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 September 30, 2021.

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; 333-254314

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
(Former name, former address and former fiscal year, if changed since last report)

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 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 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 an 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
(Unaudited)
(In millions, except per accumulation unit amounts)

	September 30, 2021	December 31, 2020
ASSETS		
Investments, at fair value:		
Real estate properties (cost: $13,676.2 and $13,986.3)	$ 17,398.7	$ 16,476.7
Real estate joint ventures (cost: $5,415.1 and $5,021.9)	7,053.1	6,128.9
Real estate funds (cost: $579.9 and $373.3)	648.0	393.2
Real estate operating business (cost: $251.6 and $250.2)	286.0	250.0
Marketable securities (cost: $1,761.4 and $739.3)	1,761.3	739.3
Loans receivable (principal: $1,392.9 and $1,527.6)	1,378.7	1,493.2
Loans receivable with related parties (principal: $69.3 and $69.3)	69.4	69.4
Total investments (cost: $23,146.4 and $21,967.9)	$ 28,595.2	$ 25,550.7
Cash and cash equivalents	26.1	37.8
Due from investment manager	12.0	17.9
Other	294.9	331.4
TOTAL ASSETS	$ 28,928.2	$ 25,937.8
LIABILITIES		
Loans payable, at fair value (principal outstanding: $2,324.2 and $2,381.3)	2,343.2	2,411.4
Accrued real estate property expenses	255.8	246.5
Payable for securities purchased	11.6	—
Other	37.2	36.0
TOTAL LIABILITIES	$ 2,647.8	$ 2,693.9
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Accumulation Fund	25,715.9	22,729.0
Annuity Fund	564.5	514.9
TOTAL NET ASSETS	$ 26,280.4	$ 23,243.9
NUMBER OF ACCUMULATION UNITS OUTSTANDING	52.9	52.0
NET ASSET VALUE, PER ACCUMULATION UNIT	$ 485.832	$ 436.722

See notes to the consolidated financial statements

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
INVESTMENT INCOME				
Real estate income, net:				
Rental income	$ 295.9	$ 295.0	$ 890.0	$ 906.0
Real estate property level expenses and taxes:				
Operating expenses	67.7	66.5	200.3	196.6
Real estate taxes	52.6	53.3	159.3	157.3
Interest expense	21.6	24.1	68.1	74.0
Total real estate property level expenses and taxes	141.9	143.9	427.7	427.9
Real estate income, net	154.0	151.1	462.3	478.1
Income from real estate joint ventures	56.8	28.3	149.0	103.0
Income from real estate funds	6.9	4.8	11.6	7.5
Interest	19.7	20.7	60.4	85.0
Dividends	—	6.0	—	17.1
TOTAL INVESTMENT INCOME	237.4	210.9	683.3	690.7
Expenses:				
Investment management charges	15.0	16.4	48.5	46.6
Administrative charges	12.3	10.9	38.8	34.2
Distribution charges	5.9	5.8	19.8	18.1
Mortality and expense risk charges	0.3	0.3	0.9	0.9
Liquidity guarantee charges	18.8	14.3	47.2	45.4
TOTAL EXPENSES	52.3	47.7	155.2	145.2
INVESTMENT INCOME, NET	185.1	163.2	528.1	545.5
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE				
Net realized (loss) gain on investments:				
Real estate properties	(9.2)	(3.0)	193.6	(61.0)
Real estate joint ventures	4.1	—	4.0	(454.9)
Real estate funds	—	—	—	(5.6)
Marketable securities	—	19.7	—	41.0
Loans receivable	—	—	(14.1)	(1.6)
Net realized (loss) gain on investments	(5.1)	16.7	183.5	(482.1)
Net change in unrealized appreciation (depreciation) on:				
Real estate properties	540.1	(89.1)	1,232.1	(273.0)
Real estate joint ventures	421.0	(45.7)	575.2	32.7
Real estate funds	44.1	(11.0)	48.3	(30.1)
Real estate operating business	12.5	—	34.6	—
Marketable securities	—	1.5	(0.3)	(120.5)
Loans receivable	1.5	(9.2)	20.2	(31.4)
Loans receivable with related parties	—	0.4	—	0.4
Loans payable	(3.0)	(42.4)	11.0	(6.1)
Net change in unrealized appreciation (depreciation) on investments and loans payable	1,016.2	(195.5)	1,921.1	(428.0)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE	1,011.1	(178.8)	2,104.6	(910.1)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 1,196.2	$ (15.6)	$ 2,632.7	$ (364.6)

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 September 30,		For the Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
FROM OPERATIONS				
Investment income, net	$ 185.1	$ 163.2	$ 528.1	$ 545.5
Net realized (loss) gain on investments	(5.1)	16.7	183.5	(482.1)
Net change in unrealized appreciation (depreciation) on investments and loans payable	1,016.2	(195.5)	1,921.1	(428.0)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	1,196.2	(15.6)	2,632.7	(364.6)
FROM PARTICIPANT TRANSACTIONS				
Premiums	690.1	401.1	2,155.2	1,533.0
Annuity payments	(11.8)	(11.8)	(35.5)	(35.9)
Withdrawals and death benefits	(509.4)	(1,158.2)	(1,715.9)	(5,012.1)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM PARTICIPANT TRANSACTIONS	168.9	(768.9)	403.8	(3,515.0)
NET INCREASE (DECREASE) IN NET ASSETS	1,365.1	(784.5)	3,036.5	(3,879.6)
NET ASSETS				
Beginning of period	24,915.3	24,212.8	23,243.9	27,307.9
End of period	$ 26,280.4	$ 23,428.3	$ 26,280.4	$ 23,428.3

See notes to the consolidated financial statements

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

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations	$ 2,632.7	$ (364.6)
Adjustments to reconcile net changes in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net realized (gain) loss on investments	(183.5)	482.1
Net change in unrealized (appreciation) depreciation on investments and loans payable	(1,921.1)	428.0
Purchase of real estate properties	(128.9)	(1,092.7)
Capital improvements on real estate properties	(203.3)	(179.7)
Proceeds from sale of real estate properties	836.3	350.3
Purchases of long term investments	(591.4)	(852.0)
Proceeds from long term investments	38.4	1,658.2
Purchases and originations of loans receivable	(256.4)	(114.8)
Proceeds from sales of loans receivable	294.5	63.0
Proceeds from payoffs of loans receivable	82.5	20.0
(Increase) decrease in marketable securities	(1,022.2)	3,447.9
Net change in due to/from investment manager	5.9	7.3
Increase in payable for securities purchased	11.6	—
Decrease (increase) in other assets	38.4	(43.2)
Increase in other liabilities	10.1	18.3
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(356.4)	3,828.1
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	—	540.0
Payments on line of credit	—	(699.0)
Mortgage loan proceeds received	39.7	—
Payments of mortgage loans	(96.9)	(165.0)
Premiums	2,155.2	1,533.0
Annuity payments	(35.5)	(35.9)
Withdrawals and death benefits	(1,715.9)	(5,012.1)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	346.6	(3,839.0)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(9.8)	(10.9)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of period cash, cash equivalents and restricted cash	61.1	40.4
Net decrease in cash, cash equivalents and restricted cash	(9.8)	(10.9)
End of period cash, cash equivalents and restricted cash	$ 51.3	$ 29.5
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 71.2	$ 74.0
Mortgage loan assumed as part of real estate acquisition	$ —	$ 289.6
Loan receivable converted to equity in real estate investment	$ —	$ (1.7)

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):

	As of September 30, 2021	As of September 30, 2020
Cash and cash equivalents	$ 26.1	$ 8.0
Restricted cash[1]	25.2	21.5
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	$ 51.3	$ 29.5

[1] Restricted cash is included within other assets in the Consolidated Statements of Assets and Liabilities.

See notes to the consolidated financial statements

TIAA REAL ESTATE ACCOUNT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 total returns primarily through the rental income and appreciation of a diversified portfolio of directly held, private real estate investments and real estate-related investments while offering investors guaranteed, daily liquidity. The Account holds real estate properties directly and through subsidiaries wholly-owned by TIAA for the sole benefit of the Account. The Account also holds limited interests in real estate joint ventures and funds, as well as investments in loans receivable with 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 of the Account as of September 30, 2021 and for the three and nine months ended September 30, 2021 and 2020 are unaudited and include all adjustments necessary to present a fair statement of results for the interim periods presented. Results of operations for the interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements have been prepared in accordance with the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted from this report pursuant to the rules of the SEC. As a result, these Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Account's annual report on Form 10-K for the year ended December 31, 2020.

Use of Estimates: The Consolidated Financial Statements were prepared in accordance with GAAP, which requires the use of estimates made by management. Actual results may vary from those estimates and such differences may be material.

The outbreak of the novel coronavirus (commonly known as "COVID-19") and the subsequent global pandemic began significantly impacting the U.S. and global financial markets and economies during the first quarter of 2020. During the second and third quarters of 2020, the Account received multiple requests for rent and loan payment relief as a result of the COVID-19 pandemic; however, the requests were minimal during the fourth quarter of 2020 and the first nine months of 2021. Requests have generally been comprised of deferrals, with payments generally postponed for a brief period (i.e., less than six months) and then repaid over the remaining duration of the contract.

As of September 30, 2021, the Account has not had material exposure to rent concessions, tenant defaults or loan defaults. The long-term duration and impact of the ongoing COVID-19 pandemic cannot be reasonably estimated at this time. The ultimate impact of the COVID-19 pandemic and the extent to which the COVID-19 pandemic impacts the Account's business, results of operations, investments, and cash flows will depend on future developments, which are highly uncertain and difficult to predict.

Basis of Presentation: The accompanying Consolidated Financial Statements include the Account and those subsidiaries wholly-owned by TIAA for the benefit of the Account. Certain prior period amounts have been reclassified for comparative purposes to conform to the current period financial statement presentation. These reclassifications had no effect on previously reported results of operations. 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 (or "contract owner") 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* ("ASC 946"). Further in accordance with the adoption of the fair value option allowed under ASC 825—*Financial Instruments*, and at the election of Account management, loans payable and a line of credit 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 excluding transaction costs.

The following is a description of the valuation methodologies used to determine the fair value of the Account's investments and investment related 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 similarly 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, but are not limited to, 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 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 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 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 loans payable, and other factors, such as ownership percentage, ownership rights, buy/sell agreements, distribution provisions and capital call obligations. The fair value of real estate and loans payable held by joint ventures is determined in the same manner described above in *Valuation of Real Estate Properties*. The independent fiduciary reviews and approves all valuation adjustments before such adjustments are recorded by the Account. 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 Funds—Real estate fund interests are stated at the fair value of the Account's ownership in the real estate fund. Management uses net asset value information provided by fund managers as a practical expedient to estimate fair value. The Account receives estimates from limited partners on a quarterly basis, and audited information is provided annually. Upon receipt of the information, management reviews and determines whether the net asset values provided are an appropriate representation of the fair value of the Account's interests in the real estate funds and makes valuation adjustments as necessary. Valuation of real estate funds proceeds under the direction of the Investment Committee of the Board and in accordance with the responsibilities of the Board as a whole.

Valuation of Real Estate Operating Businesses—Real estate operating businesses are held at fair value, which is equal to their cost basis on the initial investment date. Subsequently, valuations are completed on a quarterly basis, with a third-party vendor utilized semi-annually and the interim quarters completed by TIAA’s internal valuation department. Valuations are subject to review by the independent fiduciary. Fair value is based on the enterprise value of the business, subject to any preferential distributions that would be required upon liquidation, if applicable. Management reserves the right to order an external valuation outside of the normal quarterly process when facts or circumstances at the business materially change from the latest available valuation. Any differences in the conclusions of TIAA’s internal valuation department and the external vendor will be reviewed by the independent fiduciary, which will make a final determination on the matter (which may include ordering a subsequent additional valuation).

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 ask prices on such market or exchange, exclusive of transaction costs.

Valuation of Debt Securities—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 by management and 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.

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 Loans Payable (i.e., the Account as a debtor)—Mortgage or other loans payable, including the Account's line of credit, are stated at fair value. The estimated fair value of loans payable is generally based on the amount at which the liability could be transferred in a current transaction, exclusive of transaction costs. Fair values are estimated based on market factors, such as market interest rates and spreads on 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), the maturity date of the loan, the return demands of the market, and the credit quality of the Account. Different assumptions or changes in future market conditions could significantly affect estimated fair values. At times, the Account may assume debt in connection with the purchase of real estate, including under the Credit Agreement (as defined below) or additional credit facilities or other lines of credit in the future or the issuance (if permitted by applicable insurance law) of debt securities by the Account.

See *Note 5—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.

Accumulation and Annuity Funds: The accumulation fund represents the net assets attributable to contract owners in the accumulation phase of their investment (“Accumulation Fund”). The annuity fund represents the net assets attributable to the contract owners 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 contract owner 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 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 and losses incurred but not yet distributed or realized from the Account by the joint ventures are recorded as unrealized gains and losses.

Real Estate Funds—The Account has limited ownership interests in various private real estate funds. The Account records its contributions as increases to the investments, and distributions from the investments are treated as income within income from real estate funds 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 real estate funds as determined from the financial statements of the real estate funds when received by the Account. Prior to the receipt of the financial statements from the real estate funds, the Account estimates the value of its interest using information provided by the fund managers. Changes in value based on such estimates are recorded by the Account as unrealized gains and losses.

Real Estate Operating Business—The Account has a non-controlling ownership interest in one real estate operating business. The Account records contributions into the business as increases to the cost basis of its investment. Distributions are characterized by the business as either income, capital gains, or return of capital. Distributions classified as income are presented within income from operating business in the Account's Consolidated Statements of Operations. Distributions identified as capital gains are presented as realized gains in the Account's Consolidated Statements of Operations. Distributions identified as returns of capital are recorded as a reduction to the cost basis of the investment. Unrealized gains and losses are recorded based upon the changes in the fair value of the enterprise value of the business.

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 may originate, purchase or sell loans collateralized by real estate. The cost basis of originated loans is comprised of the principal balance and direct costs incurred that represent a component of the loan's reported fair value. The cost basis of purchased loans consists of the purchase price of the loan and additional direct costs incurred that represent a component of the loan's reported fair value. Additional costs incurred by the Account to originate or purchase loans that do not represent a component of a loan's fair value are recorded as expenses in the period incurred. Nonrefundable origination fees paid by borrowers are recognized as interest income once all activities required to execute the loan are completed. Prepayment fees received from the payoff of loans in advance of their maturity date are recognized as interest income on the date the payoff occurs.

Interest income from loans in accrual status is recognized based on the current coupon rate of the loans. Interest income accruals are suspended when a loan becomes a non-performing loan, defined as a loan more than ninety days in arrears or at any point when management believes the full collection of principal is doubtful. Interest income on non-performing loans is recognized only as cash payments are received. Loans can be rehabilitated to accrual status once all past due interest has been collected and management believes the full collection of principal is likely.

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 real estate joint venture or fund. Real estate and loan receivable transactions are accounted for as of the date on which the purchase or sale transactions close (settlement date). The Account recognizes a realized gain on the sale of an investment to the extent that the contract sales price exceeds the cost-to-date of the investment being sold. A realized loss occurs when the cost-to-date exceeds the sales price. Realized gains and losses from partial sales of non-financial assets are recognized in accordance with ASC 610-20 - *Gains and Losses from the Derecognition of Nonfinancial Assets*. Realized gains and losses from the sale of financial assets are recognized in accordance with ASC 860 - *Transfers and Servicing*. 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, Real Estate Funds and Loans Receivable* 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 fee, 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 expense 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.

Variable Interest Entities: Variable interests are financial relationships which expose a reporting entity to the risks and rewards of variability in the entity's assets and operations. When variable interests exist, they are subject to evaluation under the variable interest entity ("VIE") model if any one of the following four characteristics are present: (a) the entity is insufficiently capitalized; (b) the equity holders do not have power to control the activities that most significantly impact the entity's financial performance; (c) the voting rights of the equity holders are not proportionate to their economic interests; or (d) the equity holders are not exposed to the residual losses or benefits that would normally be associated with equity interests.

ASC 810 - *Consolidation* prohibits a reporting entity that qualifies as an investment company under ASC 946 from consolidating an investee that is not an investment company. This scope exception does not apply to situations in which an investment company has an interest in another investment company. Accordingly, the Account's investments in other investment companies (e.g., real estate funds) are subject to evaluation under the VIE model.

The Account consolidates a VIE if it concludes that the Account is the primary beneficiary of the VIE. The primary beneficiary has both: (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance; and (ii) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The following activities have been identified by the Account as having the most significant impact on a VIE's economic performance:

- control over the ability to acquire and dispose of investments held by the entity;
- the ability to kick out a managing entity without cause, either unilaterally or with a group of equity investors;
- the ability to modify the power of the managing entity without its consent; and
- control over the day-to-day decision making of the underlying investments

An equity investor in a VIE may not actively be involved in the significant activities (i.e., it may cede day-to-day decision making to a third party), but if the equity investor has approval rights or some other mechanism to retain ultimate control, the equity investor with these rights would be concluded as having power over the activity.

On a quarterly basis, the Account evaluates all involvements with VIEs, including any changes to governing powers of continuing VIEs. The consolidation status of VIEs may change as a result of such continued evaluation. At the reporting date, the Account was not deemed to be the primary beneficiary of any VIEs. Refer to *Note 7—Investments in Real Estate Funds* for additional detail.

Cash and Cash Equivalents: Cash and cash equivalents are balances held by the Account in bank deposit accounts which, at times, may 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, amongst 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 of 1986, Section 817, as amended, 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 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 for property taxes, insurance, and various other property related matters as required by certain creditors related to outstanding 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 9—Loans Payable* for additional information regarding the Account’s outstanding 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.

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. When loaning securities, the Account retains the benefits of owning the securities, including the economic equivalent of dividends or interest generated by the securities. All income generated by the securities lending program is reflected within interest income on the Consolidated Statements of Operations.

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.

