 | 42,489 | LTC Properties, Inc. | 2.0 | 1.9 |
| 117,624 | 99,130 | Mack-Cali Realty Corporation | 2.0 | 2.1 |
| 37,703 | 29,800 | Medequities Realty Trust, Inc. | 0.4 | 0.3 |
| 476,365 | 399,374 | Medical Properties Trust, Inc. | 6.2 | 5.5 |
| 148,559 | 123,965 | Mid-America Apartment Communities, Inc. | 13.6 | 12.5 |
| 99,593 | 80,492 | Monmouth Real Estate Investment Corporation | 1.5 | 1.4 |
| 52,652 | 43,294 | National Health Investors, Inc. | 3.5 | 3.3 |
| 200,638 | 165,743 | National Retail Properties, Inc. | 7.9 | 7.1 |
| 66,878 | 49,957 | National Storage Affiliates Trust | 1.7 | 1.4 |
| 108,441 | 90,062 | New Senior Investment Group | 0.9 | 0.7 |
| 23,360 | 19,294 | Nexpoint Residential Trust, Inc. | 0.6 | 0.5 |
| 71,499 | 61,800 | NorthStar Realty Europe Corp. | 0.9 | 0.8 |
| 255,380 | 214,048 | Omega Healthcare Investors, Inc. | 6.9 (8) | 5.9 (8) |
| 18,659 | 16,324 | One Liberty Properties, Inc. | 0.4 | 0.4 |
| 181,058 | 152,483 | Outfront Media Inc. | 3.4 | 3.5 |
| 270,574 | 225,256 | Paramount Group Inc. | 3.9 | 3.6 |
| 235,963 | 159,738 | Park Hotels & Resorts, Inc. | 6.4 | 4.6 |
| 89,757 | 75,337 | Pebblebrook Hotel Trust | 3.1 | 2.8 |
| 82,512 | 69,866 | Pennsylvania Real Estate Investment Trust | 0.8 (8) | 0.8 |
| 233,426 | 195,747 | Physicians Realty Trust | 3.6 | 3.5 |
| 186,674 | 159,189 | Piedmont Office Realty Trust, Inc. | 3.3 | 3.1 |
| 78,505 | 44,326 | Potlatch Corporation | 4.1 | 2.2 |
| 50,310 | 39,774 | Preferred Apartment Communities, Inc. | 0.7 | 0.8 |
| 691,477 | 577,161 | ProLogis | 43.6 | 37.2 |
| 25,609 | 21,348 | PS Business Parks, Inc. | 2.9 | 2.7 |
| 193,858 | 161,952 | Public Storage, Inc. | 38.8 | 33.8 |
| 63,977 | 53,551 | QTS Realty Trust, Inc. | 2.3 | 2.9 |
| 122,517 | 104,106 | Quality Care Properties | 2.4 | 1.4 |
| 101,860 | 84,467 | Ramco-Gershenson Properties Trust | 1.3 | 1.2 |
| 168,838 | 140,926 | Rayonier, Inc. | 5.9 | 4.5 |
| 369,363 | 308,355 | Realty Income Corporation | 19.1 | 17.6 |
| 195,035 | 163,631 | Regency Centers Corporation | 11.5 | 11.3 |
| 140,371 | 118,002 | Retail Opportunity Investment | 2.5 | 2.4 |
| 288,070 | 248,555 | Retail Properties of America | 3.4 | 3.3 |
| 100,517 | 83,912 | Rexford Industrial Realty Inc. | 2.9 | 2.4 |
| 221,026 | 185,465 | RLJ Lodging Trust | 4.3 | 4.1 |
| 57,622 | 48,519 | Ryman Hospitality Properties | 4.5 | 3.3 |
| 231,549 | 191,602 | Sabra Health Care REIT Inc. | 4.1 | 3.6 |
| 15,159 | 11,006 | Safety Income and Growth, Inc | 0.2 | 0.2 |
| 13,437 | 12,343 | Saul Centers, Inc. | 0.7 | 0.8 |
| 152,589 | 131,401 | SBA Communications Corporation | 26.1 | 21.5 |
| 82,771 | 69,474 | Select Income Real Estate Investment Trust | 1.6 | 1.7 |
| 308,622 | 259,176 | Senior Housing Properties Trust | 4.8 | 5.0 |
| 407,733 | 340,430 | Simon Property Group, Inc. | 62.9 | 58.5 |
| 118,644 | 105,521 | SL Green Realty Corp. | 11.5 | 10.7 |
| 597,665 | 498,344 | Spirit Realty Capital Inc. | 4.6 | 4.3 |

(Dollar values shown in millions)

| Shares 2018 | Shares 2017 | Issuer | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|
| 122,884 | 102,712 | Stag Industrial, Inc. | $ 2.9 | $ 2.8 |
| 224,140 | 187,343 | STORE Capital Corporation | 5.6 | 4.9 |
| 134,700 | 113,544 | Summit Hotel Properties, Inc. | 1.8 | 1.7 |
| 99,427 | 83,430 | Sun Communities, Inc. | 9.1 | 7.7 |
| 293,949 | 247,441 | Sunstone Hotel Investors, L.L.C. | 4.5 | 4.1 |
| 120,333 | 101,087 | Tanger Factory Outlet Centers, Inc. | 2.7 (8) | 2.7 (8) |
| 77,181 | 64,816 | Taubman Centers, Inc. | 4.4 | 4.2 |
| 70,655 | 58,066 | Terreno Realty Corporation | 2.4 | 2.0 |
| 179,143 | 149,606 | The Macerich Company | 10.0 | 9.8 |
| 64,875 | 54,543 | Tier Inc. | 1.2 | 1.1 |
| 347,213 | 289,926 | UDR, Inc. | 12.4 | 11.2 |
| 41,013 | 34,876 | UMH Properties, Inc. | 0.6 | 0.5 |
| 216,152 | 182,231 | UNITI Group, Inc. | 3.5 (8) | 3.2 (8) |
| 16,940 | 14,449 | Universal Health Realty Income Trust | 1.0 | 1.1 |
| 134,254 | 112,531 | Urban Edge Properties | 2.9 | 2.9 |
| 39,928 | 31,959 | Urstadt Biddle Properties, Inc. | 0.8 | 0.7 |
| 465,082 | 388,195 | Ventas, Inc. | 23.0 | 23.3 |
| 1,274,802 | 1,065,264 | VEREIT, Inc. | 8.9 | 8.3 |
| 225,182 | 188,214 | Vornado Realty Trust | 15.2 | 14.7 |
| 243,395 | 203,651 | Washington Prime Group, Inc. | 1.6 | 1.4 |
| 102,181 | 85,659 | Washington Real Estate Investment Trust | 2.8 | 2.7 |
| 157,155 | 132,066 | Weingarten Realty Investors | 4.4 | 4.3 |
| 486,168 | 401,236 | Welltower Inc. | 26.5 | 25.6 |
| 978,560 | 816,991 | Weyerhaeuser Company | 34.3 | 28.8 |
| 49,986 | 38,883 | Whitestone Real Estate Investment Trust B | 0.5 | 0.6 |
| 138,470 | 116,079 | WP Carey Inc. | 8.6 | 8.0 |
| 140,450 | 118,158 | Xenia Hotels & Resorts Inc. | 2.8 | 2.6 |
| | | **TOTAL REAL ESTATE-RELATED MARKETABLE SECURITIES (Cost $1,196.3 and $991.0)** | **$ 1,352.2** | **$ 1,238.0** |

## OTHER MARKETABLE SECURITIES—14.5% and 14.3%
## GOVERNMENT AGENCY NOTES—10.6% and 10.6%

| Principal 2018 | Principal 2017 | Issuer | Yield[4] | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ — | $ 10.0 | Fannie Mae Discount Notes | 1.077% | 1/9/2018 | $ — | $ 10.0 |
| — | 14.2 | Fannie Mae Discount Notes | 1.093% | 1/10/2018 | — | 14.2 |
| — | 40.0 | Fannie Mae Discount Notes | 1.115% | 1/11/2018 | — | 40.0 |
| — | 19.0 | Fannie Mae Discount Notes | 1.118% | 1/19/2018 | — | 19.0 |
| — | 30.0 | Fannie Mae Discount Notes | 1.038% | 1/22/2018 | — | 30.0 |
| — | 46.2 | Fannie Mae Discount Notes | 1.038% | 1/23/2018 | — | 46.1 |
| — | 35.1 | Fannie Mae Discount Notes | 1.038% | 1/24/2018 | — | 35.1 |
| — | 14.6 | Fannie Mae Discount Notes | 1.088% | 1/29/2018 | — | 14.5 |
| — | 35.1 | Fannie Mae Discount Notes | 1.079% | 1/30/2018 | — | 35.1 |
| — | 26.2 | Fannie Mae Discount Notes | 1.109% - 1.225% | 2/7/2018 | — | 26.2 |
| — | 25.0 | Fannie Mae Discount Notes | 1.145% | 2/16/2018 | — | 25.0 |
| — | 50.0 | Fannie Mae Discount Notes | 1.140% - 1.150% | 2/20/2018 | — | 49.9 |
| — | 30.2 | Fannie Mae Discount Notes | 1.140% | 2/21/2018 | — | 30.2 |

**(Dollar values shown in millions)**

| Principal 2018 | Principal 2017 | Issuer | Yield[4] | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ — | $ 40.0 | Fannie Mae Discount Notes | 1.221% | 3/7/2018 | $ — | $ 39.9 |
| — | 40.0 | Fannie Mae Discount Notes | 1.221% | 3/8/2018 | — | 39.9 |
| — | 34.1 | Fannie Mae Discount Notes | 1.221% | 3/9/2018 | — | 34.0 |
| — | 20.0 | Fannie Mae Discount Notes | 1.303% | 3/13/2018 | — | 19.9 |
| — | 37.2 | Fannie Mae Discount Notes | 1.313% | 3/19/2018 | — | 37.0 |
| — | 15.0 | Fannie Mae Discount Notes | 1.303% | 3/20/2018 | — | 15.0 |
| — | 10.0 | Fannie Mae Discount Notes | 1.308% | 3/22/2018 | — | 10.0 |
| — | 39.3 | Fannie Mae Discount Notes | 1.318% | 3/29/2018 | — | 39.1 |
| 30.0 | 30.0 | Fannie Mae Discount Notes | 1.323% | 4/2/2018 | 30.0 | 29.9 |
| 35.2 | 35.2 | Fannie Mae Discount Notes | 1.313% - 1.323% | 4/3/2018 | 35.2 | 35.1 |
| 40.0 | 40.0 | Fannie Mae Discount Notes | 1.334% | 4/9/2018 | 40.0 | 39.9 |
| 20.4 | — | Fannie Mae Discount Notes | 1.564% | 4/16/2018 | 20.4 | — |
| 2.0 | — | Fannie Mae Discount Notes | 1.420% | 4/24/2018 | 2.0 | — |
| 20.1 | — | Fannie Mae Discount Notes | 1.405% | 4/25/2018 | 20.1 | — |
| 37.1 | — | Fannie Mae Discount Notes | 1.420% - 1.426% | 4/26/2018 | 37.1 | — |
| 30.2 | — | Fannie Mae Discount Notes | 1.426% | 4/27/2018 | 30.2 | — |
| 40.0 | — | Fannie Mae Discount Notes | 1.415% | 5/1/2018 | 40.0 | — |
| 40.0 | — | Fannie Mae Discount Notes | 1.435% | 5/2/2018 | 39.9 | — |
| 49.6 | — | Fannie Mae Discount Notes | 1.436% - 1.516% | 5/3/2018 | 49.6 | — |
| 23.3 | — | Fannie Mae Discount Notes | 1.446% | 5/7/2018 | 23.3 | — |
| 19.9 | — | Fannie Mae Discount Notes | 1.629% | 5/29/2018 | 19.9 | — |
| 11.8 | — | Fannie Mae Discount Notes | 1.629% | 5/30/2018 | 11.8 | — |
| 35.5 | — | Fannie Mae Discount Notes | 1.548% - 1.629% | 5/31/2018 | 35.5 | — |
| 49.8 | — | Fannie Mae Discount Notes | 1.685% | 6/6/2018 | 49.8 | — |
| 29.9 | — | Fannie Mae Discount Notes | 1.661% | 6/11/2018 | 29.9 | — |
| 15.2 | — | Fannie Mae Discount Notes | 1.660% | 6/12/2018 | 15.2 | — |
| 39.9 | — | Fannie Mae Discount Notes | 1.661% | 6/13/2018 | 39.9 | — |
| 16.0 | — | Fannie Mae Discount Notes | 1.681% | 6/18/2018 | 16.0 | — |
| 39.9 | — | Fannie Mae Discount Notes | 1.671% | 6/19/2018 | 39.9 | — |
| 22.2 | — | Fannie Mae Discount Notes | 1.671% | 6/20/2018 | 22.2 | — |
| 49.8 | — | Fannie Mae Discount Notes | 1.681% | 6/22/2018 | 49.8 | — |
| 29.9 | — | Fannie Mae Discount Notes | 1.702% | 6/26/2018 | 29.9 | — |
| 34.9 | — | Fannie Mae Discount Notes | 1.723% | 6/27/2018 | 34.9 | — |
| 24.9 | — | Fannie Mae Discount Notes | 1.733% | 7/2/2018 | 24.9 | — |
| 14.2 | — | Fannie Mae Discount Notes | 1.733% | 7/3/2018 | 14.2 | — |
| 29.9 | — | Fannie Mae Discount Notes | 1.733% | 7/6/2018 | 29.9 | — |
| 34.8 | — | Fannie Mae Discount Notes | 1.856% | 7/11/2018 | 34.8 | — |
| 29.9 | — | Fannie Mae Discount Notes | 1.723% | 7/13/2018 | 29.9 | — |
| — | 14.0 | Farmer Mac Discount Notes | 1.169% | 2/1/2018 | — | 14.0 |
| 8.7 | — | Farmer Mac Discount Notes | 1.873% | 9/5/2018 | 8.7 | — |
| 5.0 | — | Federal Farm Credit Bank Discount Notes | 1.166% | 4/2/2018 | 5.0 | — |
| — | 20.2 | Federal Home Loan Bank Discount Notes | 1.069% | 1/2/2018 | — | 20.2 |
| — | 40.0 | Federal Home Loan Bank Discount Notes | 1.079% | 1/3/2018 | — | 40.0 |
| — | 40.0 | Federal Home Loan Bank Discount Notes | 1.068% | 1/5/2018 | — | 40.0 |
| — | 40.0 | Federal Home Loan Bank Discount Notes | 1.068% | 1/8/2018 | — | 40.0 |
| — | 33.0 | Federal Home Loan Bank Discount Notes | 1.058% | 1/9/2018 | — | 33.0 |
| — | 50.0 | Federal Home Loan Bank Discount Notes | 1.068% - 1.118% | 1/10/2018 | — | 50.0 |
| — | 30.0 | Federal Home Loan Bank Discount Notes | 1.089% - 1.108% | 1/12/2018 | — | 30.0 |