Recent Accounting Pronouncements: In July 2021, the FASB issued ASU 2021-05—Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments ("ASU 2021-05"). The amendments in ASU 2021-05 amend the lease classification requirements for lessors to align them with practice under Topic 840. Lessors should classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if certain criteria are met. When a lease is classified as operating, the lessor does not recognize a net investment in the lease, does not derecognize the underlying asset, and, therefore, does not recognize a selling profit or loss. The amendments are effective for fiscal years beginning after December 15, 2021, for all entities, and interim periods within those fiscal years for public business entities. Entities that have adopted Topic 842 before the issuance date of ASU 2016-05 have the option to apply the amendments either (1) retrospectively to leases that commenced or were modified on or after the adoption of Update 2016-02 or (2) prospectively to leases that commence or are modified on or after the date that an entity first applies the amendments. Management does not expect the guidance to materially impact the Account.

In March 2020, the FASB issued ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging 12 relationships, subject to meeting certain criteria, that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued. The expedients and exceptions are effective for the period from March 12, 2020 through December 31, 2022. Management does not expect the guidance to materially impact the Account.

Note 2—Related Party Transactions

Investment management, administrative and distribution services are provided to the Account at cost by TIAA or certain affiliates of TIAA. Services provided at cost are paid by the Account on a daily basis based upon projected expenses to be provided to the Account. Payments are adjusted periodically to ensure daily payments are as close as possible to the Account's actual expenses incurred. Differences between actual expenses and the amounts paid by the Account are reconciled and adjusted quarterly.

Investment management 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 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"). Services is a direct wholly-owned subsidiary of TIAA, and is registered with the SEC as a broker-dealer and a registered investment adviser and is 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) distribution 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.

In addition to providing the services described above, TIAA charges the Account fees to bear certain mortality and expense risks, and risks with providing the liquidity guarantee. These fees are charged as a percentage of the net assets of the Account. Rates for these fees are established annually.

Once an Account contract owner begins receiving lifetime annuity income benefits, payment levels cannot be reduced as a result of the Account's actual mortality experience. As such, mortality and expense risk expenses are contractual charges for TIAA's assumption of this risk.

TIAA provides the Account with a liquidity guarantee enabling the Account to have funds available to meet contract owner redemption, transfer or cash withdrawal requests. The liquidity guarantee is required by the New York State Department of Financial Services and is subject to a prohibited transaction exemption that the Account received in 1996 (96-76) from the U.S. Department of Labor (the "PTE 96-76"). The Account pays TIAA for the risk associated with providing the liquidity guarantee through a daily deduction from the Account's net assets. Whether the liquidity guarantee is exercised is based on the cash level of the Account from time to time, as well as recent contract owner withdrawal activity and the Account's expected working capital, debt service and cash needs, and subject to the oversight of the independent fiduciary. If the Account cannot fund contract owner withdrawal or redemption requests from the Account's own cash flow and liquid investments, TIAA will fund them by purchasing accumulation units issued by the Account (accumulation units that are purchased by TIAA are generally referred to as "liquidity units"). TIAA guarantees that contract owners can redeem their accumulation units at the accumulation unit value next determined after their transfer or cash withdrawal request is received in good order. Liquidity units owned by TIAA are valued in the same manner as accumulation units owned by the Account's contract owners. The independent fiduciary, which has the right to adjust the percentage of total accumulation units that TIAA's ownership should not exceed (the "trigger point"), has established the trigger point at 45% of the outstanding accumulation units.

Expenses for the services and fees described above are identified as such in the accompanying Consolidated Statements of Operations and are further identified as "Expenses" in *Note 11—Financial Highlights*.

The Account has loans receivable outstanding with related parties as of September 30, 2021. The loans are with joint ventures in which the Account also has an equity interest. The loans are held at fair value in accordance with the valuation policies described in *Note 1—Organization and Significant Accounting Policies*. The following table presents the key terms of the loans as of the reporting date (in millions):

Principal 2021	Principal 2020	Related Party	Equity Ownership Interest	Interest Rate	Maturity Date	Fair Value at September 30, 2021	Fair Value at December 31, 2020
36.5	36.5	MRA Hub 34 Holding, LLC	95.00%	2.50% + LIBOR	9/1/2022	$ 36.5	$ 36.5
32.8	32.8	THP Student Housing, LLC	97.00%	3.20%	9/1/2024	32.9	32.9
		TOTAL LOANS RECEIVABLE WITH RELATED PARTIES				**$ 69.4**	**$ 69.4**

Note 3—Concentrations of Risk

Concentrations of risk may arise when a number of properties 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. Additionally, concentrations of risk may arise if any one tenant comprises a significant amount of the Account's rent, or if tenants are concentrated in a particular industry.

As of September 30, 2021, the Account had no significant concentrations of tenants as no single tenant had annual contract rent that made up more than 4% of the rental income of the Account. Moreover, the Account's tenants have no notable concentration present in any one industry.

The Account's wholly-owned real estate investments and investments in joint ventures are located in the United States. The following table represents the diversification of the Account's portfolio by region and property type as of September 30, 2021:

Diversification by Fair Value[1]	West	East	South	Midwest	Total
Office	13.1 %	17.5 %	5.7 %	0.1 %	36.4 %
Apartment	8.8 %	6.9 %	8.4 %	1.0 %	25.1 %
Industrial	11.9 %	2.0 %	4.8 %	1.0 %	19.7 %
Retail	5.1 %	3.1 %	6.3 %	0.8 %	15.3 %
Other[2]	1.3 %	0.7 %	1.4 %	0.1 %	3.5 %
Total	40.2 %	30.2 %	26.6 %	3.0 %	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 hotel 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—Leases

The Account's wholly-owned real estate properties are leased to tenants under operating lease agreements which expire on various dates through 2051. Rental income is recognized in accordance with the billing terms of the lease agreements. The leases do not have material variable payments, material residual value guarantees or material restrictive covenants. Certain leases have the option to extend or terminate at the tenant's discretion, with termination options resulting in additional fees due to the Account. Aggregate minimum annual rentals for wholly-owned real estate investments owned by the Account through the non-cancelable lease term, excluding short-term residential leases, as of September 30, 2021 and December 31, 2020 are as follows (in millions):

Years Ended	As of September 30, 2021		As of December 31, 2020
2021	$ 157.1	[1]	$ 638.6
2022	611.5		576.0
2023	560.1		504.6
2024	487.0		430.2
2025	408.3		353.2
Thereafter	1,385.3		1,037.6
Total	$ 3,609.3		$ 3,540.2

[1] Representative of minimum rents owed for the remaining months of the calendar year ending December 31, 2021.

Certain leases provide for additional rental amounts based upon the recovery of actual operating expenses in excess of specified base amounts, sales volume or contractual increases as defined in the lease agreement. These contractual contingent rentals are not included in the table above.

The Account has ground leases for which the Account is the lessee. The leases do not contain material residual value guarantees or material restrictive covenants. The fair value of right-of-use assets and leases liabilities related to ground leases are reflected on the balance sheet within other assets and other liabilities, respectively.

The fair values and key terms of the right-of-use assets and lease liabilities related to the Account's ground leases are as follows (in millions):

	As of September 30, 2021	As of December 31, 2020
Assets:		
Right-of-use assets, at fair value	$ 38.2	$ 36.8
Liabilities:		
Ground lease liabilities, at fair value	$ 38.2	$ 36.8
Key Terms:		
Weighted-average remaining lease term (years)	68.7	69.4
Weighted-average discount rate[1]	7.79 %	8.05 %

[1] Discount rates are reflective of the rates utilized during the most recent appraisal of the associated real estate investments.

For the nine months ended September 30, 2021 and 2020, operating lease costs related to ground leases were $1.7 million and $1.6 million, respectively. These costs include variable lease costs, which are immaterial. Aggregate future minimum annual payments for ground leases held by the Account are as follows (in millions):

Years Ended	As of September 30, 2021		As of December 31, 2020
2021[1]	$ 0.6	[1]	$ 2.2
2022	2.3		2.3
2023	2.4		2.3
2024	2.4		2.3
2025	2.4		2.3
Thereafter	427.6		402.8
Total	$ 437.7		$ 414.2

[1] Representative of minimum rents owed for the remaining months of the calendar year ending December 31, 2021.

In April 2020, the FASB staff released guidance focused on treatment of concessions related to the effects of the COVID-19 pandemic on the application of lease modification guidance in Accounting Standards Codification ("ASC") 842, "Leases." The guidance provides a practical expedient to forgo the associated reassessments required by ASC 842 when changes to a lease result in similar or lower future consideration. There was no material exposure to rent concessions or lease defaults for tenants impacted by the COVID-19 pandemic for the nine months ended September 30, 2021.

Note 5—Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

- Level 1 fair value inputs are quoted prices for identical items in active, liquid and visible markets such as stock exchanges.
- Level 2 fair value inputs are observable information for similar items in active or inactive markets, and appropriately consider counterparty creditworthiness in the valuations.
- Level 3 fair value inputs reflect our best estimate of inputs and assumptions market participants would use in pricing an asset or liability at the measurement date. The inputs are unobservable in the market and significant to the valuation estimate.

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. Real estate fund investments are excluded from the valuation hierarchy, as these investments are fair valued using their net asset value as a practical expedient since market quotations or values from independent pricing services are not readily available. See *Note 1—Organization and Significant Accounting Policies* for further discussion regarding the use of a practical expedient for the valuation of real estate funds.

The following tables show the major categories of assets and liabilities measured at fair value on a recurring basis as of September 30, 2021 and December 31, 2020, 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 fair value using the practical expedient (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 September 30, 2021
Real estate properties	$ —	$ —	$ 17,398.7	$ —	$ 17,398.7
Real estate joint ventures	—	—	7,053.1	—	7,053.1
Real estate funds	—	—	—	648.0	648.0
Real estate operating business	—	—	286.0	—	286.0
Marketable securities:					
U.S. government agency note	—	547.6	—	—	547.6
Foreign government agency notes	—	5.2	—	—	5.2
U.S. treasury securities	—	729.7	—	—	729.7
Corporate bonds	—	478.8	—	—	478.8
Loans receivable[(1)]	—		1,448.1	—	1,448.1
Total Investments at September 30, 2021	$ —	$ 1,761.3	$ 26,185.9	$ 648.0	$ 28,595.2
Loans payable	$ —	$ —	$ (2,343.2)	$ —	$ (2,343.2)

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, 2020
Real estate properties	$ —	$ —	$ 16,476.7	$ —	$ 16,476.7
Real estate joint ventures	—	—	6,128.9	—	6,128.9
Real estate funds	—	—	—	393.2	393.2
Real estate operating business	—	—	250.0	—	250.0
Marketable securities:					
U.S. government agency notes	—	157.0	—	—	157.0
U.S. treasury securities	—	582.3	—	—	582.3
Loans receivable[1]	—	—	1,562.6	—	1,562.6
Total Investments at December 31, 2020	$ —	$ 739.3	$ 24,418.2	$ 393.2	$ 25,550.7
Loans payable	$ —	$ —	$ (2,411.4)	$ —	$ (2,411.4)

[1] Amount shown is reflective of loans receivable and loans receivable with related parties.

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 and nine months ended September 30, 2021 and 2020 (in millions):

	Real Estate Properties	Real Estate Joint Ventures	Real Estate Operating Business	Loans Receivable[3]	Total Level 3 Investments	Loans Payable
For the three months ended September 30, 2021						
Beginning balance July 1, 2021	$ 17,029.8	$ 6,482.6	$ 273.5	$ 1,391.8	$ 25,177.7	$ (2,388.2)
Total realized and unrealized gains (losses) included in changes in net assets	530.9	425.1	12.5	1.5	970.0	(3.0)
Purchases[1]	112.8	180.5	—	92.7	386.0	(39.7)
Sales	(274.8)	—	—	—	(274.8)	—
Settlements[2]	—	(35.1)	—	(37.9)	(73.0)	87.7
Ending balance September 30, 2021	$ 17,398.7	$ 7,053.1	$ 286.0	$ 1,448.1	$ 26,185.9	$ (2,343.2)

	Real Estate Properties	Real Estate Joint Ventures	Real Estate Operating Business	Loans Receivable[3]	Total Level 3 Investments	Loans Payable
For the nine months ended September 30, 2021						
Beginning balance January 1, 2021	$ 16,476.7	$ 6,128.9	$ 250.0	$ 1,562.6	$ 24,418.2	$ (2,411.4)
Total realized and unrealized gains (losses) included in changes in net assets	1,425.7	579.2	34.6	6.1	2,045.6	11.0
Purchases[1]	332.6	380.4	1.4	256.4	970.8	(39.7)
Sales	(836.3)	—	—	(294.5)	(1,130.8)	—
Settlements[2]	—	(35.4)	—	(82.5)	(117.9)	96.9
Ending balance September 30, 2021	$ 17,398.7	$ 7,053.1	$ 286.0	$ 1,448.1	$ 26,185.9	$ (2,343.2)

	Real Estate Properties	Real Estate Joint Ventures	Loans Receivable[3]	Total Level 3 Investments	Loans Payable	Line of Credit
For the three months ended September 30, 2020						
Beginning balance July 1, 2020	$ 16,748.6	$ 6,024.6	$ 1,578.2	$ 24,351.4	$ (2,457.0)	$ (291.0)
Total realized and unrealized losses included in changes in net assets	(92.1)	(45.6)	(8.8)	(146.5)	(42.4)	—
Purchases[1]	55.4	15.0	3.5	73.9	—	—
Sales	3.1	—	—	3.1	—	—
Settlements[2]	—	(0.2)	(3.3)	(3.5)	3.7	200.0
Ending balance September 30, 2020	$ 16,715.0	$ 5,993.8	$ 1,569.6	$ 24,278.4	$ (2,495.7)	$ (91.0)

	Real Estate Properties	Real Estate Joint Ventures	Loans Receivable[3]	Total Level 3 Investments	Loans Payable	Line of Credit
For the nine months ended September 30, 2020						
Beginning balance January 1, 2020	$ 15,835.0	$ 7,204.2	$ 1,572.1	$ 24,611.3	$ (2,365.0)	$ (250.0)
Total realized and unrealized losses included in changes in net assets	(334.0)	(422.1)	(32.6)	(788.7)	(6.1)	—
Purchases[1]	1,564.3	57.0	114.8	1,736.1	(289.6)	(540.0)
Sales	(350.3)	—	(64.7)	(415.0)	—	—
Settlements[2]	—	(845.3)	(20.0)	(865.3)	165.0	699.0
Ending balance September 30, 2020	$ 16,715.0	$ 5,993.8	$ 1,569.6	$ 24,278.4	$ (2,495.7)	$ (91.0)

(1) Includes purchases, contributions for joint ventures, capital expenditures, lending for loans receivable and assumption of loans payable.
(2) Includes operating income for real estate joint ventures net of distributions, principal payments and payoffs of loans receivable, and principal payments and extinguishment of loans payable.
(3) Amount shown is reflective of loans receivable and loans receivable with related parties.

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of September 30, 2021.

Type	Asset Class	Valuation Technique(s)	Unobservable Inputs[1]	Range (Weighted Average)
Real Estate Properties and Joint Ventures	Office	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.8% - 9.5% (6.7%) 4.5% - 8.5% (5.6%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	4.0% - 8.0% (5.1%)
	Industrial	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.0% - 8.5% (6.2%) 4.3% - 7.0% (4.9%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	2.8% - 6.8% (4.3%)
	Apartment	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.5% - 7.5% (6.1%) 4.0% - 6.5% (4.7%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	3.5% - 5.8% (4.2%)
	Retail	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	6.0% - 11.8% (7.0%) 5.0% - 9.0% (5.7%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	4.5% - 9.0% (5.3%)
	Hotel	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	10.3% (10.3%) 7.8% (7.8%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	7.5% (7.5%)
Real Estate Operating Business		Income Approach—Discounted Cash Flow	Discount Rate Terminal Growth Rate	7.7% 4.0%
		Market Approach	EBITDA Multiple	17.0x

Type	Asset Class	Valuation Technique(s)	Unobservable Inputs[1]	Range (Weighted Average)
Loans Payable	Office	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	35.2% - 59.9% (46.6%) 1.8% - 3.7% (3.2%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	35.2% - 59.9% (46.6%) 1.2 - 1.5 (1.3)
	Industrial	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	41.4% - 55.2% (46.9%) 3.3% - 3.7% (3.4%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	41.4% - 55.2% (46.9%) 1.3 - 1.4 (1.4)
	Apartment	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	35.7% - 61.5% (45.1%) 2.1% - 3.0% (2.7%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	35.7% - 61.5% (45.1%) 1.3 - 1.5 (1.3)
	Retail	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	37.7% - 73.1% (47.8%) 2.5% - 4.0% (3.4%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	37.7% - 73.1% (47.8%) 1.3- 1.8 (1.4)
Loans Receivable, including those with related parties	Office	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	40.5% - 91.8% (72.8%) 2.4% - 9.5% (5.7%)
	Industrial	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	29.4% - 68.4% (64.9%) 4.3% - 5.1% (4.6%)
	Apartment	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	38.4% - 77.3% (50.0%) 2.5% - 8.6% (5.0%)
	Retail & Hospitality	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	58.4% - 79.8% (66.4%) 3.6% - 7.2% (5.3%)

The following table shows quantitative information about unobservable inputs related to the Level 3 fair value measurements as of September 30, 2020.

Type	Asset Class	Valuation Technique(s)	Unobservable Inputs[1]	Range (Weighted Average)
Real Estate Properties and Joint Ventures	Office	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.8% - 9.0% (6.7%) 4.0% - 8.3% (5.5%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	4.0% - 8.0% (5.0%)
	Industrial	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.2% - 9.0% (6.6%) 4.3% - 7.3% (5.4%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	3.8% - 7.0% (4.8%)
	Apartment	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.3% - 7.8% (6.4%) 4.3% - 6.8% (5.1%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	3.8% - 6.0% (4.6%)
	Retail	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	5.3% - 11.8% (6.8%) 5.0% - 9.4% (5.6%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	4.0% - 11.5% (5.1%)
	Hotel	Income Approach—Discounted Cash Flow	Discount Rate Terminal Capitalization Rate	10.3% (10.3%) 7.8% (7.8%)
		Income Approach—Direct Capitalization	Overall Capitalization Rate	7.5% (7.5%)
Loans Payable	Office	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	34.5% - 55.4% (45.1%) 2.4% - 3.4% (3.0%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	34.5% - 55.4% (45.1%) 1.2 - 1.4 (1.3)
	Industrial	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	31.4% - 59.2% (52.9%) 3.5% - 4.3% (3.6%)

Type	Asset Class	Valuation Technique(s)	Unobservable Inputs[1]	Range (Weighted Average)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	31.4% - 59.2% (52.9%) 1.2 - 1.5 (1.4)
	Apartment	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	29.8% - 68.7% (47.9%) 2.6% - 3.4% (3.0%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	29.8% - 68.7% (47.9%) 1.2 - 1.6 (1.4)
	Retail	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	42.0% - 65.1% (46.5%) 2.8% - 3.9% (3.1%)
		Net Present Value	Loan to Value Ratio Weighted Average Cost of Capital Risk Premium Multiple	42.0% - 65.1% (46.5%) 1.3 - 1.6 (1.3)
Loans Receivable, including those with related parties	Office	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	49.5% - 91.8% (74.6%) 3.5% - 9.5% (6.4%)
	Industrial	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	31.2% - 90.2% (61.8%) 4.3% - 12.4% (8.1%)
	Apartment	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	47.5% - 74.7% (63.5%) 3.2% - 7.0% (4.9%)
	Retail & Hospitality	Discounted Cash Flow	Loan to Value Ratio Equivalency Rate	52.8% - 93.0% (84.7%) 5.3% - 9.3% (6.0%)

(1) Equivalency Rate is defined as the prevailing market interest rate used to discount the contractual loan payments.

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.

Real Estate Operating Business: The significant unobservable inputs used in the fair value measurement of the Account's real estate operating business are the selection of certain investment rates and ratios (Discount Rate, Terminal Growth Rate, and EBITDA Multiple). Significant increases (decreases) in any of those inputs in isolation would result in significantly lower (higher) fair value measurements, respectively.

Loans Payable: The significant unobservable inputs used in the fair value measurement of the Account's 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 and nine months ended September 30, 2021 and 2020, there were no transfers between Levels 1, 2 or 3.

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

	Real Estate Properties	Real Estate Joint Ventures	Real Estate Operating Business	Loans Receivable[1]	Total Level 3 Investments	Loans Payable
For the three months ended September 30, 2021	$ 550.9	$ 419.6	$ 12.5	$ 1.2	$ 984.2	$ (3.0)
For the nine months ended September 30, 2021	$ 1,350.8	$ 573.8	$ 34.6	$ 8.3	$ 1,967.5	$ 11.0
For the three months ended September 30, 2020	$ (89.1)	$ (10.0)	$ —	$ (8.8)	$ (107.9)	$ (42.4)
For the nine months ended September 30, 2020	$ (322.0)	$ (328.2)	$ —	$ (31.0)	$ (681.2)	$ (6.1)

[1] Amount shown is reflective of loans receivable and loans receivable with related parties.

Note 6—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 loans payable collateralized by the properties owned by the aforementioned joint ventures. At September 30, 2021, the Account held investments in joint ventures with ownership interest percentages that ranged from 33.3% to 98.5%. Certain joint ventures are subject to adjusted distribution percentages when earnings in the investment reach a predetermined threshold.

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

	For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2021	
	2021	2020	2021	2020
Operating Revenue and Expenses				
Revenues	$ 270.5	$ 246.6	$ 771.6	$ 782.9
Expenses	151.5	134.8	430.6	434.7
Excess of revenues over expenses	$ 119.0	$ 111.8	$ 341.0	$ 348.2

Note 7—Investments in Real Estate Funds

The Account has ownership interests in real estate funds (each a "Fund", and collectively the "Funds"). The Funds are setup as limited partnerships or entities similar to a limited partnership, and as such, meet the definition of a VIE as the limited partners collectively lack the power, through voting or similar rights, to direct the activities of the Fund that most significantly impact the Fund's economic performance. Management has determined that the Account is not the primary beneficiary for any of the Funds, as the Account lacks the power to direct the activities of each Fund that most significantly impact the respective Fund's economic performance, and the Account further lacks substantive kick-out rights to remove the entity with these powers. Refer to *Note 1—Organization and Significant Accounting Policies* for a description of the methodology used to determine the primary beneficiary of a VIE.

No financial support (such as loans or financial guarantees) was provided to the Funds during the nine months ended September 30, 2021. The Account is contractually obligated to make additional capital contributions in certain Funds in future years. These commitments are identified in *Note 13—Commitments and Contingencies*.

The carrying amount and maximum exposure to loss relating to unconsolidated VIEs in which the Account holds a variable interest but is not the primary beneficiary were as follows at September 30, 2021 (in millions):

Fund Name	Carrying Amount	Maximum Exposure to Loss	Liquidity Provisions	Investment Strategy
LCS SHIP Venture I, LLC **(90.0% Account Interest)**	$ 227.8	$ 227.8	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2025. The Account is permitted to sell or transfer its interest in the fund, subject to consent and approval of the manager.	To invest in senior housing properties.
Veritas - Trophy VI, LLC **(90.4% Account Interest)**	$ 60.8	$ 60.8	Redemptions prohibited prior to liquidation. The Account is not permitted to sell or transfer its interest in the fund until August 2022. After this date, the Account can sell or transfer its interest in the fund with the consent and approval of the manager.	To invest in multi-family properties primarily in the San Francisco Bay and Los Angeles metropolitan statistical area ("MSA").
SP V - II, LLC **(61.8% Account Interest)**	$ 76.8	$ 76.8	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2022. The Account is permitted to sell or transfer its interest in the fund, subject to consent and approval of the manager.	To invest in medical office properties in the U.S.
Taconic New York City GP Fund, LP **(60.0% Account Interest)**	$ 30.0	$ 30.0	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2024. The Account is permitted to sell its interest in the fund, subject to consent and approval of the general partner.	To invest in real estate and real estate-related assets in the New York City MSA.
Silverpeak NRE FundCo LLC **(90.0% Account Interest)**	$ 51.2	$ 51.2	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2028. The Account is permitted to sell its interest in the fund to qualified institutional investors, subject to consent and approval of the manager.	To invest in alternative real estate investments primarily in major U.S. metropolitan markets.
IDR - Core Property Index Fund, LLC **(2.7% Account Interest)**	$ 36.1	$ 36.1	Redemptions are permitted for a full calendar quarter and upon at least 90 days prior written notice, subject to fund availability. The Account is permitted to sell its interest in the fund, subject to consent and approval of the manager.	To invest primarily in open-ended funds that fall within the NFI-ODCE Index and are actively managed.
Townsend Group Value-Add Fund **(99.0% Account Interest)**	$ 51.8	$ 51.8	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2027. The Account is prohibited from transferring its interest in the fund without consent by the general partner, which can be withheld in their sole discretion	To invest in value-add real estate investment opportunities in the U.S. market.
Flagler REA Healthcare Properties Partnership **(90.0% Account Interest)**	$ 22.7	$ 22.7	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2025. The Account is permitted to transfer its interest in the fund to a qualified institutional investor, subject to the right first offer by the partner, following the one year anniversary of the fund launch.	To acquire healthcare properties within the top 50 MSA's in the U.S.

Fund Name	Carrying Amount	Maximum Exposure to Loss	Liquidity Provisions	Investment Strategy
Grubb Southeast Real Estate Fund VI, LLC (66.7% Account Interest)	$ 34.9	$ 34.9	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2026. The Account is permitted to sell or transfer its interest in the fund with the consent and approval of the manager.	To acquire office investments across the Southeast.
Silverpeak NRE FundCo 2 LLC (90.0% Account Interest)	$ 41.7	$ 41.7	Redemptions prohibited prior to liquidation. The Account is permitted to sell its interest in the fund to qualified institutional investors, subject to consent and approval of the manager.	To invest in value-add real estate investment opportunities in the top 25 major U.S. metropolitan markets.
JCR Capital - REA Preferred Equity Parallel Fund (39.7% Account Interest)	$ 14.2	$ 14.2	Redemptions prohibited prior to liquidation. Liquidation estimated to begin no earlier than 2026. The Account is prohibited from transferring its interest in the fund without consent by the general partner, which can be withheld in their sole discretion	To invest primarily in multi-family properties.
Total	**$ 648.0**	**$ 648.0**		

Note 8—Loans Receivable

The Account’s loan receivable portfolio is primarily comprised of mezzanine loans secured by the borrower’s direct and indirect interests in commercial real estate. Mezzanine loans are subordinate to first mortgages on the underlying real estate collateral. The following property types represent the underlying real estate collateral for the Account's mezzanine loans (in millions):

	September 30, 2021			December 31, 2020		
	Principal Outstanding	Fair Value	% of Fair Value	Principal Outstanding	Fair Value	% of Fair Value
Office[(1)]	$ 792.1	$ 782.3	54.1 %	$ 794.5	$ 778.4	49.9 %
Apartments[(1)]	253.4	251.2	17.3 %	262.2	259.7	16.6 %
Industrial	182.7	182.7	12.6 %	194.3	194.3	12.4 %
Hotel	125.3	124.8	8.6 %	135.3	129.9	8.3 %
Retail	108.7	107.1	7.4 %	128.6	126.5	8.1 %
Storage	—	—	— %	82.0	73.8	4.7 %
	$ 1,462.2	$ 1,448.1	100.0 %	$ 1,596.9	$ 1,562.6	100.0 %

(1) Includes loans receivable with related parties.

The Account monitors the risk profile of the loan receivable portfolio with the assistance of a third-party rating service that models the loans and assigns risk ratings based on inputs such as loan-to-value ratios, yields, credit quality of the borrowers, property types of the collateral, geographic and local market dynamics, physical condition of the collateral, and the underlying structure of the loans. Ratings for loans are updated monthly. Assigned ratings can range from AAA to C, with an AAA designation representing debt with the lowest level of credit risk and C representing a greater risk of default or principal loss. Loans that are more than 90 days past due are classified as delinquent and assigned a D rating. Mezzanine debt in good health is typically reflective of a risk rating in the B range (e.g., BBB, BB, or B), as these ratings reflect borrowers' having adequate financial resources to service their financial commitments, but also acknowledging that adverse economic conditions, should they occur, would likely impede on a borrowers' ability to pay.

All borrowers of loans rated C or higher are current as of September 30, 2021. Two of the Account's loans are currently in forbearance. The total principal outstanding on these two loans is $125.3 million as of September 30,

2021. The forbearance allowed for the deferral of the June, July and August 2020 debt service payments. The deferred payments are being repaid in 12 equal installments over the period from January 9, 2021 to December 9, 2021, at which time the forbearance period will end. The forbearance period is not based upon current COVID-19 relief provided under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Interest income continues to be accrued during the forbearance period so long as future collection of the deferred payments are probable.

The following table presents the fair values of the Account's loan portfolio based on the risk ratings as of September 30, 2021 (in millions), listed in order of the strength of the risk rating (from strongest to weakest):

	September 30, 2021			December 31, 2020		
	Number of Loans	Fair Value	% of Fair Value	Number of Loans	Fair Value	% of Fair Value
A	5	298.9	20.7 %	—	—	— %
BBB	5	364.7	25.2 %	1	69.6	4.5 %
BB	11	504.4	34.8 %	10	444.6	28.5 %
B	3	62.8	4.3 %	11	758.2	48.5 %
C	2	147.9	10.2 %	2	147.0	9.4 %
D	—	—	— %	1	73.8	4.7 %
NR[1]	2	69.4	4.8 %	2	69.4	4.4 %
	28	$ 1,448.1	100.0 %	27	$ 1,562.6	100.0 %

[1] "NR" designates loans not assigned an internal credit rating. As of September 30, 2021 and December 31, 2020, this is comprised of two loans with related parties. The loans are collateralized by equity interests in real estate investments.

Note 9—Loans Payable

At September 30, 2021, the Account had outstanding loans payable secured by the following assets (in millions):

		Principal Amounts Outstanding as of		
Property	Annual Interest Rate and Payment Frequency[2]	September 30, 2021	December 31, 2020	Maturity
Ascent at Windward	3.51% paid monthly	$ 34.6	$ 34.6	January 1, 2022
The Palatine[1]	4.25% paid monthly	73.2	74.4	January 10, 2022
The Forum at Carlsbad	4.25% paid monthly	—	84.0	March 1, 2022
Fusion 1560	3.42% paid monthly	37.4	37.4	June 10, 2022
San Diego Office Portfolio[4]	3.62% paid monthly	51.4	51.2	August 15, 2022
The Colorado[1]	3.69% paid monthly	85.0	86.4	November 1, 2022
The Legacy at Westwood[1]	3.69% paid monthly	43.3	44.0	November 1, 2022
Regents Court[1]	3.69% paid monthly	36.7	37.3	November 1, 2022
1001 Pennsylvania Avenue[1]	3.70% paid monthly	309.3	314.3	June 1, 2023
Biltmore at Midtown	3.94% paid monthly	36.4	36.4	July 5, 2023
Cherry Knoll	3.78% paid monthly	35.3	35.3	July 5, 2023
Lofts at SoDo	3.94% paid monthly	35.1	35.1	July 5, 2023
Pacific City	2.00% + LIBOR paid monthly	105.0	105.0	October 1, 2023
The Stratum[4]	2.45% paid monthly	39.8	—	May 9, 2024
1401 H Street NW	3.65% paid monthly	115.0	115.0	November 5, 2024
The District on La Frontera[1]	3.84% paid monthly	37.9	38.4	December 1, 2024
The District on La Frontera[1]	4.96% paid monthly	4.2	4.2	December 1, 2024
Circa Green Lake	3.71% paid monthly	52.0	52.0	March 5, 2025
Union - South Lake Union	3.66% paid monthly	57.0	57.0	March 5, 2025
Holly Street Village	3.65% paid monthly	81.0	81.0	May 1, 2025
Henley at Kingstowne[1]	3.60% paid monthly	69.3	70.3	May 1, 2025

Property	Annual Interest Rate and Payment Frequency[(2)]	Principal Amounts Outstanding as of September 30, 2021	Principal Amounts Outstanding as of December 31, 2020	Maturity
32 South State Street	4.48% paid monthly	$ 24.0	$ 24.0	June 6, 2025
Vista Station Office Portfolio[(1)]	4.00% paid monthly	19.4	19.9	July 1, 2025
780 Third Avenue	3.55% paid monthly	150.0	150.0	August 1, 2025
780 Third Avenue	3.55% paid monthly	20.0	20.0	August 1, 2025
Vista Station Office Portfolio[(1)]	4.20% paid monthly	43.1	43.9	November 1, 2025
701 Brickell Avenue[(1)]	3.66% paid monthly	182.6	184.0	April 1, 2026
Marketplace at Mill Creek	3.82% paid monthly	39.6	39.6	September 11, 2027
Overlook At King Of Prussia	3.82% paid monthly	40.8	40.8	September 11, 2027
Winslow Bay	3.82% paid monthly	25.8	25.8	September 11, 2027
1900 K Street, NW	3.93% paid monthly	163.0	163.0	April 1, 2028
99 High Street	3.90% paid monthly	277.0	277.0	March 1, 2030
Total Principal Outstanding		$ 2,324.2	$ 2,381.3	
Fair Value Adjustment[(3)]		19.0	30.1	
Total Loans Payable		$ 2,343.2	$ 2,411.4	

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

(2) All interest rates are fixed except for Pacific City, which has a variable interest rate based on a spread above the one month London Interbank Offered Rate, as published by ICE Benchmark Administration Limited. 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) The loan is collateralized by a mezzanine loan receivable. The mezzanine loan receivable is collateralized by the property reflected within the table above.

Note 10—Line of Credit

The Account has a senior revolving unsecured line of credit with a syndicate of third-party bank lenders, including JPMorgan Chase Bank, N.A. ("Credit Agreement") with a maximum total commitment of $500.0 million. Draws against the Credit Agreement can take the form of Eurodollar Loans or Alternate Base Rate Loans ("ABR Loans"). Eurodollar Loans and ABR Loans require a minimum funding of $5.0 million. The Account previously held an unused, stand-alone, $500.0 million unsecured line of credit scheduled to mature in August 2021 that was terminated in May 2021.

Eurodollar Loans are issued for a term of twelve months or less and bear interest during the period ("Interest Period") at a rate equal to the Adjusted London Interbank Offered Rate ("Adjusted LIBOR") plus a spread (the "Eurodollar Applicable Rate"), with the spread dependent upon the leverage ratio of the Account. Adjusted LIBOR is calculated by multiplying the Statutory Reserve Rate, as determined by the Federal Reserve Board for Eurodollar liabilities, by LIBOR, as determined by the Intercontinental Exchange on the date of issuance that corresponds to the length of the Interest Period. The Account may prepay Eurodollar Loans at any time during the life of the loan without penalty. The Account is limited to five active Eurodollar Loans on the Credit Agreement; however, the Account may retire and initiate new Eurodollar Loans without restriction so long as the total number of loans in active status does not exceed the limit.

ABR Loans are issued for a specific length of time and bear interest at a rate equal to the highest rate among the following calculations plus a spread (the "ABR Applicable Rate"), with the spread dependent on the leverage ratio of the Account: (i) the Prime Rate on the date of issuance, with the Prime Rate being defined as the rate of interest last quoted by the Wall Street Journal as the Prime Rate; (ii) the Federal Reserve Bank of New York ("NYFRB") rate as provided by the NYFRB on the date of issuance plus 0.5%; or (iii) the Adjusted LIBOR rate plus 1.0%. The Account may prepay ABR Loans at any time during the life of the loan without penalty.

As of September 30, 2021, the Account was in compliance with all covenants required by the Credit Agreement.