## TIAA REAL ESTATE ACCOUNT
## CONSOLIDATED SCHEDULES OF INVESTMENTS
## (Dollar values shown in millions)

| Principal 2018 | Principal 2017 | Issuer | Yield[4] | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ — | $ 38.1 | Federal Home Loan Bank Discount Notes | 1.068% | 1/16/2018 | $ — | $ 38.1 |
| — | 50.0 | Federal Home Loan Bank Discount Notes | 1.094% - 1.118% | 1/17/2018 | — | 50.0 |
| — | 30.2 | Federal Home Loan Bank Discount Notes | 1.063% | 1/19/2018 | — | 30.1 |
| — | 20.0 | Federal Home Loan Bank Discount Notes | 1.134% | 1/22/2018 | — | 20.0 |
| — | 38.0 | Federal Home Loan Bank Discount Notes | 1.063% | 1/25/2018 | — | 37.9 |
| — | 36.1 | Federal Home Loan Bank Discount Notes | 1.063% | 1/26/2018 | — | 36.1 |
| — | 29.2 | Federal Home Loan Bank Discount Notes | 1.069% - 1.290% | 1/29/2018 | — | 29.1 |
| — | 24.3 | Federal Home Loan Bank Discount Notes | 1.225% | 2/6/2018 | — | 24.2 |
| — | 47.1 | Federal Home Loan Bank Discount Notes | 1.069% - 1.220% | 2/9/2018 | — | 47.1 |
| — | 11.8 | Federal Home Loan Bank Discount Notes | 1.140% | 2/14/2018 | — | 11.8 |
| — | 25.0 | Federal Home Loan Bank Discount Notes | 1.130% | 2/16/2018 | — | 25.0 |
| — | 10.0 | Federal Home Loan Bank Discount Notes | 1.306% | 2/21/2018 | — | 10.0 |
| — | 40.0 | Federal Home Loan Bank Discount Notes | 1.120% | 2/26/2018 | — | 39.9 |
| — | 39.4 | Federal Home Loan Bank Discount Notes | 1.120% - 1.186% | 2/27/2018 | — | 39.3 |
| — | 22.2 | Federal Home Loan Bank Discount Notes | 1.161% - 1.232% | 3/2/2018 | — | 22.1 |
| — | 45.0 | Federal Home Loan Bank Discount Notes | 1.212% - 1.313% | 3/12/2018 | — | 44.9 |
| — | 28.0 | Federal Home Loan Bank Discount Notes | 1.176% | 3/13/2018 | — | 27.9 |
| — | 5.0 | Federal Home Loan Bank Discount Notes | 1.318% | 3/16/2018 | — | 5.0 |
| — | 40.0 | Federal Home Loan Bank Discount Notes | 1.304% | 3/27/2018 | — | 39.9 |
| — | 47.4 | Federal Home Loan Bank Discount Notes | 1.304% | 3/28/2018 | — | 47.2 |
| 14.7 | — | Federal Home Loan Bank Discount Notes | 1.373% | 4/2/2018 | 14.7 | — |
| 27.1 | — | Federal Home Loan Bank Discount Notes | 1.404% | 4/4/2018 | 27.1 | — |
| 40.2 | 40.2 | Federal Home Loan Bank Discount Notes | 1.324% | 4/11/2018 | 40.2 | 40.0 |
| 15.2 | 15.2 | Federal Home Loan Bank Discount Notes | 1.359% | 4/12/2018 | 15.2 | 15.2 |
| 29.1 | 29.1 | Federal Home Loan Bank Discount Notes | 1.354% | 4/16/2018 | 29.1 | 29.0 |
| 39.1 | 39.2 | Federal Home Loan Bank Discount Notes | 1.365% | 4/19/2018 | 39.1 | 39.0 |
| 40.1 | 40.2 | Federal Home Loan Bank Discount Notes | 1.365% | 4/20/2018 | 40.1 | 40.0 |
| 33.1 | 33.2 | Federal Home Loan Bank Discount Notes | 1.365% | 4/23/2018 | 33.1 | 33.0 |
| 34.2 | 34.2 | Federal Home Loan Bank Discount Notes | 1.375% | 4/24/2018 | 34.2 | 34.1 |
| 15.2 | 15.2 | Federal Home Loan Bank Discount Notes | 1.371% | 4/25/2018 | 15.2 | 15.2 |
| 5.0 | — | Federal Home Loan Bank Discount Notes | 1.627% | 4/27/2018 | 5.0 | — |
| 69.2 | — | Federal Home Loan Bank Discount Notes | 1.421% - 1.466% | 4/30/2018 | 69.2 | — |
| 10.0 | — | Federal Home Loan Bank Discount Notes | 1.461% | 5/2/2018 | 10.0 | — |
| 28.3 | 28.4 | Federal Home Loan Bank Discount Notes | 1.403% | 5/4/2018 | 28.3 | 28.2 |
| 39.1 | — | Federal Home Loan Bank Discount Notes | 1.471% | 5/8/2018 | 39.1 | — |
| 39.9 | — | Federal Home Loan Bank Discount Notes | 1.462% | 5/9/2018 | 39.9 | — |
| 52.8 | — | Federal Home Loan Bank Discount Notes | 1.462% - 1.496% | 5/10/2018 | 52.8 | — |
| 30.0 | — | Federal Home Loan Bank Discount Notes | 1.471% | 5/11/2018 | 29.9 | — |
| 39.9 | — | Federal Home Loan Bank Discount Notes | 1.461% | 5/14/2018 | 39.9 | — |
| 39.9 | — | Federal Home Loan Bank Discount Notes | 1.461% | 5/15/2018 | 39.9 | — |
| 49.9 | — | Federal Home Loan Bank Discount Notes | 1.517% | 5/16/2018 | 49.9 | — |
| 41.9 | — | Federal Home Loan Bank Discount Notes | 1.497% - 1.664% | 5/18/2018 | 41.9 | — |
| 37.3 | — | Federal Home Loan Bank Discount Notes | 1.502% - 1.659% | 5/21/2018 | 37.3 | — |
| 11.5 | — | Federal Home Loan Bank Discount Notes | 1.482% | 5/23/2018 | 11.5 | — |
| 24.9 | — | Federal Home Loan Bank Discount Notes | 1.482% | 5/25/2018 | 24.9 | — |
| 11.1 | — | Federal Home Loan Bank Discount Notes | 1.508% | 5/29/2018 | 11.1 | — |
| 24.0 | — | Federal Home Loan Bank Discount Notes | 1.503% | 5/30/2018 | 24.0 | — |
| 49.9 | — | Federal Home Loan Bank Discount Notes | 1.675% | 6/1/2018 | 49.9 | — |

**TIAA REAL ESTATE ACCOUNT**
**CONSOLIDATED SCHEDULES OF INVESTMENTS**
**(Dollar values shown in millions)**

| Principal 2018 | Principal 2017 | Issuer | Yield[4] | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ 69.6 | $ — | Federal Home Loan Bank Discount Notes | 1.676% - 1.695% | 6/4/2018 | $ 69.6 | $ — |
| 42.5 | — | Federal Home Loan Bank Discount Notes | 1.676% - 1.796% | 6/5/2018 | 42.5 | — |
| 16.0 | — | Federal Home Loan Bank Discount Notes | 1.676% | 6/6/2018 | 16.0 | — |
| 29.9 | — | Federal Home Loan Bank Discount Notes | 1.670% | 6/8/2018 | 29.9 | — |
| 23.2 | — | Federal Home Loan Bank Discount Notes | 1.702% | 6/12/2018 | 23.2 | — |
| 39.9 | — | Federal Home Loan Bank Discount Notes | 1.551% | 6/25/2018 | 39.8 | — |
| 21.2 | — | Federal Home Loan Bank Discount Notes | 1.733% - 1.741% | 6/29/2018 | 21.2 | — |
| 29.9 | — | Federal Home Loan Bank Discount Notes | 1.836% | 7/9/2018 | 29.9 | — |
| 29.7 | — | Federal Home Loan Bank Discount Notes | 1.836% | 7/10/2018 | 29.7 | — |
| 49.7 | — | Federal Home Loan Bank Discount Notes | 1.734% | 7/16/2018 | 49.7 | — |
| 39.8 | — | Federal Home Loan Bank Discount Notes | 1.806% | 7/27/2018 | 39.8 | — |
| 39.8 | — | Federal Home Loan Bank Discount Notes | 1.806% | 7/30/2018 | 39.8 | — |
| 39.7 | — | Federal Home Loan Bank Discount Notes | 1.830% | 8/8/2018 | 39.7 | — |
| — | 41.2 | Freddie Mac Discount Notes | 1.101% - 1.149% | 2/2/2018 | — | 41.2 |
| — | 50.0 | Freddie Mac Discount Notes | 1.101% - 1.139% | 2/5/2018 | — | 49.9 |
| — | 25.0 | Freddie Mac Discount Notes | 1.090% | 2/6/2018 | — | 25.0 |
| — | 20.1 | Freddie Mac Discount Notes | 1.100% | 2/7/2018 | — | 20.0 |
| — | 42.2 | Freddie Mac Discount Notes | 1.099% | 2/12/2018 | — | 42.1 |
| — | 40.0 | Freddie Mac Discount Notes | 1.099% | 2/13/2018 | — | 39.9 |
| — | 30.0 | Freddie Mac Discount Notes | 1.109% | 2/14/2018 | — | 30.0 |
| — | 39.5 | Freddie Mac Discount Notes | 1.120% - 1.130% | 2/23/2018 | — | 39.4 |
| — | 50.0 | Freddie Mac Discount Notes | 1.151% | 3/5/2018 | — | 49.9 |
| — | 50.0 | Freddie Mac Discount Notes | 1.151% | 3/6/2018 | — | 49.9 |
| — | 49.8 | Freddie Mac Discount Notes | 1.182% - 1.202% | 3/14/2018 | — | 49.6 |
| — | 34.2 | Freddie Mac Discount Notes | 1.182% | 3/16/2018 | — | 34.1 |
| — | 10.8 | Freddie Mac Discount Notes | 1.192% | 3/19/2018 | — | 10.7 |
| — | 32.8 | Freddie Mac Discount Notes | 1.202% | 3/20/2018 | — | 32.7 |
| — | 40.0 | Freddie Mac Discount Notes | 1.202% | 3/21/2018 | — | 39.9 |
| — | 30.0 | Freddie Mac Discount Notes | 1.182% | 3/22/2018 | — | 29.9 |
| — | 40.0 | Freddie Mac Discount Notes | 1.212% | 3/23/2018 | — | 39.9 |
| — | 40.0 | Freddie Mac Discount Notes | 1.223% | 3/26/2018 | — | 39.9 |
| 24.1 | 24.1 | Freddie Mac Discount Notes | 1.228% | 4/4/2018 | 24.1 | 24.0 |
| 57.7 | 57.7 | Freddie Mac Discount Notes | 1.228% - 1.269% | 4/5/2018 | 57.7 | 57.5 |
| 35.2 | 35.2 | Freddie Mac Discount Notes | 1.289% | 4/6/2018 | 35.2 | 35.0 |
| 34.9 | 34.9 | Freddie Mac Discount Notes | 1.325% - 1.330% | 4/10/2018 | 34.9 | 34.7 |
| 40.0 | 40.0 | Freddie Mac Discount Notes | 1.325% | 4/11/2018 | 40.0 | 39.8 |
| 27.1 | 27.2 | Freddie Mac Discount Notes | 1.324% | 4/12/2018 | 27.1 | 27.0 |
| 40.0 | 40.0 | Freddie Mac Discount Notes | 1.334% | 4/13/2018 | 40.0 | 39.8 |
| 30.1 | 30.1 | Freddie Mac Discount Notes | 1.365% | 4/17/2018 | 30.1 | 30.0 |
| 35.1 | 35.2 | Freddie Mac Discount Notes | 1.365% | 4/18/2018 | 35.1 | 35.0 |
| 4.0 | 4.0 | Freddie Mac Discount Notes | 1.366% | 5/4/2018 | 4.0 | 4.0 |
| 16.6 | — | Freddie Mac Discount Notes | 1.506% | 5/7/2018 | 16.6 | — |
| 49.9 | — | Freddie Mac Discount Notes | 1.466% | 5/17/2018 | 49.9 | — |
| 49.9 | — | Freddie Mac Discount Notes | 1.578% | 5/22/2018 | 49.9 | — |
| 26.7 | — | Freddie Mac Discount Notes | 1.578% | 5/23/2018 | 26.7 | — |
| 17.8 | — | Freddie Mac Discount Notes | 1.447% | 6/4/2018 | 17.8 | — |
| 22.4 | — | Freddie Mac Discount Notes | 1.771% | 6/20/2018 | 22.4 | — |
| 30.0 | — | Freddie Mac Discount Notes | 1.733% | 7/18/2018 | 30.0 | — |