The following table provides a summary of the key characteristics of the Credit Agreement as of September 30, 2021:

Current Balance (in millions)	$	—
Maximum Capacity (in millions)	$	500.0
Inception Date		September 20, 2018
Maturity Date		September 20, 2022 (1)
Extension Option		Yes (1)
Eurodollar Applicable Rate Range		0.85% - 1.05%
ABR Applicable Rate Range		0.85% - 1.05%
Unused Fee (2)		0.20% per annum

(1) On July 16, 2021, the Account exercised its option to extend the commitment terms until September 20, 2022, with one consecutive twelve month extension option remaining. The Account may request an additional $250.0 million in commitments from the lenders at any time; however, this request is subject to approval at the sole discretion of the lenders and is not a guarantee that an expansion beyond the original $500.0 million commitment will be granted.

(2) The Account is charged a fee on the unused portion of the Credit Agreement.

Note 11—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 Nine Months Ended September 30, 2021	Years Ended December 31,		
		2020	2019	2018
Per Accumulation Unit Data:				
Rental income	$ 16.952	$ 21.145	$ 18.165	$ 17.757
Real estate property level expenses and taxes	8.147	10.067	8.734	8.548
Real estate income, net	8.805	11.078	9.431	9.209
Other income	4.209	4.980	6.752	6.162
Total income	13.014	16.058	16.183	15.371
Expense charges(1)	2.956	3.562	3.439	3.161
Investment income, net	10.058	12.496	12.744	12.210
Net realized and unrealized gain (loss) on investments and loans payable	39.052	(16.196)	10.262	6.877
Net increase (decrease) in Accumulation Unit Value	49.110	(3.700)	23.006	19.087
Accumulation Unit Value:				
Beginning of period	436.722	440.422	417.416	398.329
End of period	$ 485.832	$ 436.722	$ 440.422	$ 417.416
Total return(3)	11.25 %	(0.84)%	5.51 %	4.79 %
Ratios to Average net assets(2):				
Expenses(1)	0.85 %	0.81 %	0.78 %	0.76 %
Investment income, net	2.89 %	2.85 %	2.90 %	2.95 %
Portfolio turnover rate(3):				
Real estate properties(4)	3.8 %	7.1 %	7.8 %	11.8 %
Marketable securities(5)	— %	113.4 %	28.7 %	5.1 %

	For the Nine Months Ended September 30, 2021	Years Ended December 31, 2020	2019	2018
Accumulation Units outstanding at end of period (millions)	52.9	52.0	60.8	60.7
Net assets end of period (millions)	$ 26,280.4	$ 23,243.9	$ 27,307.9	$ 25,842.6

(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 nine months ended September 30, 2021 are annualized.

(3) Percentages for the nine months ended September 30, 2021 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 real estate joint ventures and fund 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 12—Accumulation Units

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

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
Outstanding:		
Beginning of period	52.0	60.8
Credited for premiums	4.7	4.6
Annuity, other periodic payments, withdrawals and death benefits	(3.8)	(13.4)
End of period	52.9	52.0

Note 13—Commitments and Contingencies

Commitments—As of September 30, 2021 and December 31, 2020, the Account had the following immediately callable commitments to purchase additional interests in its real estate funds or provide additional funding through its loans receivable investments (in millions):

	Commitment Expiration	September 30, 2021	December 31, 2020
Real Estate Funds[(1)]			
LCS SHIP Venture I, LLC	06/2021	$ —	$ 28.1
Grubb Southeast Real Estate Fund VI, LLC	06/2021	—	81.5
Townsend Group Value-Add Fund	12/2021	195.7	241.9
Silverpeak NRE FundCo LLC	12/2021	48.5	81.1
Veritas Trophy VI, LLC	08/2022	23.3	29.4
SP V - II, LLC	09/2022	36.8	67.1
JCR Capital - REA Preferred Equity Parallel Fund	12/2022	85.3	92.3
Silverpeak NRE FundCo 2 LLC	12/2022	58.3	—
Taconic New York City GP Fund	11/2023	4.2	6.0
Flagler - REA Healthcare Properties Partnership	02/2025	1.2	49.6
		$ 453.3	$ 677.0
Loans Receivable[(2)]			
Rosemont Towson	09/2021	$ —	$ 1.2
Liberty Park Mezzanine	11/2021	2.6	3.1
BREP VIII Industrial Mezzanine	03/2022	22.4	15.5

	Commitment Expiration	September 30, 2021	December 31, 2020
SCG Oakland Portfolio Mezzanine	03/2022	$ 6.1	$ 6.5
311 South Wacker Mezzanine	06/2022	2.2	5.4
San Diego Office Portfolio Senior Loan	08/2022	6.8	7.0
San Diego Office Portfolio Mezzanine	08/2022	2.3	2.3
MRA Hub 34 Holding, LLC	09/2022	1.5	1.5
1330 Broadway Mezzanine	09/2022	10.9	10.9
Colony New England Hotel Portfolio Senior Loan	11/2022	14.1	14.1
Colony New England Hotel Portfolio Mezzanine	11/2022	4.7	4.7
Exo Apartments Senior Loan	01/2023	—	7.1
Exo Apartments Mezzanine	01/2023	2.4	2.4
Five Oak Mezzanine	03/2023	1.8	2.3
5 Points Towers Mezzanine	03/2024	4.3	—
The Stratum Senior Loan	05/2024	2.0	—
The Stratum Mezzanine	05/2024	0.7	—
Spring House Innovation Park Senior Loan	07/2024	39.7	—
Spring House Innovation Park Mezzanine	07/2024	13.2	—
The Reserve at Chino Hills	08/2025	20.0	—
		$ 157.7	$ 84.0
TOTAL COMMITMENTS		**$ 611.0**	**$ 761.0**

(1) Additional capital can be called during the commitment period at any time. The commitment period can only be extended by the manager with the consent of the Account. The commitment expiration date is reflective of the most recent signed agreement between the Account and the fund manager, including any side letter agreements.

(2) Advances from the Account can be requested during the commitment period at any time. The commitment expiration date is reflective of the most recent signed agreement between the Account and the borrower, including any side letter agreements. Certain loans contain extension clauses on the term of the loan that do not require the Account's prior consent. If elected, the Account's commitment may be extended through the extension term.

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 arbitration, 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 14—Subsequent Events

The following transactions occurred subsequent to September 30, 2021 (in millions):

Real Estate Properties and Joint Ventures

Purchases

Property Name	Purchase Date	Ownership Percentage	Sector	Location		Net Purchase Price[(1)]
735 Watkins Mill	10/01/2021	50.00%	Land	Gaithersburg, MD	$	5.9
Storage Portfolio IV[(2)]	10/06/2021	90.00%	Storage	Phoenix, AZ	$	17.3
Weston Business Center - Building E&F[(3)]	10/14/2021	100.00%	Industrial	Weston, FL	$	110.0
Dry Creek[(4)]	10/21/2021	50.00%	Office	Englewood, CA	$	11.5
Storage Portfolio IV[(2)]	11/02/2021	90.00%	Storage	Sugarland, TX	$	11.8

[(1)] The net purchase price represents the purchase price and closing costs.
[(2)] The Account purchased a 90% interest in a storage facility held in the Account's Storage Portfolio IV joint venture investment.
[(3)] Buildings held in the Account's Weston Business Center investment.
[(4)] Property held in the Account's Juniper MOB Portfolio joint venture investment.

Sales

Property Name	Sales Date	Ownership Percentage	Sector	Location		Net Sales Price[(1)]		Realized Gain on Sale[(2)]
1500 Owens	10/5/2021	50.0%	Office	San Francisco, CA	$	81.7	$	7.7
409 & 499 Illinois St.	10/5/2021	40.0%	Office	San Francisco, CA	$	253.9	$	51.7

[(1)] The net sales price represents the sales price, less selling expenses.
[(2)] Majority of the realized gain has been previously recognized as unrealized gains(losses) in the Account's Consolidated Statements of Operations.

Loans Receivable

Originations

Borrower Name	Transaction Date	Interest Rate	Sector	Maturity Date		Amount
Sixth & Main	10/20/2021	3.85% + LIBOR	Office	11/09/2025	$	67.4

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

REAL ESTATE PROPERTIES

Location/Sector	September 30, 2021 Fair Value	September 30, 2021 % of Net Assets	December 31, 2020 Fair Value	December 31, 2020 % of Net Assets
Alabama				
Retail	62.1	0.2 %	65.1	0.3 %
	$ 62.1	**0.2 %**	**$ 65.1**	**0.3 %**
Arizona				
Industrial	33.0	0.1 %	30.4	0.1 %
Office	55.3	0.2 %	52.0	0.2 %
	$ 88.3	**0.3 %**	**$ 82.4**	**0.3 %**
California				
Apartments	1,516.4	5.8 %	1,379.1	6.0 %
Industrial	2,400.4	9.1 %	1,782.4	7.8 %
Office	771.9	2.9 %	871.4	3.7 %
Retail	533.1	2.0 %	730.4	3.1 %
Other[(1)]	41.3	0.2 %	13.4	0.1 %
	$ 5,263.1	**20.0 %**	**$ 4,776.7**	**20.7 %**
Colorado				
Apartments	—	— %	352.0	1.5 %
Office	121.0	0.5 %	116.0	0.5 %
Retail	64.9	0.2 %	65.1	0.3 %
	$ 185.9	**0.7 %**	**$ 533.1**	**2.3 %**
Connecticut				
Office	73.3	0.3 %	100.0	0.4 %
	$ 73.3	**0.3 %**	**$ 100.0**	**0.4 %**
Florida				
Apartments	1,006.8	3.8 %	890.2	3.8 %
Industrial	304.7	1.2 %	278.9	1.2 %
Office	471.2	1.8 %	421.5	1.8 %
Retail	149.7	0.6 %	145.3	0.6 %
Other	26.5	0.1 %	—	— %
	$ 1,958.9	**7.5 %**	**$ 1,735.9**	**7.4 %**
Georgia				
Apartments	224.7	0.9 %	203.8	0.9 %
Industrial	164.5	0.6 %	145.5	0.6 %
Retail	250.1	1.0 %	303.3	1.3 %
	$ 639.3	**2.5 %**	**$ 652.6**	**2.8 %**
Illinois				
Apartments	108.1	0.4 %	92.6	0.4 %
Industrial	133.6	0.5 %	118.3	0.5 %
Retail	185.8	0.7 %	184.6	0.8 %
	$ 427.5	**1.6 %**	**$ 395.5**	**1.7 %**
Indiana				
Industrial	109.0	0.4 %	—	— %
	$ 109.0	**0.4 %**	**$ —**	**— %**
Maryland				
Apartments	65.5	0.2 %	57.8	0.2 %
Industrial	67.1	0.3 %	54.3	0.2 %
Retail	74.9	0.3 %	72.1	0.3 %
	$ 207.5	**0.8 %**	**$ 184.2**	**0.7 %**

(Dollar values shown in millions)

REAL ESTATE PROPERTIES

	September 30, 2021		December 31, 2020	
Location/Sector	**Fair Value**	**% of Net Assets**	**Fair Value**	**% of Net Assets**
Massachusetts				
Industrial	100.6	0.4 %	80.2	0.3 %
Office	806.1	3.1 %	804.8	3.6 %
Retail	124.0	0.5 %	121.0	0.5 %
	$ 1,030.7	**4.0 %**	**$ 1,006.0**	**4.4 %**
Minnesota				
Apartments	104.7	0.4 %	103.2	0.4 %
	$ 104.7	**0.4 %**	**$ 103.2**	**0.4 %**
New Jersey				
Industrial	265.5	1.0 %	218.6	0.9 %
Retail	96.1	0.4 %	98.4	0.4 %
	$ 361.6	**1.4 %**	**$ 317.0**	**1.3 %**
New York				
Apartments	254.0	1.0 %	243.1	1.0 %
Office	879.7	3.3 %	867.8	3.8 %
	$ 1,133.7	**4.3 %**	**$ 1,110.9**	**4.8 %**
North Carolina				
Apartments	78.8	0.3 %	74.0	0.3 %
Retail	89.0	0.3 %	86.8	0.4 %
	$ 167.8	**0.6 %**	**$ 160.8**	**0.7 %**
Oregon				
Apartments	38.8	0.1 %	40.8	0.2 %
	$ 38.8	**0.1 %**	**$ 40.8**	**0.2 %**
Pennsylvania				
Retail	70.8	0.3 %	72.3	0.3 %
	$ 70.8	**0.3 %**	**$ 72.3**	**0.3 %**
Rhode Island				
Retail	17.0	0.1 %	17.8	0.1 %
	$ 17.0	**0.1 %**	**$ 17.8**	**0.1 %**
South Carolina				
Apartments	86.2	0.3 %	81.3	0.3 %
Retail	47.1	0.2 %	47.0	0.2 %
	$ 133.3	**0.5 %**	**$ 128.3**	**0.5 %**
Tennessee				
Industrial	51.8	0.2 %	50.9	0.2 %
Retail	132.4	0.5 %	138.4	0.6 %
	$ 184.2	**0.7 %**	**$ 189.3**	**0.8 %**
Texas				
Apartments	561.4	2.1 %	516.3	2.2 %
Industrial	664.6	2.5 %	580.1	2.6 %
Office	564.8	2.1 %	507.0	2.2 %
Other[1]	86.4	0.3 %	63.6	0.3 %
	$ 1,877.2	**7.0 %**	**$ 1,667.0**	**7.3 %**
Utah				
Office	122.8	0.5 %	116.3	0.5 %
	$ 122.8	**0.5 %**	**$ 116.3**	**0.5 %**
Virginia				
Apartments	360.4	1.4 %	339.8	1.5 %
Office	124.8	0.5 %	125.8	0.5 %

(Dollar values shown in millions)

REAL ESTATE PROPERTIES

	September 30, 2021		December 31, 2020	
Location/Sector	**Fair Value**	**% of Net Assets**	**Fair Value**	**% of Net Assets**
Retail	153.4	0.6 %	150.5	0.6 %
	$ 638.6	**2.5 %**	**$ 616.1**	**2.6 %**
Washington				
Apartments	306.8	1.2 %	274.4	1.2 %
Industrial	482.1	1.8 %	418.3	1.8 %
	$ 788.9	**3.0 %**	**$ 692.7**	**3.0 %**
Washington D.C.				
Apartments	339.8	1.3 %	350.8	1.5 %
Office	1,373.9	5.2 %	1,361.9	5.9 %
	$ 1,713.7	**6.5 %**	**$ 1,712.7**	**7.4 %**
TOTAL REAL ESTATE PROPERTIES				
(Cost: $13,676.2 and $13,986.3)	**$ 17,398.7**	**66.2 %**	**$ 16,476.7**	**70.9 %**

REAL ESTATE JOINT VENTURES

	September 30, 2021		December 31, 2020	
Location/Sector	**Fair Value**	**% of Net Assets**	**Fair Value**	**% of Net Assets**
California				
Office	1,864.6	7.1 %	1,667.3	7.2 %
Retail	106.2	0.4 %	93.0	0.4 %
Other[(1)]	50.4	0.2 %	26.6	0.1 %
	$ 2,021.2	**7.7 %**	**$ 1,786.9**	**7.7 %**
Florida				
Retail	820.7	3.1 %	921.3	4.0 %
	$ 820.7	**3.1 %**	**$ 921.3**	**4.0 %**
Maryland				
Other[(1)]	$ 16.3	0.1 %	$ 17.2	0.1 %
	$ 16.3	**0.1 %**	**$ 17.2**	**0.1 %**
Massachusetts				
Office	797.3	3.0 %	688.0	3.1 %
	$ 797.3	**3.0 %**	**$ 688.0**	**3.1 %**
Nevada				
Retail	556.4	2.1 %	568.7	2.4 %
	$ 556.4	**2.1 %**	**$ 568.7**	**2.4 %**
New York				
Apartments	97.7	0.4 %	92.2	0.4 %
Industrial	83.9	0.3 %	79.2	0.3 %
Office	160.0	0.6 %	159.1	0.7 %
Retail	30.6	0.1 %	27.1	0.1 %
	$ 372.2	**1.4 %**	**$ 357.6**	**1.5 %**
North Carolina				
Apartments	83.3	0.3 %	42.2	0.2 %
Office	55.9	0.2 %	56.0	0.2 %
Retail	37.4	0.1 %	66.8	0.3 %
	$ 176.6	**0.6 %**	**$ 165.0**	**0.7 %**
South Carolina				
Apartments	56.0	0.2 %	—	— %
	$ 56.0	**0.2 %**	**$ —**	**— %**

(Dollar values shown in millions)

REAL ESTATE JOINT VENTURES

	September 30, 2021		December 31, 2020	
Location/Sector	**Fair Value**	**% of Net Assets**	**Fair Value**	**% of Net Assets**
Tennessee				
Retail	115.0	0.4 %	122.9	0.5 %
	$ 115.0	**0.4 %**	**$ 122.9**	**0.5 %**
Texas				
Office	345.4	1.3 %	336.2	1.4 %
Other[1]	46.1	0.2 %	33.1	0.1 %
	$ 391.5	**1.5 %**	**$ 369.3**	**1.5 %**
Washington				
Office	171.2	0.7 %	172.0	0.7 %
	$ 171.2	**0.7 %**	**$ 172.0**	**0.7 %**
Various[2]				
Apartments	857.7	3.3 %	616.1	2.7 %
Office	115.7	0.4 %	65.4	0.3 %
Other[1]	585.3	2.3 %	278.5	1.2 %
	$ 1,558.7	**6.0 %**	**$ 960.0**	**4.2 %**
TOTAL REAL ESTATE JOINT VENTURES				
(Cost: $5,415.1 and $5,021.9)	**$ 7,053.1**	**26.8 %**	**$ 6,128.9**	**26.4 %**

(1) Represents investments outside of the Account's core sectors such as storage portfolios, hotels and land.
(2) Properties within these investments are located throughout the United States.

MARKETABLE SECURITIES

	September 30, 2021		December 31, 2020	
	Fair Value	**% of Net Assets**	**Fair Value**	**% of Net Assets**
Total Corporate Bonds	478.8	1.8 %	—	— %
Total U.S. Government Agency Notes	547.6	2.1 %	157.0	0.7 %
Total Foreign Government Agency Notes	5.2	— %	—	— %
Total United States Treasury Securities	729.7	2.8 %	582.3	2.5 %
TOTAL MARKETABLE SECURITIES				
(Cost: $1,761.4 and $739.3)	**$ 1,761.3**	**6.7 %**	**$ 739.3**	**3.2 %**
TOTAL REAL ESTATE FUNDS				
(Cost: $579.9 and $373.3)	**$ 648.0**	**2.5 %**	**$ 393.2**	**1.7 %**
TOTAL REAL ESTATE OPERATING BUSINESS				
(Cost: $251.6 and $250.2)	**$ 286.0**	**1.1 %**	**$ 250.0**	**1.1 %**
TOTAL LOANS RECEIVABLE				
(Cost: ($1,392.9 and $1,527.6)	**$ 1,378.7**	**5.2 %**	**$ 1,493.2**	**6.4 %**
TOTAL LOANS RECEIVABLE WITH RELATED PARTIES				
(Cost: $69.3 and $69.3)	**$ 69.4**	**0.3 %**	**$ 69.4**	**0.3 %**
TOTAL INVESTMENTS				
(Cost: $23,146.4 and $21,967.9)	**$ 28,595.2**	**108.8 %**	**$ 25,550.7**	**110.0 %**

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, 2020 (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, owning and selling real property and real estate investments, including risks related to general economic and real estate market conditions, the risk that the Account's properties become too concentrated (whether by geography, sector or by tenant mix) and the risk that the sales price of a property might differ from its estimated or appraised value;
- Property valuations, including 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;
- Financing the Account's properties, including the risk of default on loans secured by the Account's properties (which could lead to foreclosure);
- Contract owner transactions, in particular that (i) significant net contract owner transfers out of the Account may impair our ability to pursue or consummate new investment opportunities, (ii) significant net contract owner transfers into the Account may result, on a temporary basis, in our cash holdings and/or holdings in liquid non-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 ventures and real estate funds, including the risk that the Account may gave limited rights with respect to the joint venture or that a co-venturer or fund manager may have financial difficulties;
- Governmental regulatory matters such as zoning laws, rent control laws, and property taxes;
- Potential liability for damage to the environment or injury to individuals caused by hazardous substances used or found on its properties, as well as risks associated with federal and state environmental laws may impose restrictions on the manner in which a property may be used;
- Certain catastrophic losses that may be uninsurable, as well as risks related to climate-related changes and hazards, which could adversely impact the Account's investment returns;
- The utilization of ESG criteria in its commercial real estate underwriting may result in the Account foregoing some commercial real estate market opportunities and subsequently underperforming relative to other investment vehicles that do not utilize such ESG criteria in selecting portfolio properties;
- Especially with respect to countries with emerging market, foreign commercial real properties, foreign real estate loans, foreign debt investments and foreign securities investments may experience unique risks such as

changes in currency exchange rates, imposition of market controls or currency exchange controls, seizure, expropriation or nationalization of assets, political, social or diplomatic events or unrest, regulatory and taxation risks and risks associated with enforcing judgments in foreign countries that could cause the Account to lose money;

- Investments in REITs, including changes in the value of the underlying properties or by the quality of any credit extended, as well as exposure to market risk due to changing conditions in the financial markets;
- Investments in mortgage-backed securities, which are subject to the same risks inherent in real estate investing, making mortgage loans and investing in debt securities. For example, the underlying mortgage loans may experience defaults, are subject to prepayment risks and are sensitive to economic conditions impacting the credit markets generally;
- Risks associated with the Account's investments in mortgage loans, including (i) borrower default that results in the Account being unable to recover its original investment, (ii) liens that may have priority over the Account's security interest, (iii) a deterioration in the financial condition of tenants, and (iv) changes in interest rates for the Account's variable-rate mortgage loans and other debt instruments;
- 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, which could adversely affect the pricing and value of such securities;
- Risks associated with investments in liquid, fixed-income investments and real estate-related liquid assets (which could include, from time to time, registered or unregistered REIT securities and CMBS), and non-real estate-related liquid assets, including the risk that:
  - the issuer will not be able to pay principal and interest when due (or in the case of structured securities, the risk that the underlying collateral for the security may be insufficient to support such interest or principal payments) or that the issuer's earnings will fall;
  - credit spreads may increase;
  - the changing conditions in financial markets may cause the Account's investments or interest rates to experience volatility;
  - securities (or the underlying collateral in the case of structured securities) are downgraded should TIAA and/or rating agencies believe the issuer's business outlook or creditworthiness has deteriorated;
  - the level of current income from a portfolio of fixed-income investments may decline in certain interest rate environments;
  - during periods of falling interest rates, an issuer may call (or repay) a fixed-income security prior to maturity, or pay off their loans sooner than expected, resulting in a decline in income;
  - during periods of rising interest rates, borrowers may pay off their mortgage and other loans later than expected, preventing the Account from reinvesting principal proceeds at higher interest rates;
  - securities issued by the U.S. Government or one of its agencies or instrumentalities may receive varying levels of support from the U.S. Government, which could affect the Account's ability to recover should they default;
  - events affecting states and municipalities, including severe financial difficulties, may adversely impact the Account's investments and its performance;
  - the issuer of non-U.S. sovereign debt or the governmental authorities that control the repayment of such debt may be unable or unwilling to repay principal or interest when due;
  - the inability to receive the principal or interest collectable on multinational or supranational foreign debt;
  - the Account's investment decisions may cause the Account to underperform relative to others in the marketplace;
  - foreign (non-U.S.) currencies may decline in value relative to the U.S. dollar and adversely affect the value of the Account's investments impacted by foreign currencies;
  - investments in derivatives and other types of hedging strategies may result in the Account losing more than the principal amount invested;

    - currency management strategies may substantially change the Account's exposure to currencies and currency exchange rates and could result in losses to the Account;
    - transactions involving a counterparty to a derivative or other instrument, or to a third party responsible for servicing the instrument, are subject to the credit risk of the counterparty or third party;
    - SEC Rule 144A securities may be less liquid and have less investor protections than publicly traded securities;
    - illiquid investments may be difficult for the Account to sell for the value at which they are carried; and
    - the Account could experience losses if banks fail;
- Conflicts of interests associated with TIAA serving as investment manager of the Account and provider of the liquidity guarantee while also serving as an investment manager to other real estate accounts or funds;
- Lending securities, which has the Account bear the market risk with respect to the investment of collateral or a portion of the income generated by interest paid by the securities lending agent on the cash collateral balance; and
- The Account's requirement to sell property in the event that TIAA owns too large of a percentage of the Account's accumulation units, which sales could occur at a time or price that is not optimal for the Account's returns.

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 "Part II, Item 1A, Risk Factors" in this Report 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 September 30, 2021 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, under the laws of New York, in February 1995 as a separate account of TIAA and interests in the Account were first offered to eligible contract owners 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 to generate favorable total returns primarily through the rental income and appreciation of a diversified portfolio of directly held, private real estate investments and real estate-related investments, while offering investors guaranteed, daily liquidity.

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 domestic and foreign 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, domestic and foreign, registered and unregistered equity investments in REITs, which investments may consist of registered or unregistered common or preferred stock interests;
  - private real estate limited partnerships and limited liability companies (collectively, "real estate funds");
  - investments in equity or debt securities of domestic and foreign companies whose operations involve real estate (i.e., that primarily own, develop or manage real estate) which may not be REITs; and
  - domestic or foreign loans, including 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 properties. The Account is targeted to hold between 65% and 85% of the Account's net assets in such direct ownership interests.

In addition, the Account is authorized to hold up to 25% of its net assets in liquid real estate-related securities, including publicly traded REITs and CMBS. Management intends that the Account will not hold more than 10% of net assets in such securities on a long-term basis. As of September 30, 2021, the Account did not hold any publicly traded REIT securities or CMBS.

In making commercial real estate investments within the Account, TIAA seeks to make investments that are suitable from a financial perspective and whose activities are generally consistent with industry recognized ESG criteria. The Account intends to promote awareness of these criteria to its joint venture partners, vendors and other stakeholders in connection with portfolio related activity involving commercial real estate transactions. TIAA believes awareness, and, as appropriate, implementation of ESG criteria in commercial real estate holdings is beneficial to total long-term returns for the Account. In its evaluation of commercial real estate opportunities, the Account will take ESG considerations into account as part of the financial assessment of a commercial real estate portfolio asset, and not to achieve a desired outcome or as an investment qualification or screen. Ultimately, the Account will make an investment decision that incorporates ESG criteria only to the extent that the criteria is reasonably expected to enhance the ability to achieve desired returns for the Account.

Liquid, Fixed-Income Investments. The Account will invest the remaining portion of its assets (targeted to be between 15% and 25% of its net assets) in the following types of liquid, fixed income investments;

- U.S. Treasury or U.S. Government agency securities;
- Intermediate-term or long-term government related instruments, such as bond or other fixed-income securities issued by U.S. Government agencies, U.S. States or municipalities or U.S. Government-sponsored entities as well as foreign governments and their agencies (including those in emerging markets) and supranational or multinational organizations (e.g., the European Union);
- Intermediate-term or long-term non-government related instruments, such as corporate debt securities or asset-backed securities ("ABS") issued by domestic or foreign entities, including domestic or foreign mezzanine or other debt, MBS, RMBS, debt securities of foreign governments, and collateralized debt ("CDO"), collateralized bond ("CBO") and collateralized loan ("CLO") obligations, but only if such non-government related instruments are investment-grade securities;
- Money market instruments and other cash equivalents. These will usually be high-quality, short-term debt instruments, including U.S. Government or government agency securities, commercial paper, certificates of deposit, bankers' acceptances, repurchase agreements, interest-bearing time deposits, and corporate debt securities; and
- To a limited extent, privately issued (or non-publicly traded) debt securities, including Rule 144A securities, issued by domestic and foreign companies that do not primarily own or manage real estate, but only if such domestic and foreign privately issued debt securities are investment-grade securities.

The Account's liquid, fixed-income investments may comprise less than 15% (and possibly less than 10%) of its assets (on a net basis), especially during and immediately following periods of significant net contract owner outflows. In addition, the Account, from time to time and on a temporary basis, may hold in excess of 25% of its net assets in liquid, fixed-income 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 contract owner 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, ABS, RMBS, CMBS and MBS, 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 contract owner 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 acquire or improve direct real estate investments, pay expenses or repay indebtedness.

Foreign Investments. The Account may also make foreign real estate and foreign real estate-related investments and foreign liquid, fixed-income investments. Under the Account's investment guidelines, investments in direct foreign real estate and real estate loans, together with foreign real estate-related securities and foreign liquid, fixed-income investments may not comprise more than 25% of the Account's net assets. However, management doesn't intend such foreign investments, in the aggregate, to exceed 10% of the Account's net assets. As of September 30, 2021, the Account did not hold any foreign real estate investments.

In managing any domestic or foreign mezzanine debt or other domestic or foreign loans or securities, the Account may enter into certain derivatives transactions (including forward currency contracts and swaps, futures contracts, put and call options and other hedging transactions) in order to hedge against the risks of exchange rate uncertainties, interest rate uncertainties and foreign currency or market fluctuations impacting the Account's domestic or foreign investments. The Account does not intend to speculate in such transactions.

THIRD QUARTER 2021 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

	Actuals		Forecast	
Key Macro Economic Indicators*	**2Q 2021**	**3Q 2021**	**2021**	**2022**
Economy[1]				
Gross Domestic Product ("GDP")	6.7%	2.0%	5.7%	4.0%
Employment Growth [3]	1,845	1,651	527	308
Unemployment Rate	5.9%	5.1%	5.5%	4.2%
Interest Rates[2]				
10 Year Treasury	1.6%	1.3%	1.7%	2.1%

Sources: Bloomberg, BEA, Bureau of Labor Statistics ("BLS"), 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.

(3) Values presented in thousands. Forecast values represent average monthly employment growth in the respective years.

Global growth is slowing from its fastest pace in decades as the Delta variant of COVID-19 disrupts the recovery, governments gradually withdraw stimulus, and policy risks multiply. Additionally, while the global economy remains in an early stage of recovery, market valuations across asset classes have risen to or exceeded their peaks from late in the last cycle. However, despite these risks, our outlook remains upbeat as economies reopen and more workers return to jobs, allowing companies to ramp up production and restock inventories. U.S. GDP is projected to increase by 2.0% (seasonally adjusted annualized rate) in the third quarter of 2021 and 5.7% year-over-year, a lower rate than previous quarters as the economy has now fully recovered from the COVID-19 pandemic. The U.S. labor market has restored almost 17.4 million of the 21.0 million jobs lost at the beginning of the pandemic, as measured by non-farm employment, bringing the unemployment rate to 5.1% as of September 30, 2021. The economy is projected to gain 1.7 million jobs in the third quarter of 2021, according to the non-farm payroll measurement from the U.S. Bureau of Labor Statistics.

As of September 30, 2021, the 7-day averages of COVID-19 cases and deaths, 111,400 and 1,900, respectively (according to the CDC), have increased due to the spread of the Delta variant. However, these numbers are lower than their January 2021 highs, 256,000 and 3,500, decreasing due to increased vaccination rates. As of September 30, 2021, 214 million American adults have received at least one dose of the COVID-19 vaccine. Mitigation strategies have almost entirely been rolled back in most states, though some strategies remain in place to control the spread of the Delta variant. Economic stimulus policies are largely tapped out in the U.S., though the effects of income support provisions in the American Rescue Plan endure in the form of higher savings rates and increased household net worth.

The global economic cycle is still young, with possibly years of solid growth ahead. Unemployment rates are falling rapidly as workers return to jobs, and global inventories are being frantically restocked as producers catch up to the surprising demand surge during the first half of the year. Residential and commercial real estate construction is cycling back up after a wobbly spring. Financial conditions are still quite loose thanks to easy monetary policy. Most importantly, consumers have emerged from the pandemic with high levels of savings and unusually strong balance sheets. However, prices across most financial markets have snapped back to their pre-pandemic valuations. Some assets like global equities and credit are even more expensive than before the pandemic.

The Delta variant has exacerbated the slowdowns already underway in the U.S. and Europe. More importantly, it has delayed reopening in Asia and Latin America, where vaccinations have only recently increased. But the Delta variant is not the primary factor driving down growth rates. Government stimulus played a large role in sustaining household incomes and spending throughout 2020 and into 2021. In the U.S., for example, individual tax credits enacted as part of the CARES Act were responsible for a nearly 7% net swing in income growth last year. Moving forward, we expect fiscal policy to weigh on growth. The U.S. has borrowed almost $6 trillion since March 2020. Even the most ambitious versions of the spending bills currently circulating through Congress would only maintain a fraction of that borrowing rate. Much of the new spending seems likely to be offset by tax increases and other sources of revenue and is allocated over a much longer period, limiting its stimulative effect. Additionally, while other countries haven't matched the U.S. fiscal stimulus, the global trend is clearly towards less, not more, stimulus in the years ahead.

Monetary policy is primed to make a directionally similar but far less dramatic move from “extremely accommodating” to merely “quite accommodating” after central banks helped stabilize financial markets and created the loosest financial conditions in modern economic history. The winding down of quantitative easing and an eventual – though not imminent – rise in global policy rates should help allay inflation fears, which already appear to be declining. Break-evens in the U.S. Treasury inflation-protected securities market, for instance, remain remarkably stable and below their spring peaks, while incoming inflation data shows a clear deceleration in the price increases that occurred in the second quarter. The focus heading into 2022 may be on interest rate hikes and the return of pre-pandemic growth rates or something close to them. That environment could pose challenges to investors expecting the reflation trade to reignite and anything but U.S. large-cap growth stocks to outperform. If we do see another rotation into cyclical, it will benefit areas of the market that have fallen to unusually inexpensive levels relative to the broader market, such as small-cap stocks and emerging market equities and credit.

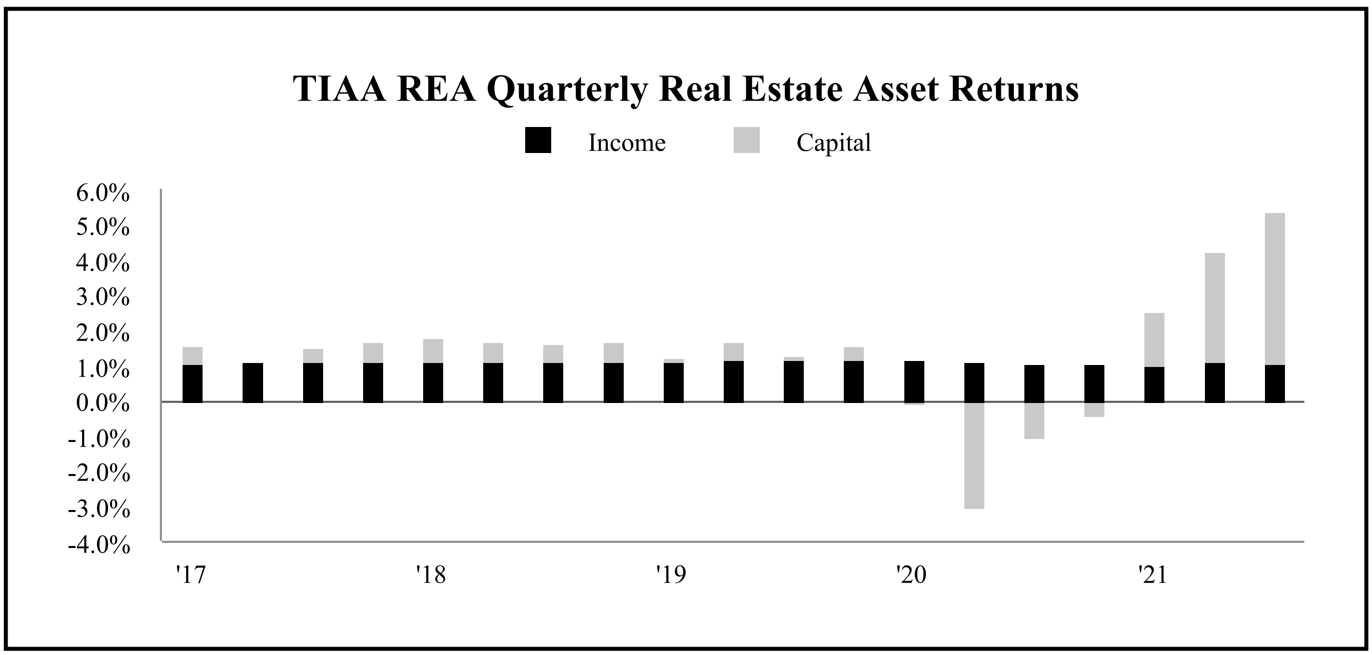
Real Estate Market Conditions and Outlook

The strong U.S. economic recovery is benefiting real estate prices overall. The COVID-19 vaccine has been widely administered, and pandemic-related restrictions have largely been removed, though some remain in place to control the spread of the Delta variant. The U.S. real estate recovery is generally tracking with the broader economic recovery; however, we expect certain regions, cities, and property types to continue to outperform and others to continue to underperform. U.S. commercial real estate should benefit from a low-interest-rate environment, attracting more investors to the space as they seek higher-yielding alternatives relative to fixed-income assets.