(Dollar values shown in millions)

| Principal 2018 | Principal 2017 | Issuer | Yield(4) | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ 18.7 | $ — | Freddie Mac Discount Notes | 1.723% | 7/20/2018 | $ 18.7 | $ — |
| 49.7 | — | Freddie Mac Discount Notes | 1.723% | 7/23/2018 | 49.7 | — |
| 35.7 | — | Freddie Mac Discount Notes | 1.723% | 7/24/2018 | 35.7 | — |
| **TOTAL GOVERNMENT AGENCY NOTES (Cost $2,919.2 and $2,872.8)** | | | | | **$ 2,918.8** | **$ 2,872.3** |

## UNITED STATES TREASURY SECURITIES—3.9% and 3.7%

| Principal 2018 | Principal 2017 | Issuer | Yield(4) | Maturity Date | Fair Value at March 31, 2018 (Unaudited) | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| $ — | $ 17.8 | United States Treasury Bills | 1.036% - 1.177% | 1/2/2018 | $ — | $ 17.8 |
| — | 75.0 | United States Treasury Bills | 1.063% - 1.084% | 1/4/2018 | — | 75.0 |
| — | 21.2 | United States Treasury Bills | 1.128% - 1.236% | 1/11/2018 | — | 21.2 |
| — | 40.0 | United States Treasury Bills | 1.114% | 1/18/2018 | — | 40.0 |
| — | 71.0 | United States Treasury Bills | 1.132% | 1/25/2018 | — | 70.9 |
| — | 36.0 | United States Treasury Bills | 1.106% | 2/1/2018 | — | 36.0 |
| — | 93.0 | United States Treasury Bills | 1.075% - 1.077% | 2/8/2018 | — | 92.9 |
| — | 98.0 | United States Treasury Bills | 1.106% - 1.122% | 2/22/2018 | — | 97.8 |
| — | 81.0 | United States Treasury Bills | 1.060% - 1.117% | 3/1/2018 | — | 80.8 |
| — | 154.0 | United States Treasury Bills | 1.374% - 1.433% | 3/29/2018 | — | 153.5 |
| 65.0 | — | United States Treasury Bills | 1.399% | 4/5/2018 | 65.0 | — |
| 1.1 | — | United States Treasury Bills | 1.464% - 1.584% | 4/12/2018 | 1.1 | — |
| 73.8 | 24.0 | United States Treasury Bills | 1.440% - 1.636% | 5/24/2018 | 73.8 | 23.9 |
| 84.8 | 85.0 | United States Treasury Bills | 1.432% | 6/7/2018 | 84.7 | 84.5 |
| 75.3 | — | United States Treasury Bills | 1.537% - 1.651% | 6/14/2018 | 75.3 | — |
| 39.9 | — | United States Treasury Bills | 1.607% | 6/21/2018 | 39.8 | — |
| 39.8 | — | United States Treasury Bills | 1.641% | 6/28/2018 | 39.8 | — |
| 20.2 | — | United States Treasury Bills | 1.719% | 7/5/2018 | 20.2 | — |
| 39.8 | — | United States Treasury Bills | 1.731% | 7/12/2018 | 39.8 | — |
| 37.1 | — | United States Treasury Bills | 1.647% | 7/19/2018 | 37.0 | — |
| 35.6 | — | United States Treasury Bills | 1.767% | 7/26/2018 | 35.6 | — |
| 49.7 | — | United States Treasury Bills | 1.839% | 8/2/2018 | 49.7 | — |
| 49.7 | — | United States Treasury Bills | 1.802% | 8/9/2018 | 49.7 | — |
| 51.5 | — | United States Treasury Bills | 1.657% - 1.780% | 8/16/2018 | 51.5 | — |
| 40.3 | — | United States Treasury Bills | 1.847% - 1.876% | 8/23/2018 | 40.3 | — |
| 29.8 | — | United States Treasury Bills | 1.866% | 8/30/2018 | 29.8 | — |
| 29.0 | — | United States Treasury Bills | 1.916% | 9/6/2018 | 29.0 | — |
| 66.2 | — | United States Treasury Bills | 1.773% - 1.946% | 9/13/2018 | 66.2 | — |
| 38.3 | — | United States Treasury Bills | 1.914% | 9/20/2018 | 38.3 | — |
| 49.5 | — | United States Treasury Bills | 1.931% | 9/27/2018 | 49.5 | — |
| 44.0 | — | United States Treasury Bills | 1.672% - 1.700% | 10/11/2018 | 43.9 | — |
| 20.4 | — | United States Treasury Bills | 1.680% | 11/8/2018 | 20.4 | — |
| — | 50.0 | United States Treasury Notes | 1.148% - 1.180% | 1/31/2018 | — | 50.0 |
| — | 40.0 | United States Treasury Notes | 1.175% - 1.184% | 2/15/2018 | — | 40.0 |
| — | 48.0 | United States Treasury Notes | 1.200% | 2/28/2018 | — | 47.9 |
| — | 40.0 | United States Treasury Notes | 1.179% | 3/15/2018 | — | 40.0 |
| 43.1 | 43.1 | United States Treasury Notes | 1.333% - 1.378% | 6/15/2018 | 43.0 | 43.0 |

(Dollar values shown in millions)

| Principal 2018 | Principal 2017 | Issuer | Yield(4) | Maturity Date | Fair Value at March 31, 2018 | Fair Value at December 31, 2017 |
|---|---|---|---|---|---|---|
| | | | | | (Unaudited) | |
| $ 39.9 | $ — | United States Treasury Notes | 1.805% | 7/31/2018 | $ 39.9 | $ — |
| 12.7 | — | United States Treasury Notes | 1.863% | 8/31/2018 | 12.7 | — |
| **TOTAL UNITED STATES TREASURY SECURITIES (Cost $1,076.3 and $1,015.3)** | | | | | **$ 1,076.0** | **$ 1,015.2** |
| **TOTAL OTHER MARKETABLE SECURITIES (Cost $3,995.5 and $3,888.1)** | | | | | **$ 3,994.8** | **$ 3,887.5** |
| **TOTAL MARKETABLE SECURITIES (Cost $5,191.8 and $4,879.1)** | | | | | **$ 5,347.0** | **$ 5,125.5** |

**LOANS RECEIVABLE—1.2% and 1.1%**

| Borrower | Interest Rate(6) | Maturity Date | Fair Value at March 31, 2018 | Fair Value at December 31, 2017 |
|---|---|---|---|---|
| | | | (Unaudited) | |
| DJM Capital Partners(7) | 4.200% | 7/1/2018 | $ 34.3 | $ 34.2 |
| Simply Self Storage Portfolio | 8.250% | 9/6/2021 | 37.6 | 37.6 |
| State Street Financial Center Junior Mezz | 6.500% | 11/10/2021 | 125.1 | 125.1 |
| Aspen Lake Office Portfolio | 8.250% | 3/10/2028 | 20.1 | — |
| Charles River Plaza North | 6.080% | 4/6/2029 | 101.9 | 101.9 |
| **TOTAL LOANS RECEIVABLE (Cost $316.8 and $296.7)** | | | **$ 319.0** | **$ 298.8** |
| **TOTAL INVESTMENTS (Cost $23,097.6 and $22,823.6)** | | | **$ 27,470.3** | **$ 27,170.0** |

(1) The investment has a mortgage loan payable outstanding, as indicated in Note 6.
(2) The fair value reflects the Account’s interest in the joint venture and is net of debt.
(3) Properties within this investment are located throughout the United States.
(4) Yield represents the annualized yield.
(5) A portion of this investment consists of land for development.
(6) Represents the fixed interest rate on this investment.
(7) This loan has the option to increase the principal balance up to $35.0 million and includes a one year extension option at a 5.0% annual interest only rate.
(8) All or a portion of these securities are out on loan. The aggregate value of securities on loan is $15.5 million.
(9) This investment was restructured on February 2, 2018, reducing the Account's interest in the joint venture from 75% to 66.02%.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of the Account's financial condition and results of operations should be read together with the consolidated financial statements and notes contained in this report and with consideration to the sub-section entitled "Forward-Looking Statements," which begins below, and the section of the Account's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Form 10-K") entitled "Item 1A. Risk Factors." The past performance of the Account is not indicative of future results.*

### Forward-looking Statements

*Some statements in this Form 10-Q which are not historical facts may be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about management's expectations, beliefs, intentions or strategies for the future, include the assumptions and beliefs underlying these forward-looking statements, and are based on current expectations, estimates and projections about the real estate industry, domestic and global economic conditions, including conditions in the credit and capital markets, the sectors, and markets in which the Account invests and operates, and the transactions described in this Form 10-Q. While management believes the assumptions underlying any of its forward-looking statements and information to be reasonable, such information may be subject to uncertainties and may involve certain risks which may be difficult to predict and are beyond management's control. These risks and uncertainties could cause actual results to differ materially from those contained in any forward-looking statement. These risks and uncertainties include, but are not limited to, the risks associated with the following:*

- *Acquiring and Owning Real Estate:* The risks associated with acquiring and owning real property, including general economic and real estate market conditions, the availability of, and economic cost associated with, financing the Account's properties, the risk that the Account's properties become too concentrated (whether by geography, sector or by tenant mix), competition for acquiring real estate properties, leasing risk (including tenant defaults) and the risk of uninsured losses at properties (including due to terrorism, natural disasters, and acts of violence);
- *Selling Real Estate:* The risk that the sales price of a property might differ, perhaps significantly, from its estimated or appraised value, leading to losses or reduced profits to the Account, the risk that the Account might not be able to sell a property at a particular time for a price which management believes represents its fair or full value, the risk of a lack of availability of financing (for potential purchasers of the Account's properties), risks associated with disruptions in the credit and capital markets, and the risk that the Account may be required to make significant expenditures before the Account is able to market and/or sell a property;
- *Valuation:* The risks associated with property valuations, including the fact that appraisals can be subjective in a number of respects and the fact that the Account's appraisals are generally obtained on a quarterly basis and there may be periods in between appraisals of a property during which the value attributed to the property for purposes of the Account's daily accumulation unit value may be more or less than the actual realizable value of the property;
- *Borrowing:* Risks associated with financing the Account's properties, including the risk of default on loans secured by the Account's properties (which could lead to foreclosure), the risk associated with high loan to value ratios on the Account's properties (including the fact that the Account may have limited, or no net value in such a property), the risk that significant sums of cash could be required to make principal and interest payments on the loans and the risk that the Account may not have the ability to obtain financing or refinancing on favorable terms (or at all), which may be aggravated by general disruptions in credit and capital markets;
- *Participant Transactions and Cash Management:* Investment risk associated with participant transactions, in particular that (i) significant net participant transfers out of the Account may impair our ability to pursue or consummate new investment opportunities that are otherwise attractive to the Account and/ or may result in sales of real estate-related assets to generate liquidity, (ii) significant net participant transfers into the Account may result, on a temporary basis, in our cash holdings and/ or holdings in liquid real estate-related investments exceeding our long-term targeted holding levels and (iii) high levels of cash and liquid non-real estate-related

investments in the Account during times of appreciating real estate values can impair the Account's overall return;

- *Joint Venture Investments:* The risks associated with joint ventures organized as limited partnerships or limited liability companies, as applicable, including the risk that a co-venturer may have interests or goals inconsistent with those of the Account, that a co-venturer may have financial difficulties, and the risk that the Account may have limited rights with respect to operation of the property and transfer of the Account's interest;
- *Regulatory Matters:* Uncertainties associated with environmental liability and regulations and other governmental regulatory matters such as zoning laws, rent control laws, and property taxes;
- *Foreign Investments:* The risks associated with purchasing, owning and disposing foreign investments (primarily foreign real estate properties, foreign real estate loans, and foreign mezzanine and other debt), including political risk, the risk associated with foreign currency fluctuations (whether hedged or not), regulatory and taxation risks and risks of enforcing judgments;
- *Conflicts of Interest:* Conflicts of interest associated with TIAA serving as investment manager of the Account and provider of the liquidity guarantee at the same time as TIAA and its affiliates are serving as an investment manager to other real estate accounts or funds, including conflicts associated with satisfying its fiduciary duties to all such accounts and funds associated with purchasing, selling and leasing of properties;
- *Required Property Sales:* The risk that, if TIAA were to own too large a percentage of the Account's accumulation units through funding the liquidity guarantee (as determined by the independent fiduciary), the independent fiduciary could require the sales of properties to reduce TIAA's ownership interest, which sales could occur at times and at prices that depress the sale proceeds to the Account;
- *Government and Government Agency Securities:* Risks associated with investment securities issued by U.S. government agencies and U.S. government-sponsored entities, including the risk that the issuer may not have their securities backed by the full faith and credit of the U.S. government, and that transaction activity may fluctuate significantly from time to time, which could negatively impact the value of the securities and the Account's ability to dispose of a security at a favorable time; and
- *Liquid Assets and Securities:* Risks associated with investments in real estate-related liquid assets (which could include, from time to time, registered or unregistered real estate investment trust ("REIT") securities and commercial mortgage-backed securities ("CMBS")), and non-real estate-related liquid assets, including:
    - Financial/credit risk—Risks that the issuer will not be able to pay principal and interest when due or that the issuer's earnings will fall;
    - Market volatility risk—Risk that the changing conditions in financial markets may cause the Account's investments to experience price volatility;
    - Interest rate volatility risk—Risk that interest rate volatility may affect the Account's current income from an investment or the pricing of that investment. In general, changing interest rates could have unpredictable effects on the markets and may expose markets to heightened volatility; and
    - Deposit/money market risk—Risks that the Account could experience losses if banks fail.

*More detailed discussions of certain of these risk factors are contained in the section of the Form 10-K entitled "Item 1A. Risk Factors" and in this section below and also in the section below entitled "Quantitative and Qualitative Disclosures About Market Risk." These risks could cause actual results to differ materially from historical experience or management's present expectations.*

*Caution should be taken not to place undue reliance on management's forward-looking statements, which represent management's views only as of the date that this report is filed. Neither management nor the Account undertake any obligation to update publicly or revise any forward-looking statement, whether as a result of new information, changed assumptions, future events or otherwise.*

*Commercial real estate market statistics discussed in this section are obtained by the Account from sources that management considers reliable, but some of the data are preliminary for the period ended March 31, 2018 and may be subsequently revised. Prior period data may have been adjusted to reflect updated calculations. Investors should not rely exclusively on the data presented below in forming a judgment regarding the current or prospective performance of the commercial real estate market generally.*

## ABOUT THE TIAA REAL ESTATE ACCOUNT

The Account was established in February 1995 as an insurance separate account of TIAA and interests in the Account were first offered to eligible participants on October 2, 1995. The Account offers individual and group accumulating annuity contracts (with contributions made on a pre-tax or after-tax basis), as well as individual lifetime and term-certain variable payout annuity contracts (including the payment of death benefits to beneficiaries). Investors are entitled to transfer funds to or from the Account under certain circumstances. Funds invested in the Account for each category of contract are expressed in terms of units, and unit values will fluctuate depending on the Account's performance.

### Investment Objective and Strategy

The Account seeks favorable long-term returns primarily through rental income and appreciation of real estate and real estate investments owned by the Account. The Account will also invest in non-real estate-related publicly traded securities and short-term higher quality liquid investments that are easily converted to cash to enable the Account to meet participant redemption requests, purchase or improve properties, or cover other expense needs.

*Real Estate-Related Investments.* The Account intends to have between 75% and 85% of its net assets invested directly in real estate or real estate-related investments with the goal of producing favorable long-term returns primarily through rental income and appreciation. These investments may consist of:

- Direct ownership interests in real estate;
- Direct ownership of real estate through interests in joint ventures; or
- Indirect interests in real estate through real estate-related securities, such as:
    - public and/or privately placed registered and unregistered equity investments in REITs, which investments may consist of common or preferred stock interests;
    - real estate limited partnerships and limited liability companies;
    - investments in equity or debt securities of companies whose operations involve real estate (*i.e.*, that primarily own or manage real estate) which may not be REITs; and
    - conventional commercial mortgage loans, participating mortgage loans, secured domestic and foreign (including U.K.) mezzanine loans, subordinated loans and collateralized mortgage obligations, including CMBS and other similar investments.

The Account's principal investment strategy is to purchase direct ownership interests in income-producing real estate, primarily office, industrial, retail and multi-family residential properties. The Account is targeted to hold between 65% and 80% of the Account's net assets in such direct ownership interests at any time. Historically, approximately 70% of the Account's net assets have been comprised of such direct ownership interests in real estate.

In addition, while the Account is authorized to hold up to 25% of its net assets in liquid real estate-related securities, such as REITs and CMBS, management intends that the Account will not hold more than 10% of its net assets in such securities on a long-term basis. Traditionally, less than 10% of the Account's net assets have been comprised of interests in these securities; although, the Account has recently held approximately 10% of its net assets in equity REIT securities at times. In addition, under the Account's current investment guidelines, the Account is authorized to hold up to 10% of its net assets in CMBS. As of March 31, 2018, REIT securities comprised approximately 5.4% of the Account's net assets, and the Account held no CMBS as of such date.

*Non-Real Estate-Related Investments.* The Account will invest the remaining portion of its assets (targeted to be between 15% and 25% of its net assets) in publicly traded, liquid investments; namely:

- Short-term government-related instruments, including U.S. Treasury bills;
- Long-term government-related instruments, such as securities issued by U.S. government agencies or U.S. government-sponsored entities;
- Short-term non-government-related instruments, such as money market instruments and commercial paper;

- Long-term non-government-related instruments, such as corporate debt securities; and
- Stock of companies that do not primarily own or manage real estate.

However, from time to time, the Account's non-real estate-related liquid investments may comprise less than 15% (and possibly less than 10%) of its assets (on a net basis and/or a gross basis), especially during and immediately following periods of significant net participant outflows, in particular due to significant participant transfer activity. In addition, the Account, from time to time and on a temporary basis, may hold in excess of 25% of its net assets in non-real estate-related liquid investments, particularly during times of significant inflows into the Account and/or a lack of attractive real estate-related investments available in the market.

*Liquid Securities Generally.* Primarily due to management's need to manage fluctuations in cash flows, in particular during and immediately following periods of significant participant net transfer activity into or out of the Account, the Account may, on a temporary basis (i) exceed the upper end of its targeted holdings (currently 35% of the Account's net assets) in liquid securities of all types, including both publicly traded non-real estate-related liquid investments and liquid real estate-related securities, such as REITs and CMBS, or (ii) be below the low end of its targeted holdings in such liquid securities (currently 15% of the Account's net assets).

The portion of the Account's net assets invested in liquid investments of all types may exceed the upper end of its target, for example, if (i) the Account receives a large inflow of money in a short period of time, in particular due to significant participant transfer activity into the Account, (ii) the Account receives significant proceeds from sales or financings of direct real estate assets, (iii) there is a lack of attractive direct real estate investments available on the market, and/or (iv) the Account anticipates more near-term cash needs, including to apply to acquire direct real estate investments, pay expenses or repay indebtedness.

*Foreign Investments.* The Account from time to time will also make foreign real estate investments. Under the Account's investment guidelines, investments in direct foreign real estate, together with foreign real estate-related securities and foreign non-real estate-related liquid investments, may not comprise more than 25% of the Account's net assets. As of March 31, 2018, the Account did not hold any foreign real estate investments.

## FIRST QUARTER 2018 U.S. ECONOMIC AND COMMERCIAL REAL ESTATE OVERVIEW

The Account invests primarily in high-quality, core real estate in order to meet its investment objective of obtaining favorable long-term returns through rental income and the appreciation of its real estate holdings.

### Economic Overview and Outlook

Key U.S. economic indicators and their near-term outlook are summarized in the table below. According to the "advance estimate" from the Bureau of Economic Analysis, U.S. Gross Domestic Product ("GDP") increased at a 2.3% annual rate during the first quarter as compared to 2.9% during the fourth quarter. Falling short of expectations, both consumer spending and trade have driven growth downward while an increase in inventories has contributed nearly a full point towards growth. Other factors that likely contributed to lower first quarter GDP growth include the dissipation of post-hurricane spending and accelerated inflation. The Bureau of Labor Statistics reported that the U.S. economy added 605,000 jobs during the first quarter of 2018 compared to 662,000 jobs during the fourth quarter of 2017. The economy created an average of 202,000 jobs over the past three months, above the 12-month average of 188,000. The unemployment rate held at 4.1% for the sixth consecutive month.

**Economic Indicators***

| | | | Forecast | |
|---|---|---|---|---|
| | **2017** | **1Q 2018** | **2018** | **2019** |
| **Economy**(1) | | | | |
| GDP | 2.3% | 2.3% | 2.8% | 2.6% |
| Employment Growth (Thousands) | 2,188 | 605 | 2,130 | 1,800 |
| Unemployment Rate | 4.4% | 4.1% | 4.4% | 4.1% |
| **Interest Rates**(2) | | | | |
| 10 Year Treasury | 2.3% | 2.8% | 2.3% | 2.8% |

*Sources: Blue Chip Economic Indicators, Blue Chip Financial Forecasts, BEA, Bureau of Labor Statistics, Federal Reserve and Moody's Analytics*

* Data subject to revision

(1) GDP growth rates are annual rates. Quarterly unemployment rates are the reported value for the final month of the quarter while annual values represent a twelve-month average.

(2) Treasury rates are an average over the stated period.