The pandemic severely impacted real estate property types that depend on social interactions such as retail and lodging. While the retail sector has continued to underperform, the lodging sector has recovered quickly, with prices exceeding pre-pandemic levels in particular sectors. Simultaneously, the pandemic has accelerated online shopping, the movement to the suburbs and Sunbelt cities, and the shift to the digital economy. As a result, warehouse, single-family rentals, and data center values have risen since the onset of the pandemic and have continued to outperform during recent quarters. Additionally, health care and medical research spending is increasing, which has benefited the life science and medical office sectors. According to Real Capital Analytics, U.S. real estate transaction volumes are up 75% year-to-date as of September 2021 relative to year-to-date September 2020. During this period, apartments and industrial captured approximately 57% of total U.S. transaction volumes, illustrating the strong investor interest in these two property types.

The Account experienced materially positive appreciation within the warehouse, apartment, and alternative real estate sectors during the third quarter of 2021, driving a net participant return of 4.79% for the quarter. Attractive supply and demand fundamentals, favorable borrowing costs, and heightened investor appetite for the industrial and apartment sectors, in particular, have largely contributed to property appreciation in the third quarter. The Account's leverage position as of September 30, 2021, was 16.7%. This low level of leverage and ability to access financing at attractive rates allows the Account to opportunistically deploy capital during periods of market volatility when other funds may focus on shoring up balance sheets. The Account will seek to improve diversification in the coming quarters by selling lower productivity assets and acquiring assets with higher growth potential and economic resiliency.

For the quarter ended September 30, 2021, the Account's directly held real estate assets generated a return of 5.38%.



Data for the Account's top five markets in terms of market value as of September 30, 2021 are provided below. The five markets presented below represent 42.4% of the Account's total real estate portfolio. Across all markets, the Account's properties are 92.0% leased.

Top 5 Metro Areas by Fair Market Value[1]	Account % Leased Fair Value Weighted[2]	Number of Property Investments	Metro Area Fair Value as a % of Total RE Portfolio[3]	Metro Area Fair Value as a % of Total Investments
Washington-Arlington-Alexandria, DC-VA-MD-WV	85.5%	17	10.6%	9.0%
Los Angeles-Long Beach-Anaheim, CA	85.3%	20	10.3%	8.8%
Boston-Cambridge-Newton, MA-NH	82.9%	8	7.8%	6.6%
New York-Newark-Jersey City, NY-NJ-PA	83.7%	12	7.2%	6.2%
Riverside-San Bernardino-Ontario, CA	100.0%	7	6.5%	5.6%

(1) The table above has been standardized to depict metropolitan statistical area ("MSA") definitions.
(2) Weighted by fair value, which differs from the calculations provided for market comparisons to CoStar and RealPage data and are used here to reflect the fair value of the Account’s monetary investments in those markets.
(3) 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

The effects of the COVID-19 pandemic can still be seen in the office sector and it is expected that office vacancy will continue to trend at a high rate through 2021 before decreasing in 2022. The majority of states have opened sufficiently to allow employees back into physical offices, although, many companies are still moving cautiously and planning for gradual reentry into the office in the fourth quarter of 2021 and early 2022. Companies are continuing to invest in telecommuting options and infrastructure to facilitate remote work (e.g. new hardware, additional data storage), which will likely persist after the pandemic subsides. Companies may begin requiring less space due to reduced on-site employee presence; however, some companies may require additional space to better facilitate open-office concepts that incorporate distancing between employees. The continued uncertainty around demand for office space is expected to keep investment volume in the sector low through 2021.

Vacancy nationwide increased from 12.2% in the second quarter of 2021 to 12.7% in the third quarter of 2021, as reported by CoStar. Vacancy rates continued to rise in large downtown markets, such as New York and Los Angeles. New construction effectively stalled with the arrival of the COVID-19 pandemic, but the completion of construction already underway has continued to deliver new supply into a weak leasing environment; net positive absorption is not expected until the end of 2022. The vacancy rate of the Account’s office portfolio increased to 17.1% in the third quarter of 2021, as compared to 15.5% in the prior quarter. The above-average vacancy rate in the New York metro area is driven by two properties currently undergoing redevelopment to increase the long term value of the properties. The vacancy rate in the New York metro will remain elevated over the near term as legacy tenants fully vacate the properties and redevelopment efforts continue. The increased vacancy rate in the Los Angeles and Washington D.C. metro areas can both be attributed to expiring leases.

As of September 30, 2021, the Account's rents from office tenants were not materially affected by the COVID-19 pandemic, but the duration of the effects of the COVID-19 pandemic remain unknown. Tenants requesting rent relief have generally requested rent deferrals for a limited period of time (i.e., less than six months), with the unpaid rent to be paid over the duration of the remaining lease. Additionally, if tenants vacate due to lease expirations, redeployment of the vacated space may be challenging in the near term due to unfavorable leasing conditions.

Top 5 Office Metropolitan Areas[1]	Total Sector by Metro Area ($M)	% of Total Investments	Account Square Foot Weighted Average Vacancy Q3 2021	Account Square Foot Weighted Average Vacancy Q2 2021	Market Vacancy[2] Q3 2021	Market Vacancy[2] Q2 2021
Account / Nation			**17.1 %**	**15.5 %**	**12.7 %**	**12.2 %**
Boston-Cambridge-Newton, MA-NH	$ 1,603.4	5.6 %	19.9 %	20.1 %	9.8 %	9.4 %
Washington-Arlington-Alexandria, DC-VA-MD-WV	1,498.7	5.2 %	13.8 %	11.3 %	15.1 %	14.7 %
New York-Newark-Jersey City, NY-NJ-PA	1,123.6	3.9 %	28.1 %	28.2 %	12.6 %	11.9 %
San Francisco-Oakland-Hayward, CA	1,068.4	3.7 %	6.9 %	6.8 %	14.7 %	13.1 %
Los Angeles-Long Beach-Anaheim, CA	896.3	3.1 %	17.7 %	16.4 %	13.8 %	13.4 %

(1) The table above has been standardized to depict metropolitan statistical area ("MSA") definitions.
(2) Source: CoStar. Market vacancy is the percentage of space available for rent. Account vacancy is the square foot-weighted percentage of unleased space. Market vacancy rates are subject to change.

Industrial

The industrial sector has continued to remain resilient through the third quarter of 2021, despite the challenges of the COVID-19 pandemic. The pandemic has accelerated consumers' long-term shift to e-commerce, and this shift has caused demand for industrial space to rise. When compared against the other three core real estate sectors, the industrial sector remains best positioned to weather the continued economic uncertainty caused by the COVID-19 pandemic. Adaptive reuse of existing spaces, as well as new development of more modern industrial spaces are expected to continue for the remainder of 2021 to stay on par with projected demand.

The national industrial availability rate held steady at 5.1% from the second quarter of 2021 through third quarter, as reported by CoStar. The average vacancy rate of the industrial properties held by the Account dropped from 4.0% in the second quarter of 2021 to 2.7% in the third quarter of 2021, due to new leases.

As of September 30, 2021, the Account's rents from industrial tenants were not materially affected by the COVID-19 pandemic, but the duration of the effects of the COVID-19 pandemic remain unknown. Tenants requesting rent relief have generally requested rent deferrals for a limited period of time (i.e., less than six months), with the unpaid rent to be paid over the duration of the remaining lease. Additionally, if tenants vacate due to lease expirations, redeployment of the vacated space may be challenging in the near term due to unfavorable leasing conditions, though demand for industrial space has been relatively steady throughout the pandemic.

Top 5 Industrial Metropolitan Areas[1]	Total Sector by Metro Area ($M)	% of Total Investments	Account Square Foot Weighted Average Vacancy Q3 2021	Account Square Foot Weighted Average Vacancy Q2 2021	Market Vacancy[2] Q3 2021	Market Vacancy[2] Q2 2021
Account / Nation			**2.7 %**	**4.0 %**	**5.1 %**	**5.1 %**
Riverside-San Bernardino-Ontario, CA	$ 1,446.8	5.1 %	— %	— %	2.7 %	2.9 %
Los Angeles-Long Beach-Anaheim, CA	520.1	1.8 %	3.8 %	3.9 %	2.3 %	2.3 %
Seattle-Tacoma-Bellevue, WA	482.0	1.7 %	2.9 %	2.9 %	5.6 %	5.3 %
Dallas-Fort Worth-Arlington, TX	397.3	1.4 %	— %	— %	6.2 %	6.3 %
Miami-Fort Lauderdale-West Palm Beach, FL	304.8	1.1 %	0.4 %	1.1 %	4.4 %	4.7 %

(1) The table above has been standardized to depict MSA definitions.
(2) Source: CoStar. Market vacancy is the percentage of space available for rent. Account vacancy is the square foot-weighted percentage of unleased space. Market vacancy rates are subject to change.

Multi-Family

Apartment demand is driven by a combination of economic and demographic forces including job growth, household formations, and changes in the U.S. homeownership rate. Lost wages due to the COVID-19 pandemic resulted in a demand for more affordable housing inventory. Urban submarkets were impacted more than suburban submarkets as amenities normally associated with urban living became limited (i.e. entertainment, restaurants/bars, public transit) and people desired areas with more living space as they began spending more time at home. These markets are expected to hit a steady recovery pace as more workers return to the office. The multi-family sector as a whole is stabilizing and declining vacancy rates are expected over the next year. The recovery is expected to be led by the suburban submarkets through 2021.

The national apartment vacancy rate decreased from 3.8% in the second quarter of 2021 to 2.9% in the third quarter, as reported by RealPage. This can be attributed to moderate growth in the more affordable markets, although urban submarkets are beginning to show recovery as well. Additional growth is expected to be driven by the improving economy. The vacancy rate of the Account's apartment properties decreased to 5.4% in the third quarter of 2021 as compared to 6.1% in the prior quarter, notably driven by the increased leasing at the Account's student housing properties.

As of September 30, 2021, the Account's rents from multifamily tenants were not materially affected by the COVID-19 pandemic, but the duration of the effects of the COVID-19 pandemic remain unknown. Additionally, if tenants vacate due to lease expirations, redeployment of the vacated space may be challenging in the near term due to unfavorable leasing conditions. Rent concessions for new and existing tenants have moderately increased in recent months in an effort to generate and keep occupancy.

			Account Units Weighted Average Vacancy		Market Vacancy[2]	
Top 5 Apartment Metropolitan Areas[1]	**Total Sector by Metro Area ($M)**	**% of Total Investments**	**Q3 2021**	**Q2 2021**	**Q3 2021**	**Q2 2021**
Account / Nation			**5.4 %**	**6.1 %**	**2.9 %**	**3.8 %**
Washington-Arlington-Alexandria, DC-VA-MD-WV	$ 765.8	2.7 %	7.8 %	7.1 %	3.4 %	4.7 %
Los Angeles-Long Beach-Anaheim, CA	703.6	2.5 %	5.0 %	4.6 %	2.7 %	4.1 %
Miami-Fort Lauderdale-West Palm Beach, FL	598.1	2.1 %	3.4 %	4.7 %	3.7 %	4.4 %
San Diego-Carlsbad, CA	376.6	1.3 %	2.0 %	4.7 %	1.6 %	2.6 %
New York-Newark-Jersey City, NY-NJ-PA	351.7	1.2 %	4.7 %	1.6 %	3.1 %	4.4 %

(1) The table above has been standardized to depict MSA definitions.
(2) Source: RealPage. Market vacancy is the percentage of units vacant. The Account's vacancy is the percentage of unleased units. Market vacancy rates are subject to change.

Retail

While all core real estate sectors have been negatively impacted by the COVID-19 pandemic to some degree, the impact to the retail sector has been especially pronounced since traditional retail was facing ongoing challenges from e-commerce platforms long before the COVID-19 pandemic. The pandemic served to accelerate the shift in consumers' preferences from brick-and-mortar retail to digital storefronts as retailers attempted to find alternative ways to deliver products to customers through e-commerce solutions. However, the outlook for brick-and-mortar retail has improved as they have begun seeing more traffic as COVID-19 restrictions gradually ease and COVID-19 vaccines progress. New retail concepts, health and wellness, grocery stores, and quick services restaurants, among others, are expected to repurpose space vacated by previous retailers, eliminating the immediate need for new inventory.

The Account's retail portfolio is composed primarily of high-end lifestyle shopping centers and regional malls in large metropolitan or tourist centers. The retail portfolio is managed to minimize significant exposure to any single retailer. The Account has over 1,100 retailers across its portfolio, with its largest retail exposure comprising less than 5.0% of total retail rentable area. The Account's retail vacancy was 10.7% in the third quarter of 2021, down slightly from 11.0% in the second quarter.

Retail tenants requesting rent relief have generally requested rent deferrals for a limited period of time (i.e., less than six months), with the unpaid rent to be paid over the duration of the remaining lease. If the severity of the COVID-19 pandemic persists throughout 2021, the likelihood that tenants may request additional rent deferrals, rent concessions or default increases. Additionally, if tenants vacate due to lease expirations, redeployment of the vacated space may be challenging in the near term due to unfavorable leasing conditions. The Account is closely monitoring the collectability of accrued rental income and adjusting its allowances for uncollectible rent as needed.

			Account Units Weighted Average Vacancy		Market Vacancy(1)	
	Total Exposure ($M)	% of Total Investments	Q3 2021	Q2 2021	Q3 2021	Q2 2021
All Retail			**10.7 %**	**11.0 %**	**5.0 %**	**5.0 %**
Lifestyle & Mall	$ 1,817.1	6.4 %	12.6 %	13.1 %	7.4 %	7.3 %
Neighborhood, Community & Strip(2)	1,313.7	4.6 %	8.7 %	9.0 %	7.3 %	7.4 %
Power Center(2)	602.1	2.1 %	13.3 %	14.3 %	5.7 %	5.7 %

(1) Source: CoStar. Market vacancy is defined as the percentage of space available for rent. The Account's vacancy is the square foot-weighted percentage of unleased space. Market vacancy rates are subject to change.

(2) The Power Center designation is reserved for properties with three or more anchor units. Anchor units are leased to large retailers such as department stores, home improvement stores and warehouse clubs. Properties with the Neighborhood, Community and Strip designation consist of two or less anchor units.

Hotel

The impact of the COVID-19 pandemic on the hospitality sector has been especially severe among hotels that cater primarily to business travelers. Business travel has been curtailed significantly, with travel limited primarily to those who must travel for essential reasons. Business travel is likely to continue to be significantly depressed in the coming months, with businesses shifting to virtual meetings and conferences. Leisure travel has continued to increase and is expected to remain steady. Recovery trends in markets with significant drive-to destinations and outdoor attractions, such as beaches and mountains, are expected to continue but a larger recovery may not be seen until business and international travel resume their pre-pandemic levels.

The Account's exposure to the hospitality sector is limited to one hotel in the Dallas metro area. The hotel is located in a business park in the Dallas metro area and caters largely to business travelers. Key metrics to track hotel performance include occupancy, the average daily rate ("ADR") and revenue per available room ("RevPAR"). For the quarter ended September 30, 2021, occupancy of the property increased to 38.6%, as compared to 36.5% in the previous quarter. ADR and RevPAR were $114.24 and $62.18, respectively, for the third quarter of 2021, as compared to $110.07 and $58.01, respectively, in the prior quarter.

INVESTMENTS

As of September 30, 2021, the Account held 85.6% of its total investments in real estate and real estate joint ventures. The Account also held investments in loans receivable, including those with related parties, representing 4.9% of total investments, U.S. treasury securities representing 2.6% of total investments, real estate funds representing 2.3% of total investments, U.S. government agency notes representing 1.9% of total investments, corporate bonds representing 1.7% of total investments and a real estate operating business representing 1.0% of total investments.

The outstanding principal on loans payable on the Account's wholly-owned real estate portfolio as of September 30, 2021 was $2.3 billion. The Account's proportionate share of outstanding principal on loans payable within its joint venture investments was $3.0 billion, which is netted against the underlying properties when determining the joint venture investment's fair value presented on the Consolidated Schedules of Investments. Total outstanding principal on the Account's portfolio as of September 30, 2021, inclusive of loans payable within the joint venture investments, was $5.3 billion, which represented a loan-to-value ratio of 16.7%.

Management believes that the Account's real estate portfolio is diversified by location and property type. 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 may reinvest any sale proceeds that it does not need to pay operating expenses or to meet debt service or redemption requests (e.g., contract owner withdrawals or benefit payments).