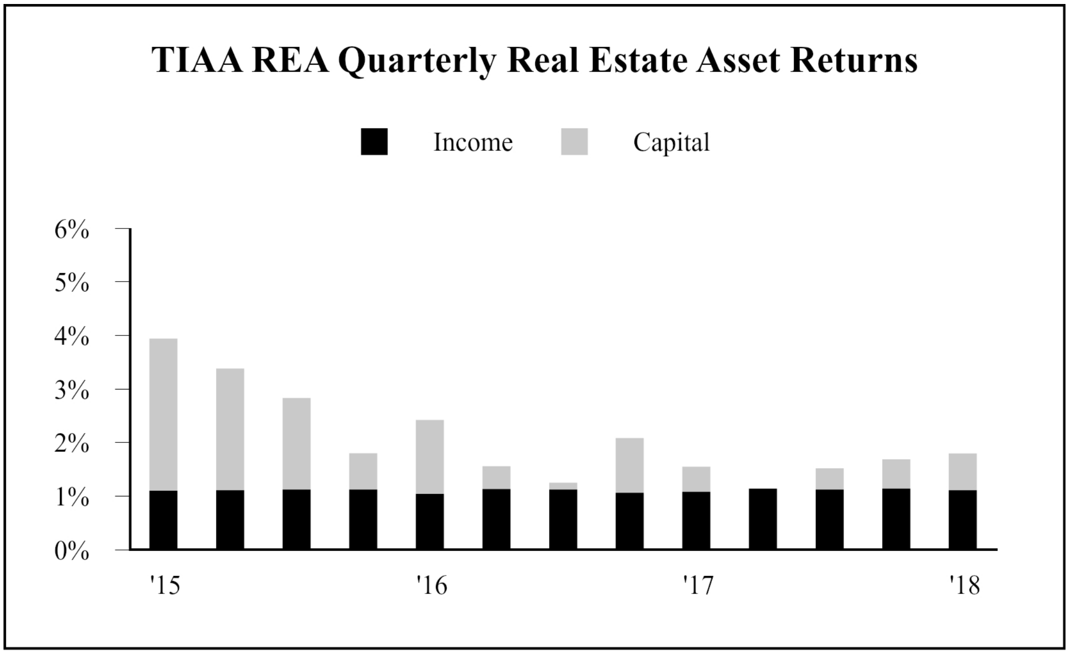
The Federal Open Market Committee voted in March to raise the target range for the federal funds rate to 1.50% to 1.75% "in view of realized and expected labor market conditions and inflation," as indicated in the March meeting minutes. The committee expects that economic conditions will continue to evolve in a manner that will warrant gradual rate increases. The committee is generally expected to raise rates two or three additional times in 2018.

Consumer spending softened during the first quarter, but the fundamentals of the U.S. economy still appear healthy. Consumer and business confidence remain high, the unemployment rate is still at an 18 year low, and job growth remains solid. Blue Chip economists expect GDP to increase at a 2.8% rate for all of 2018 and at a 2.6% rate in 2019. Employment growth and GDP of this magnitude is supportive of ongoing improvement in commercial real estate market conditions.

### Real Estate Market Conditions and Outlook

Commercial real estate conditions remained relatively steady during the first quarter of 2018. Tenant demand was generally strong enough to support modest vacancy rate improvements in the industrial and retail sector while office and multifamily conditions softened. Real Capital Analytics reported that sales of office, industrial, retail, and multi-family properties totaled $96.1 billion during the first quarter of 2018, an 18.4% decrease from fourth quarter 2017 and an 2.7% increase from first quarter 2017. Property pricing as calculated by the Green Street Advisor Commercial Property Price Index decreased 1.0% during the first quarter on a year-over-year basis. As of March 31, 2018, property pricing has been essentially flat as modest increases in cap rates have largely offset income growth.

For the quarter ending March 31, 2018, the preliminary NCREIF Fund Index Open-End Diversified Core Equity ("NFI-ODCE") Equal Weight total return, net of fees was relatively steady at 1.96% as compared to 1.94% during the fourth quarter. The NFI-ODCE is a fund-level return index which includes property investments as ownership share, cash balances and leverage. The Account's real estate assets generated a 1.80% total return during the first quarter. Total returns were positive for the 32nd consecutive quarter, but at this stage in the cycle, income has become the primary driver of returns.




Occupancy in the Account's properties averaged 91.9% leased during the first quarter of 2018 as compared with 92.0% during the fourth quarter. Data for the Account's top five markets in terms of market value as of March 31, 2018 are provided below. These five markets represent nearly half of the Account's total real estate portfolio.

| Top 5 Metro Areas by Fair Market Value | Account % Leased Fair Value Weighted* | Number of Property Investments | Metro Area Fair Value as a % of Total RE Portfolio** | Metro Area Fair Value as a % of Total Investments |
|---|---|---|---|---|
| New York-Jersey City-White Plains, NY-NJ | 92.4% | 16 | 13.0% | 10.3% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 86.4% | 13 | 11.1% | 8.8% |
| Los Angeles-Long Beach-Glendale, CA | 89.9% | 12 | 8.9% | 7.0% |
| Boston, MA | 86.4% | 5 | 6.9% | 5.5% |
| San Francisco-Redwood City-South San Francisco, CA | 90.4% | 8 | 6.3% | 5.0% |

* Weighted by fair value, which differs from the calculations provided for market comparisons to CBRE-EA data and are used here to reflect the fair value of the Account's monetary investments in those markets.

** Wholly-owned properties are represented at fair value and gross of any debt, while joint venture properties are represented at the net equity value.

## Office

Finance and professional & business services have been the traditional drivers of demand for office space. The financial services sector expanded by 35,000 jobs in the first quarter, compared to 26,000 for the previous quarter. The professional and business services sector, which includes many facets of technology-related employment also increased, adding 126,000 jobs as compared to 107,000 previously. Although job growth in both sectors increased compared to fourth quarter, new office supply caused an increase in the national office vacancy rate to 13.3%, up from 13.0% in the fourth quarter of 2017, as reported by CB Richard Ellis Econometric Advisors ("CBRE-EA"). Several high-tech markets including San Francisco, Seattle, Austin, Raleigh, and New York maintained single-digit vacancy rates.

Market vacancy rates as reported by CBRE-EA primarily remained steady. Of the Account's top five office markets, there was a notable increase in vacancy for Boston, New York and Seattle, and a decrease in San Francisco during the first quarter of 2018. The vacancy rate for the Account's office portfolio increased to average 14.7% during the first quarter, from 14.1% in the fourth quarter. The above-average vacancy rate in the Account's New York properties is reflective of repositioning activity at two properties, which will likely keep the vacancy rate elevated over the near term. The increase in vacancy for Boston can be attributed to the loss of tenants in two properties, however, new leases signed in 2018 will decrease vacancy levels back to fourth quarter levels.

| | | | Account Square Foot Weighted Average Vacancy | | Market Vacancy* | |
|---|---|---|---|---|---|---|
| **Top 5 Office Metropolitan Areas** | **Total Sector by Metro Area ($M)** | **% of Total Investments** | **2018 Q1** | **2017 Q4** | **2018 Q1** | **2017 Q4** |
| Account / Nation | | | 14.7% | 14.1% | 13.3% | 13.0% |
| Boston, MA | $ 1,467.9 | 5.3% | 16.6% | 11.0% | 10.2% | 9.8% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 1,444.1 | 5.3% | 16.8% | 16.5% | 15.4% | 15.3% |
| San Francisco-Redwood City-South San Francisco, CA | 1,159.8 | 4.2% | 6.3% | 7.5% | 7.5% | 7.8% |
| New York-Jersey City-White Plains, NY-NJ | 1,125.7 | 4.1% | 24.8% | 22.1% | 9.3% | 9.4% |
| Seattle-Bellevue-Everett, WA | 975.9 | 3.6% | 11.1% | 8.2% | 8.2% | 7.6% |

* *Source: CBRE-EA.*

Market vacancy is defined as the percentage of space vacant. The Account's vacancy is defined as the square foot-weighted percentage of unleased space.

## Industrial

Industrial market conditions are influenced by GDP growth, international trade, and consumer spending, specifically e-commerce sales, which will continue boosting warehouse demand. During the first quarter, CBRE-EA reported that the national industrial availability rate decreased to 7.3% after ending the fourth quarter at 7.4%. With supply increasing to meet demand at this point in the cycle, the declining trend in availability may flatten.

The average vacancy rate of the Account's industrial properties decreased to 7.4% in the first quarter from 7.6% during the fourth quarter. Vacancy rates in three of the Account's top five industrial markets were near or well below their respective market averages. Several tenants vacated space in one of the Account's Los Angeles properties, however, leasing efforts have picked up with multiple tenants touring the space. One tenant downsized a significant amount of space in one of the Account's Tacoma properties in the first quarter of 2018, contributing to the rise in vacancy. On-going leasing efforts have led to discussions with multiple tenants to lease up the vacant space.

| | | | Account Square Foot Weighted Average Vacancy | | Market Vacancy* | |
|---|---|---|---|---|---|---|
| **Top 5 Industrial Metropolitan Areas** | **Total Sector by Metro Area ($M)** | **% of Total Investments** | **2018 Q1** | **2017 Q4** | **2018 Q1** | **2017 Q4** |
| Account / Nation | | | 7.4% | 7.6% | 7.3% | 7.4% |
| Riverside-San Bernardino-Ontario, CA | $ 796.6 | 2.9% | 0.0% | 0.0% | 6.6% | 6.4% |
| New York-Jersey City-White Plains, NY-NJ | 336.7 | 1.2% | 2.4% | 2.4% | 6.8% | 7.0% |
| Los Angeles-Long Beach-Glendale, CA | 335.3 | 1.2% | 7.7% | 5.7% | 4.5% | 4.4% |
| Tacoma-Lakewood, WA | 318.3 | 1.2% | 4.8% | 1.7% | 4.1% | 4.6% |
| Dallas-Plano-Irving, TX | 266.3 | 1.0% | 4.7% | 4.7% | 8.6% | 7.8% |

* *Source: CBRE-EA.*

Market availability is the percentage of space available for rent. Account vacancy is the square foot-weighted percentage of unleased space.

*Note—CBRE-EA considers Tacoma part of the Seattle industrial market. Market vacancy rates reflect the Seattle-Tacoma total.*

**Multi-Family**

Apartment demand is generated from a combination of economic and demographic forces including job growth, household formations, and changes in the U.S. homeownership rate. The national apartment vacancy rate increased to 5.0% during the first quarter of 2018 as compared to 4.9% during the fourth quarter of 2017. CBRE-EA is expecting market conditions to continue to soften as new supply is delivered to the market. Over the next year, the supply pipeline is expected to peak and market conditions should begin to stabilize.

The vacancy rate of the Account's multi-family properties remained steady at 6.5% during the first quarter, compared to the fourth quarter. As shown in the following table, average vacancy rates in the Account's top five apartment markets are above their comparable market averages. Strong leasing activity at one of the Account's properties in New York continued to improve vacancy. The delivery and lease-up of several new projects in the local sub-market impacted vacancy in the Account's properties in Denver.

| | | | Account Units Weighted Average Vacancy | | Market Vacancy* | |
|---|---|---|---|---|---|---|
| **Top 5 Apartment Metropolitan Areas** | **Total Sector by Metro Area ($M)** | **% of Total Investments** | **2018 Q1** | **2017 Q4** | **2018 Q1** | **2017 Q4** |
| Account / Nation | | | 6.5% | 6.5% | 5.0% | 4.9% |
| New York-Jersey City-White Plains, NY-NJ | $ 859.5 | 3.1% | 4.2% | 4.4% | 3.4% | 3.5% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 803.9 | 2.9% | 8.4% | 9.5% | 4.9% | 5.0% |
| Los Angeles-Long Beach-Glendale, CA | 562.2 | 2.0% | 7.0% | 5.6% | 4.0% | 4.0% |
| Denver-Aurora-Lakewood, CO | 344.4 | 1.3% | 6.8% | 5.8% | 5.6% | 5.6% |
| Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | 293.6 | 1.1% | 8.5% | 8.1% | 5.0% | 5.7% |

* *Source: CBRE-EA.*

Market vacancy is the percentage of units vacant. The Account's vacancy is the percentage of unleased units.

**Retail**

Preliminary data from the U.S. Census Bureau indicate that retail sales excluding motor vehicles and parts increased 0.8% in the first quarter of 2018 and 4.4% on a year-over-year basis. The rate of rising online retail sales has been one of the catalysts behind the shuttering of standard retailers and shopping centers. Retail market conditions have been challenged by bankruptcies and store closings, however, CBRE-EA data indicate that the national availability rate decreased slightly to 9.4% in the first quarter from 9.6% in the fourth quarter of 2017. The vacancy rate for the Account's retail portfolio decreased to 4.3% in the first quarter of 2018 from 4.7% in the fourth quarter of 2017. All but two of the Account's retail investments have vacancy rates below 10.0%, which is reflective of the overall high quality of the retail portfolio.

**Outlook**

The real estate cycle is indeed mature; moderation of returns has occurred and is to be expected but U.S. real estate markets on the whole are largely well-balanced. With the labor market near or at full employment, wage growth could begin to meaningfully pick up. Inflation pulled back during the quarter, but softness is viewed as transitory and not a reflection of underlying economic weakness.