The following table lists the Account's ten largest investments as of September 30, 2021. For information regarding the Account's diversification of real estate assets by region and property type, see *Note 3—Concentrations of Risk.*

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)]
Simpson Housing Portfolio	80%	Various	U.S.A.	Apartment	$ 1,025.8	$ 392.7	$ 633.1	3.8%	3.3%
Fashion Show	50%	Las Vegas	NV	Retail	967.7	420.5	547.2	3.5%	3.1%
1001 Pennsylvania Avenue	100%	Washington	D.C.	Office	806.1	309.3	496.8	2.9%	2.6%
The Florida Mall	50%	Orlando	FL	Retail	735.7	149.2	586.5	2.7%	2.3%
Ontario Industrial Portfolio	100%	Ontario	CA	Industrial	703.6	—	703.6	2.6%	2.2%
Colorado Center	50%	Santa Monica	CA	Office	604.2	276.0	328.2	2.2%	1.9%
99 High Street	100%	Boston	MA	Office	527.7	284.1	243.6	1.9%	1.7%
Lincoln Centre	100%	Dallas	TX	Office	521.1	—	521.1	1.9%	1.7%
701 Brickell Avenue	100%	Miami	FL	Office	471.2	184.9	286.3	1.7%	1.5%
Four Oaks Place	51%	Houston	TX	Office	418.1	81.3	336.8	1.5%	1.3%

(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 Consolidated Schedule of Investments, as joint venture investments are presented in the Consolidated Schedules of Investments at their net equity position in accordance with previously defined GAAP.

Results of Operations

Three months ended September 30, 2021 compared to three months ended September 30, 2020

Net Investment Income

The following table shows the results of operations for the three months ended September 30, 2021 and 2020 and the dollar and percentage changes for those periods (dollars in millions).

	For the Three Months Ended September 30,		Change	
	2021	2020	$	%
INVESTMENT INCOME				
Real estate income, net:				
Rental income	$ 295.9	$ 295.0	$ 0.9	0.3 %
Real estate property level expenses:				
Operating expenses	67.7	66.5	1.2	1.8 %
Real estate taxes	52.6	53.3	(0.7)	(1.3)%
Interest expense	21.6	24.1	(2.5)	(10.4)%
Total real estate property level expenses	141.9	143.9	(2.0)	(1.4)%
Real estate income, net	154.0	151.1	2.9	1.9 %
Income from real estate joint ventures	56.8	28.3	28.5	N/M
Income from real estate funds	6.9	4.8	2.1	43.8 %
Interest	19.7	20.7	(1.0)	(4.8)%
Dividends	—	6.0	(6.0)	N/M
TOTAL INVESTMENT INCOME	237.4	210.9	26.5	12.6 %
Expenses:				
Investment management charges	15.0	16.4	(1.4)	(8.5)%
Administrative charges	12.3	10.9	1.4	12.8 %
Distribution charges	5.9	5.8	0.1	1.7 %
Mortality and expense risk charges	0.3	0.3	—	N/M
Liquidity guarantee charges	18.8	14.3	4.5	31.5 %
TOTAL EXPENSES	52.3	47.7	4.6	9.6 %
INVESTMENT INCOME, NET	$ 185.1	$ 163.2	$ 21.9	13.4 %

The following table illustrates and compares rental income, operating expenses and real estate taxes for properties held by the Account for the three months ended September 30, 2021 and 2020. The comparative increases or decreases associated with the acquisition and disposition of properties made in either period is compared to "same property" (dollars in millions).

	Rental Income				Operating Expenses				Real Estate Taxes			
			Change				Change				Change	
	2021	2020	$	%	2021	2020	$	%	2021	2020	$	%
Same Property	$ 291.8	$ 278.9	$ 12.9	4.6 %	$ 66.9	$ 63.4	$ 3.5	5.5 %	$ 52.4	$ 51.3	$ 1.1	2.1 %
Properties Acquired	1.5	—	1.5	N/M	0.1	—	0.1	N/M	0.1	—	0.1	N/M
Properties Sold	2.6	16.1	(13.5)	N/M	0.7	3.1	(2.4)	N/M	0.1	2.0	(1.9)	N/M
Impact of Properties Acquired/Sold	4.1	16.1	(12.0)	N/M	0.8	3.1	(2.3)	N/M	0.2	2.0	(1.8)	N/M
Total Property Portfolio	$ 295.9	$ 295.0	$ 0.9	0.3 %	$ 67.7	$ 66.5	$ 1.2	1.8 %	$ 52.6	$ 53.3	$ (0.7)	(1.3)%

N/M—Not meaningful

Rental Income:

Rental income increased by $0.9 million, or 0.3%, when compared to the third quarter of 2020. Income from properties held in both periods increased $12.9 million, or 4.6%, primarily due to a decrease in bad debt reserves and rental concessions put into place in 2020 due to the COVID-19 pandemic.

Operating Expenses:

Operating expenses increased $1.2 million, or 1.8%, when compared to the third quarter of 2020. Operating expenses among properties held in both periods were up $3.5 million or 5.5%. The increase is attributed to increases in repair and maintenance costs, as well as utility costs, across the portfolio.

Real Estate Taxes:

Real estate taxes decreased $0.7 million, or 1.3%, when compared to the same period in 2020, due to slight decreases in property taxes across all sectors.

Interest Expense:

Interest expense decreased $2.5 million, or 10.4%, when compared to the same period in 2020, as a result of lower average interest rates and outstanding principal balances on loans payable, as compared to the same period in 2020.

Income from Real Estate Joint Ventures:

Income from real estate joint ventures increased $28.5 million, when compared to the same period in 2020, as a result of higher distributed income, most notably in the Account's retail properties in the Southern and Western regions, as the sector began to rebound from the effects of the COVID-19 pandemic. Additionally, the increase in income is inclusive of the partial sale of properties in the Fort Worth, TX and Tampa, FL metropolitan areas.

Income from Real Estate Funds:

Income from real estate funds increased $2.1 million, when compared to the same period in 2020, primarily as a result of the increase in investments in real estate funds due to the purchase of additional interests pursuant to existing commitments.

Interest and Dividend Income:

Interest income decreased $1.0 million from the prior period due to fluctuations in the size of the Account's short-term securities portfolio and loans receivable investments. Dividend income decreased $6.0 million from the prior period due to the Account selling its REIT holdings at the end of 2020.

Expenses:

Investment management, administrative and distribution costs charged to the Account are associated with managing the Account. Investment management 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. Both distribution services (pursuant to the Distribution Agreement) and administrative services are provided to the Account by Services and TIAA, respectively, on an at cost basis. These expenses were flat with the comparable period of 2020.

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 and are charged at a fixed rate based on the Account's net assets. Mortality and expense risk expenses remained unchanged between the comparative periods. Liquidity guarantee expenses increased $4.5 million as a result of the eight basis point increase to the liquidity guarantee expense charge that became effective on August 1, 2021.

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

The following table shows the net realized and unrealized gains and losses on investments and loans payable for the three months ended September 30, 2021 and 2020 and the dollar and percentage changes for those periods (dollars in millions).

	For the Three Months Ended September 30,		Change	
	2021	2020	$	%
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE				
Net realized gain (loss) on investments:				
Real estate properties	$ (9.2)	$ (3.0)	$ (6.2)	N/M
Real estate joint ventures	4.1	—	4.1	N/M
Marketable securities	—	19.7	(19.7)	N/M
Total realized (loss) gain on investments:	(5.1)	16.7	(21.8)	N/M
Net change in unrealized appreciation (depreciation) on:				
Real estate properties	540.1	(89.1)	629.2	N/M
Real estate joint ventures	421.0	(45.7)	466.7	N/M
Real estate funds	44.1	(11.0)	55.1	N/M
Real estate operating business	12.5	—	12.5	N/M
Marketable securities	—	1.5	(1.5)	N/M
Loans receivable	1.5	(9.2)	10.7	N/M
Loans receivable with related parties	—	0.4	(0.4)	N/M
Loans payable	(3.0)	(42.4)	39.4	(92.9)%
Net change in unrealized appreciation (depreciation) on investments and loans payable	1,016.2	(195.5)	1,211.7	N/M
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE	$ 1,011.1	$ (178.8)	$1,189.9	N/M

N/M—Not meaningful

Real Estate Properties:

Wholly-owned real estate investments experienced net realized and unrealized gains of $530.9 million during the third quarter of 2021, compared to $92.1 million of net realized and unrealized losses during the comparable period of 2020. While the Account saw appreciation across various real estate sectors in the third quarter of 2021, unrealized gains were primarily driven by apartment and industrial properties in the Western region due to increased average market and contract rents.

Real Estate Joint Ventures:

Real estate joint ventures experienced net realized and unrealized gains of $425.1 million during the third quarter of 2021. Net gains in the third quarter of 2021 were primarily driven by the Account's joint venture investments in apartments, offices and storage facilities, most notably in the Eastern and Western regions, due to an increase in average market rents and decreased discount rates.

Real Estate Funds:

Real estate funds experienced unrealized gains of $44.1 million during the third quarter of 2021. Gains in the third quarter of 2021 resulting from favorable valuations of real estate funds are primarily attributed to COVID-19 market recovery.

Real Estate Operating Business:

The Account's real estate operating business experienced unrealized gains of $12.5 million during the third quarter of 2021, which were primarily attributed to favorable projected cash flow and industry share price growth.

Marketable Securities:

The Account's marketable securities did not experience any realized or unrealized gains or losses in the third quarter of 2021 as a result of the short and intermediate-term nature of the Account's U.S. Treasuries, government agency notes and corporate bond holdings, paired with a nominal fluctuation in U.S. Treasury rates during the quarter.

Loans Receivable, including those with related parties:

Loans receivable, including those with related parties, experienced unrealized gains of $1.5 million during the third quarter of 2021 compared to a $8.8 million in unrealized losses during the comparable period of 2020. Net gains in the third quarter of 2021 are attributed to favorable valuations associated with a hotel and office property.

Loans Payable:

Loans payable experienced unrealized losses of $3.0 million in the third quarter of 2021, compared to $42.4 million of unrealized losses during the comparable period of 2020. The current and prior period are consistent with U.S. Treasury rates, which continually declined through most of 2020 but began to tick upward in the fourth quarter of 2020. U.S. Treasury rates continued to rise through the first half of 2021 and are relatively stable as of September 30, 2021.

Nine months ended September 30, 2021 compared to nine months ended September 30, 2020

Net Investment Income

The following table shows the results of operations for the nine months ended September 30, 2021 and 2020 and the dollar and percentage changes for those periods (dollars in millions).

	For the Nine Months Ended September 30,		Change	
	2021	**2020**	**$**	**%**
INVESTMENT INCOME				
Real estate income, net:				
Rental income	$ 890.0	$ 906.0	$ (16.0)	(1.8)%
Real estate property level expenses:				
Operating expenses	200.3	196.6	3.7	1.9 %
Real estate taxes	159.3	157.3	2.0	1.3 %
Interest expense	68.1	74.0	(5.9)	(8.0)%
Total real estate property level expenses	427.7	427.9	(0.2)	— %
Real estate income, net	462.3	478.1	(15.8)	(3.3)%
Income from real estate joint ventures	149.0	103.0	46.0	44.7 %
Income from real estate funds	11.6	7.5	4.1	54.7 %
Interest	60.4	85.0	(24.6)	(28.9)%
Dividends	—	17.1	(17.1)	N/M
TOTAL INVESTMENT INCOME	683.3	690.7	(7.4)	(1.1)%
Expenses:				
Investment management charges	48.5	46.6	1.9	4.1 %
Administrative charges	38.8	34.2	4.6	13.5 %
Distribution charges	19.8	18.1	1.7	9.4 %
Mortality and expense risk charges	0.9	0.9	—	— %
Liquidity guarantee charges	47.2	45.4	1.8	4.0 %
TOTAL EXPENSES	155.2	145.2	10.0	6.9 %
INVESTMENT INCOME, NET	$ 528.1	$ 545.5	$ (17.4)	(3.2)%

The following table illustrates and compares rental income, operating expenses and real estate taxes for properties held by the Account for the nine months ended September 30, 2021 and 2020. The comparative increases or decreases associated with the acquisition and disposition of properties made in either period is compared to "same property" (dollars in millions).

	Rental Income				Operating Expenses				Real Estate Taxes			
			Change				Change				Change	
	2021	2020	$	%	2021	2020	$	%	2021	2020	$	%
Same Property	$ 770.0	$ 782.8	$ (12.8)	(1.6)%	$ 174.7	$ 174.6	$ 0.1	0.1 %	$ 140.9	$ 138.2	$ 2.7	2.0 %
Properties Acquired	93.3	75.4	17.9	N/M	19.5	12.7	6.8	N/M	15.5	12.9	2.6	N/M
Properties Sold	26.7	47.8	(21.1)	N/M	6.1	9.3	(3.2)	N/M	2.9	6.2	(3.3)	N/M
Impact of Properties Acquired/Sold	120.0	123.2	(3.2)	N/M	25.6	22.0	3.6	N/M	18.4	19.1	(0.7)	N/M
Total Property Portfolio	$ 890.0	$ 906.0	$ (16.0)	(1.8)%	$ 200.3	$ 196.6	$ 3.7	1.9 %	$ 159.3	$ 157.3	$ 2.0	1.3 %

N/M—Not meaningful

Rental Income:

Rental income decreased by $16.0 million, or 1.8%, when compared to the prior period of 2020. Income from properties held in both periods declined $12.8 million, or 1.6%, primarily due to increases in rent concessions among multiple sectors as an incentive to keep and generate occupancy, as well as a decline in income from the Account's one hotel property due to decreased occupancy related to the COVID-19 pandemic. As reflected in the third quarter of 2021, the Account's rental income is slowly starting to rise as rent concessions start to ease.

Operating Expenses:

Operating expenses increased $3.7 million, or 1.9%, when compared to the prior period of 2020. Operating expenses among properties held in both periods remained relatively flat. As reflected in the second and third quarters of 2021, the Account's operating expenses are expected to rise as COVID-19 restrictions ease and businesses are able to operate as normal.

Real Estate Taxes:

Real estate taxes increased $2.0 million, or 1.3%, when compared to the same period in 2020, due to slight increases in property taxes across all sectors.

Interest Expense:

Interest expense decreased $5.9 million, or 8.0%, when compared to the same period in 2020, as a result of lower average interest rates and outstanding principal balances on loans payable, as compared to the same period in 2020.

Income from Real Estate Joint Ventures:

Income from real estate joint ventures increased $46.0 million, or 44.7%, when compared to the prior period in 2020, as a result of higher distributed income, most notably from the Account's retail joint venture investments. The increases can be attributed to reduced COVID-19 restrictions, which promoted higher foot traffic at brick-and mortar retail locations. Additionally, the increase in income is inclusive of the partial sale of properties in the Fort Worth, TX and Tampa, FL metropolitan areas.

Income from Real Estate Funds:

Income from real estate funds increased $4.1 million, or 54.7%, when compared to the prior period in 2020, primarily as a result of the increase in investments in real estate funds due to the purchase of additional interests pursuant to existing commitments.

Interest and Dividend Income:

Interest income decreased $24.6 million, or 28.9%, when compared to the prior period in 2020 primarily due to a reduction in the size of the Account's short-term securities portfolio. The reduction was a result of an effort to fund heavy net participant outflows due to the COVID-19 pandemic. Net participant outflows have since subsided and the Account has started to rebuild its short-term securities portfolio, reinvesting over $1.0 billion in government-issued securities and corporate bonds since the beginning of 2021. Dividend income decreased $17.1 million due to the sale of the Account's REIT portfolio at the end of 2020.

Expenses:

Investment management, administrative and distribution costs charged to the Account are associated with managing the Account. Investment management 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. Both distribution services (pursuant to the Distribution Agreement) and administrative services are provided to the Account by Services and TIAA, respectively, on an at cost basis. These expenses increased $8.2 million from the comparable period of 2020. The increase is primarily attributed to an increase in net assets coupled with a one basis point increase to the administrative expense charge that became effective on May 1, 2021.

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 and are charged at a fixed rate based on the Account's net assets. Mortality and expense risk expenses remained unchanged between the comparative periods. Liquidity guarantee expenses increased $1.8 million as a result of the eight basis point increase to the liquidity guarantee expense charge that became effective on August 1, 2021.

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

The following table shows the net realized and unrealized gains and losses on investments and loans payable for the nine months ended September 30, 2021 and 2020 and the dollar and percentage changes for those periods (dollars in millions).

	For the Nine Months Ended September 30,		Change	
	2021	2020	$	%
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE				
Net realized gain (loss) on investments:				
Real estate properties	$ 193.6	$ (61.0)	$ 254.6	N/M
Real estate joint ventures	4.0	(454.9)	458.9	N/M
Real estate funds	—	(5.6)	5.6	N/M
Marketable securities	—	41.0	(41.0)	N/M
Loans receivable	(14.1)	(1.6)	(12.5)	N/M
Total realized gain (loss) on investments:	183.5	(482.1)	665.6	N/M
Net change in unrealized appreciation (depreciation) on:				
Real estate properties	1,232.1	(273.0)	1,505.1	N/M
Real estate joint ventures	575.2	32.7	542.5	N/M
Real estate funds	48.3	(30.1)	78.4	N/M
Real estate operating business	34.6	—	34.6	N/M
Marketable securities	(0.3)	(120.5)	120.2	N/M
Loans receivable	20.2	(31.4)	51.6	N/M
Loans payable	11.0	(6.1)	17.1	N/M
Net change in unrealized appreciation (depreciation) on investments and loans payable	1,921.1	(428.0)	2,349.1	N/M
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND LOANS PAYABLE	$ 2,104.6	$ (910.1)	$3,014.7	N/M

N/M—Not meaningful

Real Estate Properties:

Wholly-owned real estate investments experienced net realized and unrealized gains of $1,425.7 million during the first nine months of 2021, compared to $334.0 million of net realized and unrealized losses during the comparable period of 2020. Unrealized gains in 2021 are a result of strong appreciation across various real estate sectors, most notably in the industrial sector of the Western region, primarily due to increased average market and contract rent. Additionally, the sale of an apartment property located in the Denver metropolitan area generated significant realized gains.