Economists expect GDP growth of 2.8% in 2018 and 2.6% in 2019. Job growth is expected to moderate, but remain strong enough to remain steady. Interest rates are expected to rise at a gradual pace throughout the rest of 2018. The biggest risk to the U.S. economy is exogenous. The geopolitical landscape has increased uncertainty especially regarding potential trade policies which could have significant negative impacts on the U.S. economy. Another potential issue is a cut of current immigration levels, which has been a priority of the current U.S. administration. Nonetheless, if domestic economic conditions approximate economist expectations, real estate market conditions should remain healthy throughout 2018.

## INVESTMENTS

As of March 31, 2018, the Account had total net assets of $24.9 billion, a 0.3% decrease from December 31, 2017. The decrease in the Account's net assets was primarily driven by net participant outflows partially offset by investment income and net appreciation on the Account's investments.

As of March 31, 2018, the Account owned a total of 140 real estate investments (112 of which were wholly-owned, 28 of which were held in joint ventures). The real estate portfolio included 40 apartment investments (including one held in a joint venture), 39 office investments (including 13 held in joint ventures), 35 industrial investments (including one held in a joint venture), 22 retail investments (including ten held in joint ventures), two storage facilities that are joint venture investments, one joint venture interest in land for future development and one leasehold interest encumbered by a ground lease. Of the real estate investments, 36 are subject to debt (including 14 joint venture investments).

The outstanding principal on mortgage loans payable on the Account's wholly-owned real estate portfolio as of March 31, 2018 was $2.6 billion. The Account's proportionate share of outstanding principal on mortgage loans payable within its joint venture investments was $2.5 billion, which is netted against the underlying properties when determining the joint venture investment's fair value presented on the Consolidated Schedules of Investments. When the mortgage loans payable within the joint venture investments are considered, total outstanding principal on the Account's portfolio as of March 31, 2018 was $5.1 billion, which represented a loan to value ratio of 16.9%. The Account has no Account-level debt.

At March 31, 2018, the Account held 79.1% of its total investments in real estate and real estate joint ventures. The Account also held investments in government agency notes representing 10.6% of total investments, real estate-related equity securities representing 4.9% of total investments, U.S. Treasury securities representing 3.9% of total investments, loans receivable representing 1.2% of total investments, and real estate limited partnerships representing 0.3% of total investments.

Management believes that the Account's real estate portfolio is diversified by location and property type. The Account's largest investment, Fashion Show, located in Las Vegas, Nevada, represented 5.2% of total real estate investments and 4.2% of total investments. As discussed in the Account's prospectus, the Account does not intend to buy and sell its real estate investments simply to make short-term profits. Rather, the Account's general strategy in selling real estate investments is to dispose of those assets that management believes (i) have maximized in value, (ii) have underperformed or face deteriorating property-specific or market conditions, (iii) need significant capital infusions in the future, (iv) are appropriate to dispose of in order to remain consistent with the Account's intent to diversify the Account by property type and geographic location (including reallocating the Account's exposure to or away from certain property types in certain geographic locations), or (v) otherwise do not satisfy the investment objectives of the Account. Management, from time to time, will evaluate the need to manage liquidity in the Account as part of its analysis as to whether to undertake a particular asset sale. The Account could reinvest any sale proceeds that it does not need to pay operating expenses or to meet debt service or redemption requests (e.g., participant withdrawals or benefit payments).

The following table lists the Account's ten largest investments as of March 31, 2018. For information regarding the Account's diversification of real estate assets by region and property type, see *Note 3—Credit Risk Concentrations.*

**Ten Largest Real Estate Investments**

| Property Investment Name | Ownership Percentage | City | State | Type | Gross Real Estate Fair Value[(1)] | Debt Fair Value[(2)] | Net Real Estate Fair Value[(3)] | Property as a % of Total Real Estate Portfolio[(4)] | Property as a % of Total Investments[(5)] |
|---|---|---|---|---|---|---|---|---|---|
| Fashion Show | 50% | Las Vegas | NV | Retail | $ 1,250.3 | $ 429.7 | $ 820.6 | 5.2% | 4.2% |
| DDR | 85% | Various | U.S.A | Retail | 1,213.8 | 595.3 | 618.5 | 5.0% | 4.1% |
| The Florida Mall | 50% | Orlando | FL | Retail | 925.1 | 169.6 | 755.5 | 3.8% | 3.1% |
| 1001 Pennsylvania Avenue | 100% | Washington | D.C. | Office | 765.0 | 323.6 | 441.4 | 3.2% | 2.6% |
| Colorado Center | 50% | Santa Monica | CA | Office | 589.5 | 263.6 | 325.9 | 2.4% | 2.0% |
| Fourth and Madison | 100% | Seattle | WA | Office | 550.0 | 197.6 | 352.4 | 2.3% | 1.8% |
| 501 Boylston Street | 100% | Boston | MA | Office | 515.7 | 212.2 | 303.5 | 2.1% | 1.7% |
| 99 High Street | 100% | Boston | MA | Office | 495.0 | 270.1 | 224.9 | 2.1% | 1.7% |
| 425 Park Avenue | 100% | New York | NY | Ground Lease | 460.0 | — | 460.0 | 1.9% | 1.5% |
| 780 Third Avenue | 100% | New York | NY | Office | 423.0 | 166.5 | 256.5 | 1.8% | 1.4% |

(1) The Account's share of the fair value of the property investment, gross of debt.

(2) Debt fair values are presented at the Account's ownership interest.

(3) The Account's share of the fair value of the property investment, net of debt.

(4) Total real estate portfolio is the aggregate fair value of the Account's wholly-owned properties and the properties held within a joint venture, gross of debt.

(5) Total investments are the aggregate fair value of all investments held by the Account, gross of debt. Total investments, as calculated within this table, will vary from total investments, as calculated in the Account's Schedule of Investments, as joint venture investments are presented in the Schedule of Investments at their net equity position in accordance with U.S. Generally Accepted Accounting Principals ("GAAP").

## Results of Operations

***Three months ended March 31, 2018 compared to three months ended March 31, 2017***

## Net Investment Income

The following table shows the results of operations for the three months ended March 31, 2018 and 2017 and the dollar and percentage changes for those periods (dollars in millions, unaudited).

| | For the Three Months Ended March 31, | | Change | |
|---|---|---|---|---|
| | 2018 | 2017 | $ | % |
| **INVESTMENT INCOME** | | | | |
| ***Real estate income, net:*** | | | | |
| Rental income | $ 272.0 | $ 258.4 | $ 13.6 | 5.3 % |
| Real estate property level expenses: | | | | |
| Operating expenses | 57.3 | 55.3 | 2.0 | 3.6 % |
| Real estate taxes | 44.9 | 42.5 | 2.4 | 5.6 % |
| Interest expense | 23.8 | 22.5 | 1.3 | 5.8 % |
| Total real estate property level expenses | 126.0 | 120.3 | 5.7 | 4.7 % |
| Real estate income, net | 146.0 | 138.1 | 7.9 | 5.7 % |
| Income from real estate joint ventures and limited partnerships | 54.9 | 45.9 | 9.0 | 19.6 % |
| Interest | 18.1 | 9.7 | 8.4 | 86.6 % |
| Dividends | 9.7 | (0.7) | 10.4 | N/M |
| **TOTAL INVESTMENT INCOME** | 228.7 | 193.0 | 35.7 | 18.5 % |
| ***Expenses:*** | | | | |
| Investment management charges | 14.6 | 20.5 | (5.9) | (28.8)% |
| Administrative charges | 14.8 | 15.6 | (0.8) | (5.1)% |
| Distribution charges | 6.9 | 7.2 | (0.3) | (4.2)% |
| Mortality and expense risk charges | 0.3 | 0.3 | — | — % |
| Liquidity guarantee charges | 12.2 | 10.2 | 2.0 | 19.6 % |
| **TOTAL EXPENSES** | 48.8 | 53.8 | (5.0) | (9.3)% |
| **INVESTMENT INCOME, NET** | $ 179.9 | $ 139.2 | $ 40.7 | 29.2 % |

The table below illustrates and compares rental income, operating expenses and real estate taxes for properties held by the Account for the entirety of each respective year, "same property," as compared to the comparative increases or decreases associated with the acquisition and disposition of properties throughout each respective year.

| | Rental Income | | | | Operating Expenses | | | | Real Estate Taxes | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Change | | | | Change | | | | Change | |
| | 1Q18 | 1Q17 | $ | % | 1Q18 | 1Q17 | $ | % | 1Q18 | 1Q17 | $ | % |
| Same Property | $ 256.6 | $ 249.5 | $ 7.1 | 2.8% | $ 53.4 | $ 52.4 | $ 1.0 | 1.9% | $ 42.2 | $ 41.2 | $ 1.0 | 2.4% |
| Properties Acquired | 12.7 | — | 12.7 | N/M | 2.6 | — | 2.6 | N/M | 2.1 | — | 2.1 | N/M |
| Properties Sold | 2.7 | 8.9 | (6.2) | N/M | 1.3 | 2.9 | (1.6) | N/M | 0.6 | 1.3 | (0.7) | N/M |
| **Impact of Properties Acquired/Sold** | 15.4 | 8.9 | 6.5 | N/M | 3.9 | 2.9 | 1.0 | N/M | 2.7 | 1.3 | 1.4 | N/M |
| **Total Property Portfolio** | $ 272.0 | $ 258.4 | $ 13.6 | 5.3% | $ 57.3 | $ 55.3 | $ 2.0 | 3.6% | $ 44.9 | $ 42.5 | $ 2.4 | 5.6% |

*Rental Income:*

Rental income increased $13.6 million, or 5.3%, primarily due to net acquisition activity and a significant lease termination fee earned by the Account in the first quarter of 2018.

*Operating Expenses:*

Operating expenses increased $2.0 million, or 3.6%, as a result of a modest increase in same property operating expenses, primarily in the Eastern office sector, coupled with the impact of net acquisition activity.

*Real Estate Taxes:*

Real estate taxes increased $2.4 million, or 5.6%, primarily due to net real estate acquisitions in conjunction with higher property tax assessments resulting from increases in property values, most significantly present in the retail and apartment sectors.

*Interest Expense:*

Interest expense increased $1.3 million, or 5.8%, primarily due to higher average outstanding principal balances on mortgage loans payable, as compared to the same period in 2017.

*Income from Real Estate Joint Ventures and Limited Partnerships:*

Income from real estate joint ventures and limited partnerships increased $9.0 million, or 19.6%, as a result of net acquisition activity and an increase in distributions from the Account's joint venture investments, primarily within the retail and office sectors.

*Interest and Dividend Income:*

Interest income increased $8.4 million primarily due to interest earned from a larger loan receivable portfolio in 2018 as compared to the same period in 2017 paired with additional interest income earned on the Account's portfolio of government agency notes and US Treasuries due to rising interest rates over the same period. Dividend income increased $10.4 million when compared to the same period in 2017. The increase was primarily due to return of capital adjustments recorded in the first quarter of 2017.

*Expenses:*

Investment management, administrative and distribution charges are costs charged to the Account associated with managing the Account. Investment advisory charges are comprised primarily of fixed components, but fluctuate based on the size of the Account's portfolio of investments, whereas administrative and distribution charges are comprised of more variable components that generally correspond with movements in net assets. These expenses decreased $7.0 million, or 16.2%, from the prior year primarily as result of general cost improvement measures.

Mortality and expense risk and liquidity guarantee expenses are contractual charges to the Account from TIAA for TIAA's assumption of these risks and provision of the liquidity guarantee. The rate for these charges is established annually; the current rates are effective May 1, 2017 through April 30, 2018, and are charged at a fixed rate based on the Account's net assets. These expenses increased $2.0 million or 19.0% as a result of the increase in liquidity guarantee charge effective May 1, 2017 coupled with an increase in overall net assets of the Account from the previous year.

## Net Realized and Unrealized Gains and Losses on Investments and Mortgage Loans Payable

The following table shows the net realized and unrealized gains and losses on investments and mortgage loans payable for the three months ended March 31, 2018 and 2017 and the dollar and percentage changes for those periods (dollars in millions, unaudited).

| | For the Three Months Ended March 31, | | Change | |
|---|---|---|---|---|
| | 2018 | 2017 | $ | % |
| **NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND MORTGAGE LOANS PAYABLE** | | | | |
| ***Net realized gain (loss) on investments:*** | | | | |
| Real estate properties | $ (11.8) | $ (17.2) | $ 5.4 | (31.4)% |
| Real estate joint ventures and limited partnerships | 0.2 | — | 0.2 | N/M |
| Marketable securities | 3.0 | 4.6 | (1.6) | (34.8)% |
| **Total realized gain on investments:** | (8.6) | (12.6) | 4.0 | (31.7)% |
| ***Net change in unrealized appreciation (depreciation) on:*** | | | | |
| Real estate properties | 102.3 | 51.8 | 50.5 | 97.5 % |
| Real estate joint ventures and limited partnerships | 24.3 | 61.0 | (36.7) | (60.2)% |
| Marketable securities | (90.8) | 23.3 | (114.1) | N/M |
| Loans receivable | 0.1 | — | 0.1 | N/M |
| Mortgage loans payable | 27.7 | 11.6 | 16.1 | N/M |
| **Net change in unrealized appreciation on investments and mortgage loans payable** | 63.6 | 147.7 | (84.1) | (56.9)% |
| **NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND MORTGAGE LOANS PAYABLE** | $ 55.0 | $ 135.1 | $ (80.1) | (59.3)% |

N/M—Not meaningful

*Real Estate Properties, Joint Ventures and Limited Partnerships:*

Net realized losses in the Account are primarily attributed to the sale of wholly-owned and joint venture real estate investments. See the *Recent Transactions* section herein for additional disclosure regarding the sale of the Account's real estate property investments.

*Real Estate Properties:*

Wholly-owned real estate investments experienced net realized and unrealized gains of $90.5 million during the first three months of 2018 compared to $34.6 million during the comparable period of 2017. The increase in appreciation was spread across most of the Account's sectors, with the largest concentration in the Southern office sector. Appreciation is primarily a result of rising market rents paired with favorable leasing conditions and stabilized occupancy.

*Real Estate Joint Ventures and Limited Partnerships:*

Real estate joint ventures and limited partnerships experienced net realized and unrealized gains of $24.5 million during the first three months of 2018, compared to $61.0 million during the comparable period of 2017. Appreciation within the Account's joint venture investments has slowed for the first quarter of 2018 compared to first quarter 2017. The overall appreciation was primarily attributed to investments within the Western office investments.

*Marketable Securities:*

The Account's marketable securities experienced net realized and unrealized losses of $87.8 million during the first three months of 2018 compared to net realized and unrealized gains $27.9 million during the comparable period of 2017. The performance of the Account's REIT portfolio was in line with the FTSE NAREIT All Equity REITs Index during the first three months of 2018. Additionally, as of March 31, 2018, the Account held $4.0 billion of investments in government agency notes and U.S. Treasury securities, which had nominal changes due to the short-term nature of these investments.

*Mortgage Loans Payable:*

Mortgage loans payable experienced unrealized gains of $27.7 million during the first three months 2018 compared to $11.6 million during the comparable period of 2017. The unrealized gains in both periods were consistent with the directional movement of U.S. Treasury rates.

**Liquidity and Capital Resources**

As of March 31, 2018 and December 31, 2017, the Account's cash and cash equivalents and non-real estate-related marketable securities had a value of $4.0 billion and $3.9 billion representing 16.1% and 15.6% of the Account's net assets at such dates, respectively.

*Participant Flows: Three months ended March 31, 2018 compared to three months ended March 31, 2017*

During the three months ended March 31, 2018, the Account received $669.1 million in premiums and transfers from participants offset by participant outflows of $972.7 million in annuity payments and withdrawals and death benefits. During the three months ended March 31, 2017, the Account received $779.5 million in premiums and transfers from participants offset by participant outflows of $710.8 million in annuity payments and withdrawals and death benefits.

*Net Income and Marketable Securities*

The Account's net investment income continues to be an additional source of liquidity for the Account. Net investment income was $179.9 million for the three months ended March 31, 2018, as compared to $139.2 million for the comparable period of 2017. The increase in total net investment income is described more fully in the *Results of Operations* section.

As of March 31, 2018, cash and cash equivalents, along with real estate-related and non-real estate related marketable securities comprised 21.5% of the Account's net assets. The Account's real estate-related marketable securities primarily consist of publicly traded REITs. The Account's liquid assets continue to be available to purchase suitable real estate properties, meet the Account's debt obligations, expense needs, and participant redemption requests (i.e., participant withdrawals or benefit payments).

*Leverage*

The Account may borrow money and assume or obtain a mortgage on a property to make leveraged real estate investments. Also, to meet any short-term cash needs, the Account may obtain a line of credit that may be unsecured and/or contain terms that may require the Account to secure the loan with one or more of its properties.

The Account is authorized to borrow money in accordance with its investment guidelines. Under the Account's current investment guidelines, the Account's loan to value ratio (as described below) is to be maintained at or below 30%. Such incurrences of debt from time to time may include:

- placing new debt on properties;
- refinancing outstanding debt;
- assuming debt on acquired properties or interests in the Account's properties;
- extending the maturity date of outstanding debt; and/or
- an unsecured line of credit or credit facility.

In calculating this limit, only the Account's actual percentage interest in any borrowings is included, and not that percentage interest held by any joint venture partner. Further, the Account may only borrow up to 70% of the then-current value of a property, although construction loans may be for 100% of the costs incurred in developing a property. At the time the Account (or a joint venture in which the Account is a partner) enters into a revolving line of credit, for the purpose of calculating the loan-to-value ratio, management includes only amounts outstanding when calculating outstanding indebtedness.

As of March 31, 2018, the Account's ratio of outstanding principal amount of debt (inclusive of the Account's proportionate share of debt held within its joint venture investments) to total gross asset value (i.e., a "loan to value ratio") was 16.9%. The Account intends to maintain its loan to value ratio at or below 30% (this ratio is measured at the time of incurrence and after giving effect thereto). The Account's total gross asset value, for these purposes, is equal to the total fair value of the Account's assets (including the fair value of the Account's interest in joint ventures), with no reduction associated with any indebtedness on such assets.

As of March 31, 2018, there are no mortgage obligations secured by real estate investments wholly-owned by the Account maturing within the next twelve months. The Account has sufficient liquidity in the form of cash and cash equivalents and securities to meet its current mortgage obligations.

In times of high net inflow activity, in particular during times of high net participant transfer inflows, management may determine to apply a portion of such cash flows to make prepayments of indebtedness prior to scheduled maturity, which would have the effect of reducing the Account's loan to value ratio.

## Recent Transactions

*The following describes property transactions by the Account during the first quarter of 2018. Except as noted, the expenses for operating the properties purchased are either borne or reimbursed, in whole or in part, by the property tenants, although the terms vary under each lease. Dollar amounts are shown in millions.*

### Purchases

| Property Name | Purchase Date | Ownership Percentage | Sector | Location | Net Purchase Price [1] |
|---|---|---|---|---|---|
| 30700 Russell Ranch | 01/04/2018 | 100.0% | Office | Westlake Village, CA | $ 32.8 |
| Carrington Park | 02/22/2018 | 100.0% | Apartments | Plano, TX | 64.2 |
| Churchill on the Park | 03/01/2018 | 100.0% | Apartments | Dallas, TX | 71.2 |
| West Town Mall [2] | 03/16/2018 | 50.0% | Retail | Knoxville, TN | 5.0 |

(1) The net purchase price represents the purchase price, less closing costs.

(2) The Account purchased a 50.0% interest in a property through it's West Town Mall, LLC joint venture investment.

### Sales

| Property Name | Sales Date | Ownership Percentage | Sector | Location | Net Sales Price [1] | Realized Loss on Sale[2] |
|---|---|---|---|---|---|---|
| Urban Centre | 03/08/2018 | 100.0% | Office | Tampa, FL | $ 141.1 | $ (12.1) |

(1) The net sales price represents the sales price, less selling expenses.

(2) Majority of the realized gain/loss has been previously recognized as unrealized gains/losses in the Account's Consolidated Statements of Operations.

### Loans Receivable

| Property Name | Financing Date | Interest Rate | Sector | Maturity Date | Location | Loan Amount[1] |
|---|---|---|---|---|---|---|
| Aspen Lake Office Portfolio | 03/02/2018 | 8.25% | Office | 03/10/2028 | Austin, TX | $ 20.0 |

(1) Loan Amount represents the Account's mezzanine loan receivable position.

### Financings

| Property Name | Financing Date | Ownership Percentage | Interest Rate | Sector | Maturity Date | Location | Financing Amount[1] |
|---|---|---|---|---|---|---|---|
| Storage Portfolio I | 02/02/2018 | 66.02% | 4.53% | Storage | 03/01/2028 | Various, U.S.A. | $ 151.2 |
| Circa Green Lake | 02/21/2018 | 100.0% | 3.71% | Apartments | 03/05/2025 | Seattle, WA | 52.0 |
| Union - South Lake Union | 02/21/2018 | 100.0% | 3.66% | Apartments | 03/05/2025 | Seattle, WA | 57.0 |
| 99 High Street | 02/22/2018 | 100.0% | 3.90% | Office | 03/01/2030 | Boston, MA | 277.0 |

(1) Values represent new mortgage loans incurred or existing loans refinanced during the period.

### Marketable Securities

On February 22, 2018, the Account purchased $100.0 million of real estate-related securities.

### Other

On February 2, 2018, the Account restructured its Storage Portfolio I, LLC joint venture, which holds a portfolio of storage properties across the United States, reducing the Account's interest in the joint venture to 66.02%.

## Critical Accounting Policies

Management's discussion and analysis of the Account's financial condition and results of operations is based on the Account's consolidated interim financial statements, which have been prepared by management in accordance with GAAP. The preparation of the Account's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and disclosures. Some of these estimates and assumptions require application of difficult, subjective, and/or complex judgments about the effect of matters that are inherently uncertain and that may change in subsequent periods. Management evaluates its estimates and assumptions on an ongoing basis. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities of the Account that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

In the Account's Annual Report on Form 10-K for the year ended December 31, 2017, management identified the critical accounting policies which affect its significant estimates and assumptions used in preparing the Account's financial statements. Certain of these accounting policies are described in *Note 1—Organization and Significant Accounting Policies* in this Form 10-Q. There have been no material changes to these accounting policies to those disclosed in our 2017 Form 10-K.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Account's real estate holdings, including real estate joint venture, limited partnerships and loans receivable, which, as of March 31, 2018, represented 80.6% of the Account's total investments, expose the Account to a variety of risks. These risks include, but are not limited to:

- General Real Estate Risk—The risk that the Account's property values or rental and occupancy rates could go down due to general economic conditions, a weak market for real estate generally, disruptions in the credit and/or capital markets, or changing supply and demand for certain types of properties;
- Appraisal Risk—The risk that the sale price of an Account property (i.e., the value that would be determined by negotiations between independent parties) might differ substantially from its estimated or appraised value, leading to losses or reduced profits to the Account upon sale;
- Risk Relating to Property Sales—The risk that the Account might not be able to sell a property at a particular time for its full value, particularly in a poor market. This might make it difficult to raise cash quickly and also could lead to Account losses;
- Risks of Borrowing—The risk that interest rate changes may impact Account returns if the Account takes out a mortgage on a property, buys a property subject to a mortgage or holds a property subject to a mortgage, and hedging against such interest rate changes, if undertaken by the Account, may entail additional costs and be unsuccessful; and
- Foreign Currency Risk—The risk that the value of the Account's foreign investments, related debt, or rental income could increase or decrease due to changes in foreign currency exchange rates or foreign currency exchange control regulations, and hedging against such currency changes, if undertaken by the Account, may entail additional costs and be unsuccessful.

The Account believes the diversification of its real estate portfolio, both geographically and by sector, along with its quarterly valuation procedure, helps manage the real estate and appraisal risks described above.

As of March 31, 2018, 19.4% of the Account's total investments were comprised of marketable securities. Marketable securities include high-quality debt instruments (*i.e.*, U.S. government agency notes) and REIT securities. The consolidated schedule of investments for the Account sets forth the general financial terms of these instruments, along with their fair values, as determined in accordance with procedures described earlier in the Critical Accounting Policies section above and in *Note 1—Organization and Significant Accounting Policies* to the Account's Consolidated Financial Statements included herewith. As of the date of this report, the Account does not invest in derivative financial investments, nor does the Account engage in any hedging activity, although it may do so in selected circumstances in the future.

Risks associated with investments in real estate-related liquid assets (which could include, from time to time, REIT securities and CMBS), and non-real estate-related liquid assets, including financial/credit risk, market volatility risk, interest rate volatility risk and deposit/money market risk.