Real Estate Joint Ventures:

Real estate joint ventures experienced net realized and unrealized gains of $579.2 million during the first nine months of 2021, compared to $422.2 million of net realized and unrealized losses during the comparable period of 2020. Net gains in 2021 were primarily driven by the Account's joint venture investments in storage properties, which is reflective of capitalization rate compression in the self-storage industry. Additionally, apartment and office properties saw favorable valuations due to an increase in average market rents and decreased terminal capitalization rates stemming from increased investor interest in various metropolitan areas. While favorable valuations in other sectors had a positive impact on the Account in the first nine months of 2021, we continue to see retail values struggle as market rents in the retail sector have flattened for several consecutive quarters. These unfavorable trends were present in retail prior to arrival of the COVID-19 pandemic and are likely to continue over the near term.

Real Estate Funds:

Real estate funds experienced unrealized gains of $48.3 million during the first nine months of 2021, compared to $35.7 in realized and unrealized losses during the comparable period in 2020. Net gains in 2021 are primarily a result of favorable valuations of real estate funds primarily attributed to COVID-19 market recovery.

Real Estate Operating Business:

The Account's real estate operating business experienced unrealized gains of $34.6 million during the first nine months of 2021, which were primarily attributed to favorable projected cash flow and industry share price growth.

Marketable Securities:

The Account's marketable securities experienced unrealized losses of $0.3 million during the first half of 2021. The nominal change is a result of the short and intermediate-term nature of the Account's U.S. Treasuries, government agency notes and corporate bond holdings.

Loans Receivable, including those with related parties:

Loans receivable, including those with related parties, experienced net realized and unrealized gains of $6.1 million during the first nine months of 2021 compared to a $33.0 million of net realized and unrealized losses during the comparable period of 2020. Net gains in 2021 are attributed to favorable valuations combined with the sale of several mezzanine loans, one of which had been in an unrealized loss position for some time due to its default status.

Loans Payable:

Loans payable experienced unrealized gains of $11.0 million in the first nine months of 2021, compared to $6.1 million of unrealized losses during the comparable period of 2020. The current and prior period are consistent with U.S. Treasury rates, which continually declined through most of 2020 but began to tick upward in the fourth quarter of 2020. U.S. Treasury rates continued to rise through the first half of 2021 and are relatively stable as of September 30, 2021.

Liquidity and Capital Resources

As of September 30, 2021 and December 31, 2020, the Account’s cash and cash equivalents and non-real estate-related marketable securities had a value of $1.7 billion and $0.8 billion representing 6.8% and 3.3% of the Account’s net assets at such dates, respectively. The Account’s liquid assets continue to be available to purchase suitable real estate properties, meet the Account’s debt obligations, expense needs, and contract owner redemption requests (i.e., contract owner withdrawals or benefit payments). In addition, as disclosed in the Account's Form 10-K for the period ended December 31, 2020, the Account is able to meet its short-term and long-term liquidity needs through the Liquidity Guarantee provided by TIAA.

Net Income and Debt Outstanding

The Account's net investment income is a source of liquidity for the Account. Net investment income was $528.1 million for the nine months ended September 30, 2021, as compared to $545.5 million for the comparable period of 2020. The decrease in total net investment income is described more fully in the *Results of Operations* section.

The Account has a $500 million unsecured line of credit, accessible as needed to fund the Account's near-term investment objectives, as further described in *Note 10—Line of Credit.* As of September 30, 2021, the Account had no outstanding borrowings on the line of credit. The Account previously held a second stand-alone unsecured line of credit ("Line of Credit II") that was terminated during the second quarter of 2021. Details on the termination of Line of Credit II are further described in the Account's *Recent Transactions*.

The Account may from time to time borrow money and assume or obtain a mortgage on a property to make leveraged real estate investments. 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% (measured at the time of incurrence and after giving effect thereto). 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;
- an unsecured line of credit, credit facility or bank loan; or
- the issuance of debt securities.

As of September 30, 2021, the Account's loan-to-value ratio was 16.7%. The Account's loan-to-value ratio at any time is based on the outstanding principal amount of debt to the Account's total gross asset value, and excludes leverage, if any, employed by REITs and real estate funds in which the Account invests. The ratio will be measured at the time of any debt incurrence and will be assessed 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. In calculating outstanding indebtedness, we include only the Account's actual percentage interest in any borrowings on a joint venture investment and not that of any joint venture partner. Also, at the time the Account (or a joint venture in which the Account is a partner) enters into a revolving or other line of credit, management includes only amounts outstanding when calculating outstanding indebtedness.

The Account may borrow up to 70% of the then-current value of a property, although construction loans may be for 100% of costs incurred in developing the property. Except for construction loans, any mortgage loans on a property will be non-recourse to the Account. For this purpose, non-recourse means that if there is a default on a loan in respect to a specific property, the lender will have recourse to (i.e., be able to foreclose on) only the property encumbered (or the joint venture owning the property), or to other specific Account properties that may have been pledged as security for the defaulted loan, but not to any other assets of the Account. Currently, TIAA, on behalf of the Account, maintains a senior revolving unsecured line of credit with a syndicate of third-party bank lenders, including JPMorgan Chase Bank, N.A. (the "Credit Agreement"). The Account may use the proceeds of borrowings under the Credit Agreement for funding general organizational purposes of the Account in the ordinary course of business, including financing certain real estate portfolio investments. The Account may enter into additional unsecured lines of credit, credit facilities and term bank loans underwritten by one or more third-party lenders. In addition, from time to time, the Account may, if permitted by applicable insurance laws, borrow capital for operating or other needs by offering debt securities

As of September 30, 2021, there are four mortgage obligations secured by real estate investments wholly-owned by the Account maturing within the next twelve months. The Account has sufficient liquidity to meet its mortgage obligations.

Recent Transactions

The following describes transactions occurring during the third quarter of 2021 related to real estate properties, real estate joint ventures, real estate funds, loans receivable, and loans payable. Except as noted, 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.

Real Estate Properties and Joint Ventures

Purchases

Property Name	Transaction Date	Ownership Percentage	Sector	Location	Net Purchase Price[1]
Storage Portfolio IV[2]	7/21/2021	90.00%	Storage	Various, U.S.A.	$ 75.4
Audubon MOB[3]	7/27/2021	50.00%	Office	Colorado Springs, CO	$ 4.6
Port St. Lucie	7/28/2021	100.00%	Land	Port St. Lucie, FL	$ 13.6
Storage Portfolio IV[2]	8/12/2021	90.00%	Storage	Spring, TX	$ 6.4
TREA NW Forum at Carlsbad JV LLC[4]	8/27/2021	50.00%	Retail	Carlsbad, CA	$ 92.9
Storage Portfolio IV[2]	9/01/2021	90.00%	Storage	Coral, FL	$ 13.1
Storage Portfolio IV[2]	9/22/2021	90.00%	Storage	Various, U.S.A.	$ 26.6

(1) The net purchase price represents the purchase price and closing costs.
(2) During the third quarter of 2021, the Account purchased a 90% interest in 10 storage properties located in various cities throughout the United States. These properties are held in the Account's Storage Portfolio IV joint venture investment.
(3) Property held in Juniper MOB Portfolio.
(4) On August 27, 2021, the Account sold 50% of its ownership in The Forum at Carlsbad to Northwood Investors. Concurrent with the sale, the Account and Northwood Investors formed a joint venture known as TREA NW Forum at Carlsbad JV LLC, each contributing 50% interest. The amount shown represents the Account's 50% interest in the joint venture.

Sales

Property Name	Transaction Date	Ownership Percentage	Sector	Location	Net Sales Price[1]	Realized Gain (Loss) on Sale[2]
Bellevue Place	7/07/2021	100.00%	Retail	Nashville, TN	$ 10.3	$ 2.5
Florida Retail Portfolio[3]	7/09/2021	80.00%	Retail	Palm Harbor, FL	$ 19.7	$ (2.5)
Woodstock Square	7/14/2021	100.00%	Retail	Woodstock, GA	$ 37.5	$ 2.9
I-35 Logistics Center[4]	8/02/2021	95.00%	Land	Forth Worth, TX	$ 15.2	$ 6.7
Newnan Pavilion	8/05/2021	100.00%	Retail	Newnan, GA	$ 41.3	$ 0.7
The Forum at Carlsbad[5]	8/27/2021	100.00%	Retail	Carlsbad, CA	$ 178.8	$ (15.1)

(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.
(3) Partial sale. The Account sold a retail property within Florida Retail Portfolio.
(4) Partial sale. The Account sold Building 3 within I-35 Logistics Center.
(5) On August 27, 2021, the Account sold 50% of its ownership in The Forum at Carlsbad to Northwood Investors. Concurrent with the sale, the Account and Northwood Investors formed a joint venture known as TREA NW Forum at Carlsbad JV LLC, each contributing 50% interest. The amounts shown represent the sale of the Account's wholly-owned investment.

Loans Receivable

Originations

Description	Transaction Date	Interest Rate	Sector	Maturity Date	Amount
Reserve at Chino Hills	7/29/2021	2.40% + LIBOR	Apartments	8/09/2025	$ 88.0

Payoffs and Sales

Description	Transaction Date	Interest Rate	Sector	Maturity Date	Amount
Modera Observatory	8/10/2021	2.35% + LIBOR	Apartments	06/10/2022	$ 20.0

Financings

New Debt

Description	Transaction Date	Interest Rate	Sector	Maturity Date	Amount
TREA NW Forum at Carlsbad JV LLC(1)	8/27/2021	3.00% + LIBOR	Retail	9/09/2024	$ 57.0

(1) On August 27, 2021, the Account sold 50% of its ownership in The Forum at Carlsbad to Northwood Investors. Concurrent with the sale, the Account and Northwood Investors formed a joint venture known as TREA NW Forum at Carlsbad JV LLC, each contributing 50% interest. The amount shown represents the Account's 50% interest in the new debt associated with The Forum at Carlsbad.

Debt Payoff

Description	Transaction Date	Interest Rate	Sector	Maturity Date	Amount
The Forum at Carlsbad(1)	8/27/2021	4.25%	Retail	3/01/2022	$ 82.8

(1) On August 27, 2021, the Account sold 50% of its ownership in The Forum at Carlsbad to Northwood Investors. Concurrent with the sale, the Account and Northwood Investors formed a joint venture known as TREA NW Forum at Carlsbad JV LLC, each contributing 50% interest. The amount shown represents the payoff of debt associated with the Account's wholly-owned investment in The Forum at Carlsbad.

Other

Description	Extension Date	Transaction Type	Updated Termination Date	Commitment Amount
Line of Credit I	7/16/2021	Commitment Extension	9/20/2022	$ 500.0

Critical Accounting Estimates

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 Form 10-K for the year ended December 31, 2020, 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 from those disclosed in the Account's Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Account's real estate holdings, including real estate joint ventures, funds, an operating business and loans receivable, including those with related parties, which, as of September 30, 2021, represented 93.8% 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 and/or in specific locations where the Account may own property, including, among other reasons, as a result of an epidemic, pandemic or other health-related issue in one or more markets where the Account owns property, disruptions in the credit and/or capital markets, or changes in 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 borrows against a credit facility, 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 September 30, 2021, 6.2% of the Account's total investments were comprised of marketable securities. Marketable securities include high-quality debt instruments (i.e., government agency notes and corporate bond securities) and, when applicable, REIT securities. The Account's Consolidated Statements of Investments sets forth the general financial terms of these instruments, along with their fair values, as determined in accordance with procedures described earlier in 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, include the following:

- 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 MBS (including CMBS) 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 securities and MBS) 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 "Risk Factors" section of 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 the registrant’s Principal Executive Officer (“PEO”) and the 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 September 30, 2021. 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 arbitration, 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.

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, 2020.

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.

Not applicable.

ITEM 6. EXHIBITS

(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]
(3)	(A)	Restated Charter of TIAA (as amended)[2]
	(B)	Amended Bylaws of TIAA[3]
(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]
	(B)	Forms of Income-Paying Contracts[4]
	(C)	Form of Contract Endorsement for Internal Transfer Limitation[7]
	(D)	(1) Form of Non-ERISA Retirement Choice Plus Contract[9]
		(2) Form of Non-ERISA Retirement Choice Plus Certificate[9]
	(E)	(1) Form of Trust Company Retirement Choice Contract[10]
		(2) Form of Trust Company Retirement Choice Certificate[10]
	(F)	(1) Form of Trust Company Retirement Choice Plus Certificate[11]
		(2) Form of Trust Company Retirement Choice Plus Contract[11]
	(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]
	(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]
	(I)	Form of OneIRA Non-Qualified Deferred Annuity Contract (and Rate Schedule)[14]
	(J)	(1) Form of Endorsement to Retirement Choice and Retirement Choice Plus Contracts for Custom Portfolios[16]
		(2) Form of Endorsement to Retirement Choice and Retirement Choice Plus Certificates for Custom Portfolios[16]
	(K)	Form of Endorsement to Group Supplemental Retirement Annuity (GSRA) Certificate[17]
	(L)	(1)Form of Contract, Rate Schedule and Certificate for Multiple Employer Plan Retirement Choice Annuity Contract[18]
		(2)Form of Contract, Rate Schedule and Certificate for Multiple Employer Plan Retirement Choice Plus Annuity Contract[18]
	(M)	Form of Retirement Plan Loan Endorsement to Group Retirement Annuity Certificate[20]
	(N)	Form of Retirement Plan Loan Endorsement to Retirement Annuity Contract[21]
	(O)	Form of Retirement Plan Loan Endorsement to Supplemental Retirement Annuity Contract[22]
	(P)	Form of Required Minimum Distribution Endorsement to All Annuity Contracts[23]
	(Q)	Form of Required Minimum Distribution Endorsement to All Annuity Contracts[24]
(10)	(A)	Amended and Restated Independent Fiduciary Letter Agreement, dated as of February 21, 2018 (the "Independent Fiduciary Agreement"), between TIAA, on behalf of the registrant, and RERC, LLC[15]
	(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]
	(C)	Side Letter Agreement, dated as of September 22, 2020, between TIAA, on behalf of the registrant, and RERC, LLC extending the term of the Independent Fiduciary Agreement.[19]
(31)		Rule 13(a)Rule 13(a)-15(e)/ Rule 13a-15(e)/15d-15(e) Certifications*(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 September 30, 2021 (Unaudited), formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Assets and Liabilities as of September 30, 2021 (Unaudited), (ii) the Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020 (Unaudited), (iii) the Consolidated Statements of Changes in Net Assets for the three and nine months ended September 30, 2021 and 2020 (Unaudited), (iv) the Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2021 and 2020 (Unaudited), and (v) the Notes to the Consolidated Financial Statements (Unaudited).**

* 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).

(16) Previously filed and incorporated herein by reference to Exhibit 4(J)(1) and 4(J)(2) to the Account’s Current Report on Form 10-K, filed with the Commission on March 14, 2019 (File No. 33-92990).

(17) Previously filed and incorporated herein by reference to Exhibit 4(K) to the Account’s Current Report on Form 10-K, filed with the Commission on March 14, 2019 (File No. 33-92990).

(18) Previously filed and incorporated herein by reference to Exhibit 4(L)(1) and 4(L)(2) to the Account's Current Report on Form 10-K, filed with the Commission on March 12, 2020 (File No. 33-92990).

(19) Previously filed and incorporated herein by reference to Account's Current Report on Form 8-K, filed with the Commission on September 24, 2020 (File No. 33-92990).

(20) Previously filed and incorporated herein by reference to Exhibit 4(M) to the Account’s Current Report on Form 10-K, filed with the Commission on March 11, 2021 (File No. 33-92990).

(21) Previously filed and incorporated herein by reference to Exhibit 4(N) to the Account’s Current Report on Form 10-K, filed with the Commission on March 11, 2021 (File No. 33-92990).

(22) Previously filed and incorporated herein by reference to Exhibit 4(O) to the Account’s Current Report on Form 10-K, filed with the Commission on March 11, 2021 (File No. 33-92990).

(23) Previously filed and incorporated herein by reference to Exhibit 4(P) to the Account’s Current Report on Form 10-K, filed with the Commission on March 11, 2021 (File No. 33-92990).

(24) Previously filed and incorporated herein by reference to Exhibit 4(Q) to the Account’s Current Report on Form 10-K, filed with the Commission on March 11, 2021 (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 5th day of November 2021.

	TIAA REAL ESTATE ACCOUNT	
	By:	TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA
November 5, 2021	By:	/s/ Liza M. Tyler
		Liza M. Tyler Senior Managing Director, Lifetime Income, Teachers Insurance and Annuity Association of America (Principal Executive Officer)
November 5, 2021	By:	/s/ Austin P. Wachter
		Austin P. Wachter Executive Vice President, Chief Accounting Officer and Corporate Controller of Teachers Insurance and Annuity Association of America (Principal Financial and Accounting Officer)

EXHIBIT 31

CERTIFICATIONS

I, Liza M. Tyler, 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 officer 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.

November 5, 2021

/s/ Liza M. Tyler

Liza M. Tyler

Senior Managing Director, Lifetime Income, Teachers Insurance and Annuity Association of America

(Principal Executive Officer)

I, Austin P. Wachter, 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 officer 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.

November 5, 2021

/s/ Austin P. Wachter

Austin P. Wachter

Executive Vice President, Chief Accounting Officer and Corporate Controller of Teachers Insurance and Annuity Association of America

(Principal Financial and Accounting Officer)

EXHIBIT 32

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 September 30, 2021 (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.

November 5, 2021	/s/ Liza M. Tyler
	Liza M. Tyler
	Senior Managing Director, Lifetime Income, Teachers Insurance and Annuity Association of America
	(Principal Executive Officer)
November 5, 2021	/s/ Austin P. Wachter
	Austin P. Wachter
	Executive Vice President, Chief Accounting Officer and Corporate Controller of Teachers Insurance and Annuity Association of America
	(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.