- Financial/Credit Risk—The risk, for debt securities, that the issuer will not be able to pay principal and interest when due (and/or declare bankruptcy or be subject to receivership) and, for equity securities such as common or preferred stock, that the issuer's current earnings will fall or that its overall financial soundness will decline, reducing the security's value.
- Market Volatility Risk—The risk that the Account's investments will experience price volatility due to changing conditions in the financial markets regardless of the credit quality or financial condition of the underlying issuer. This risk is particularly acute to the extent the Account holds equity securities, which have experienced significant short-term price volatility over the past year. Also, to the extent the Account holds debt securities, changes in overall interest rates can cause price fluctuations.
- Interest Rate Volatility—The risk that interest rate volatility may affect the Account's current income from an investment.
- Deposit/Money Market Risk—The risk that, to the extent the Account's cash held in bank deposit accounts exceeds federally insured limits as to that bank, the Account could experience losses if banks fail. The Account does not believe it has exposure to significant concentration of deposit risk. In addition, there is some risk that investments held in money market accounts can suffer losses.

In addition, to the extent the Account were to hold mortgage-backed securities (including commercial mortgage-backed securities) these securities are subject to prepayment risk or extension risk (*i.e.*, the risk that borrowers will repay the loans earlier or later than anticipated). If the underlying mortgage assets experience faster than anticipated repayments of principal, the Account could fail to recoup some or all of its initial investment in these securities, since the original price paid by the Account was based in part on assumptions regarding the receipt of interest payments. If the underlying mortgage assets are repaid later than anticipated, the Account could lose the opportunity to reinvest the anticipated cash flows at a time when interest rates might be rising. The rate of prepayment depends on a variety of geographic, social and other functions, including prevailing market interest rates and general economic factors. The fair value of these securities is also highly sensitive to changes in interest rates. Note that the potential for appreciation, which could otherwise be expected to result from a decline in interest rates, may be limited by any increased prepayments. These securities may be harder to sell than other securities.

In addition to these risks, real estate equity securities (such as REIT stocks and mortgage-backed securities) would be subject to many of the same general risks inherent in real estate investing, making mortgage loans and investing in debt securities. For more information on the risks associated with all of the Account's investments, see the Account's most recent prospectus.

## ITEM 4. CONTROLS AND PROCEDURES

(a) The registrant maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the registrant's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including TIAA's Executive Vice President, Institutional Investment & Endowment Services (Principal Executive Officer ("PEO")) and TIAA's Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer ("PFO")), as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and participation of the registrant's management, including the registrant's PEO and PFO, the registrant conducted an evaluation of the effectiveness of the registrant's disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act as of March 31, 2018. Based upon management's review, the PEO and PFO concluded that the registrant's disclosure controls and procedures provide reasonable assurance that material information required to be included in the Account's periodic reports is recorded, processed, summarized and reported within the time periods specified in the relevant SEC rules and forms.

(b) Changes in internal control over financial reporting. There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

In the normal course of business, the Account may be named, from time to time, as a defendant or may be involved in various legal actions, including arbitrations, class actions and other litigation.

The Account establishes an accrual for all litigation and regulatory matters when it believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Once established, accruals are adjusted, as appropriate, in light of additional information. The amount of loss ultimately incurred in relation to those matters may be higher or lower than the amounts accrued for those matters.

As of the date of this annual report, management of the Account does not believe that the results of any such claims or litigation, individually or in the aggregate, will have a material effect on the Account's business, financial position or results of operations.

### ITEM 1A. RISK FACTORS.

There have been no material changes from the Account's risk factors as previously reported in the Account's Annual Report on Form 10-K for the year ended December 31, 2017.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

The Code of Ethics for TIAA's senior financial officers, including its principal executive officer, principal financial officer, principal accounting officer, or controller, and persons performing similar functions, has been filed as an exhibit to the Account's Annual Report on Form 10-K for the year ended December 31, 2017 and can also be found on the following web site, http://www.tiaa.org/public/prospectuses/index.html.

## ITEM 6. EXHIBIT

| | | |
|---|---|---|
| (1) | (A) | Distribution Agreement for the Contracts Funded by the TIAA Real Estate Account, dated as of January 1, 2008, by and among Teachers Insurance and Annuity Association of America, for itself and on behalf of the Account, and TIAA-CREF Individual & Institutional Services, LLC[1]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041313001686/c72835_ex1a.htm |
| (3) | (A) | Restated Charter of TIAA (as amended)[2]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041315001888/c80401_ex3a.htm |
| | (B) | Amended Bylaws of TIAA[3]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041315001888/c80401_ex3b.htm |
| (4) | (A) | Forms of RA, GRA, GSRA, SRA, IRA Real Estate Account Endorsements,[4] Keogh Contract,[5] Retirement Choice and Retirement Choice Plus Contracts[5] and Retirement Select and Retirement Select Plus Contracts and Endorsements[6]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041304002268/c31392_ex4-a.txt<br>http://www.sec.gov/Archives/edgar/data/946155/0000950146-96-000627-index.html<br>http://www.sec.gov/Archives/edgar/data/946155/000093041305003249/c35876_ex4.htm |
| | (B) | Forms of Income-Paying Contracts[4]<br>http://www.sec.gov/Archives/edgar/data/946155/0000950146-96-000627-index.html |
| | (C) | Form of Contract Endorsement for Internal Transfer Limitation[7]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041310005579/c62766_ex-4c.htm |
| | (D) | Form of Non-ERISA Retirement Choice Plus Contract[9]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4d1.htm<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4d2.htm |
| | (E) | Form of Trust Company Retirement Choice Contract[10]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4e1.htm<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4e2.htm |
| | (F) | Form of Trust Company Retirement Choice Plus Contract[11]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4f1.htm<br>http://www.sec.gov/Archives/edgar/data/946155/000162828017002745/exhibit4f2.htm |
| | (G) | Form of Income Test Drive Endorsement for Retirement Annuity Contracts. After-Tax Retirement Annuity Contracts, Supplemental Retirement Annuity Contracts and IRA Contracts (including Rollover IRA, Contributory IRA, Roth IRA, OneIRA)[12]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828018003214/exhibit4g123117.htm |
| | (H) | Form of Income Test Drive Endorsement for Group Retirement Annuity Certificates, Group Supplemental Retirement Annuity Certificates, Keogh Certificates, Retirement Choice Certificates, Retirement Choice Plus Certificates, Non-ERISA Retirement Choice Plus Certificates, Trust Retirement Choice Certificates, and Trust Retirement Choice Plus Certificates[13]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828018003214/exhibit4h123117.htm |
| | (I) | Form of OneIRA Non-Qualified Deferred Annuity Contract (and Rate Schedule)[14]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828018003214/exhibit4i123117.htm |
| (10) | (A) | Amended and Restated Independent Fiduciary Letter Agreement, dated as of February 21, 2018, between TIAA, on behalf of the Registrant, and RERC, LLC[15]<br>http://www.sec.gov/Archives/edgar/data/946155/000162828018002605/ifsrercsigned20180223.htm |
| | (B) | Custodian Agreement, dated as of March 3, 2008, by and between TIAA, on behalf of the Registrant, and State Street Bank and Trust Company, N.A.[8]<br>http://www.sec.gov/Archives/edgar/data/946155/000093041313001652/c71842_ex10-b.htm |
| (31) | | Rule 13(a)-15(e)/ Rule 13a-15(e)/15d-15(e) Certifications* |
| (32) | | Section 1350 Certifications* |
| (101) | | The following financial information from the Quarterly Report on Form 10-Q for the period ended March 31, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Assets and Liabilities, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Changes in Net Assets, (iv) the Consolidated Statements of Cash Flows, and (v) the Notes to the Consolidated Financial Statements.** |

* Filed herewith.

** Furnished electronically herewith.

[1] Previously filed and incorporated herein by reference to Exhibit 1(A) to the Account’s Registration Statement on Form S-1, filed with the Commission on March 15, 2013 (File No. 333-187309).

[2] Previously filed and incorporated herein by reference to Exhibit 3(A) to the Account’s Registration Statement on Form S-1, filed with the Commission on April 22, 2015 (File No. 333-202583).

[3] Previously filed and incorporated herein by reference to Exhibit 3(B) to the Account’s Registration Statement on Form S-1, filed with the Commission on April 22, 2015 (File No. 333-202583).

[4] Previously filed and incorporated herein by reference to the Account’s Post-Effective Amendment No. 2 to the Registration Statement on Form S-1, filed with the Commission on April 30, 1996 (File No. 33-92990).

[5] Previously filed and incorporated herein by reference to Exhibit 4(A) to the Account’s Post-Effective Amendment No. 1 to the Registration Statement on Form S-1, filed with the Commission on May 2, 2005 (File No. 333-121493).

[6] Previously filed and incorporated herein by reference to the Account’s Pre-Effective Amendment No. 1 to the Registration Statement on Form S-1, filed with the Commission on April 29, 2004 (File No. 333-113602).

[7] Previously filed and incorporated by reference to Exhibit 4(C) to the Account’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and filed with the Commission on November 12, 2010 (File No. 33-92990).

[8] Previously filed and incorporated herein by reference to Exhibit 10(B) to the Account's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and filed with the Commission on March 14, 2013 (File No. 33-92990).

[9] Previously filed and incorporated herein by reference to Exhibit 4(D)(1) and 4(D)(2) to the Account’s Registration Statement on Form S-1, filed with the Commission on March 21, 2017 (File No. 333-216849).

[10] Previously filed and incorporated herein by reference to Exhibit 4(E)(1) and 4(E)(2) to the Account’s Registration Statement on Form S-1, filed with the Commission on March 21, 2017 (File No. 333-216849).

[11] Previously filed and incorporated herein by reference to Exhibit 4(F)(1) and 4(F)(2) to the Account’s Registration Statement on Form S-1, filed with the Commission on March 21, 2017 (File No. 333-216849).

[12] Previously filed and incorporated herein by reference to Exhibit 4(G) to the Account’s Annual Report on Form 10-K, filed with the Commission on March 15, 2018 (File No. 333-216849).

[13] Previously filed and incorporated herein by reference to Exhibit 4(H) to the Account’s Annual Report on Form 10-K, filed with the Commission on March 15, 2018 (File No. 333-216849).

[14] Previously filed and incorporated herein by reference to Exhibit 4(I) to the Account’s Annual Report on Form 10-K, filed with the Commission on March 15, 2018 (File No. 333-216849).

[15] Previously filed and incorporated herein by reference to Exhibit 10.1 to the Account’s Current Report on Form 8-K, filed with the Commission on March 1, 2018 (File No. 33-92990).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant, TIAA Real Estate Account, has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, New York, on the 8th day of May, 2018.

| | | |
|---|---|---|
| | TIAA REAL ESTATE ACCOUNT | |
| | By: | TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA |
| May 8, 2018 | By: | /s/ Carol W. Deckbar |
| | | Carol W. Deckbar<br>Executive Vice President, Institutional Investment & Endowment Services<br>Teachers Insurance and Annuity Association of America<br>(Principal Executive Officer) |
| May 8, 2018 | By: | /s/ Virginia M. Wilson |
| | | Virginia M. Wilson<br>Senior Executive Vice President and Chief Financial Officer,<br>Teachers Insurance and Annuity Association of America<br>(Principal Financial and Accounting Officer) |

## CERTIFICATIONS

I, Carol W. Deckbar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the TIAA Real Estate Account;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2018

/s/ Carol W. Deckbar

Carol W. Deckbar

Executive Vice President, Institutional Investment &
Endowment Services
Teachers Insurance and Annuity Association of America
(Principal Executive Officer)

I, Virginia M. Wilson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the TIAA Real Estate Account;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal (the registrant's fourth fiscal quarter in the case of an annual report) quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 8, 2018

/s/ Virginia M. Wilson

Virginia M. Wilson

Senior Executive Vice President and Chief Financial Officer,
Teachers Insurance and Annuity Association of America
(Principal Financial and Accounting Officer)

**CERTIFICATION**
**PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Teachers Insurance and Annuity Association of America, do hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q of the TIAA Real Estate Account (the "Account") for the quarter ended March 31, 2018 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Account.

| | |
|---|---|
| May 8, 2018 | /s/ Carol W. Deckbar |
| | Carol W. Deckbar<br>Executive Vice President, Institutional Investment & Endowment Services<br>Teachers Insurance and Annuity Association of America<br>(Principal Executive Officer) |
| May 8, 2018 | /s/ Virginia M. Wilson |
| | Virginia M. Wilson<br>Senior Executive Vice President and Chief Financial Officer,<br>Teachers Insurance and Annuity Association of America<br>(Principal Financial and Accounting Officer) |

A signed original of this written statement required by Section 906 has been provided to the TIAA Real Estate Account and will be retained by the Account and furnished to the Securities and Exchange Commission or its staff upon request.