

Real Estate



Principal U.S. Property Account

Pompano Beach General Employees' Retirement System

Darren Kleis - Managing Director,
Portfolio Management

Greg Pittenger Director, Institutional Sales
& Relationship Management



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Principal Real Estate

A leader in real estate investing

A **top-10** global real estate manager¹

Over **525 institutional clients** from **26 different countries**² place their trust in our expertise

Over **60 years** of real estate investment experience³

More than **\$96 billion** in real estate debt and equity transactions over the past decade

Over **400 employees** across 11 countries

A team of more than **275 investment professionals** on-the-ground in major markets across 10 countries⁴

\$82.9 billion

in assets under management²

Private Equity

Core, Value-add and
Opportunistic Strategies
\$33.9 billion

Private Debt

Commercial Mortgages,
Bridge and Mezzanine Loans
\$22.4 billion

Public Equity

Real Estate Investment
Trust Securities
\$17.3 billion

Public Debt

Commercial Mortgage-
Backed Securities
\$9.0 billion

As of 30 June 2020. ¹Managers ranked by total worldwide real estate assets (net of leverage), as of 30 June 2019. “Largest Real Estate Managers”, PENSIONS & INVESTMENTS, 30 September 2019. ²Includes clients of, and assets managed by, Principal Real Estate Europe Limited and its affiliates. Assets under management figure shown here does not include assets that are managed by Principal International and Retirement and Income Solutions divisions of Principal. ³Principal Real Estate Investors became registered with the SEC in November 1999. Activities noted prior to this date were conducted beginning with the real estate investment management area of Principal Life Insurance Company and later Principal Capital Real Estate Investors, LLC, the predecessor firm to Principal Real Estate Investors. ⁴Includes investment professionals of Principal Real Estate Europe Limited and its affiliates. Due to rounding, figures shown may not add to the total.

Account summary

Pompano Beach General Employees' Retirement System

Account Value as of (09/30/2020)

\$22,699,124.18

Principal U.S. Property Account

Principal U.S. Property Account is a daily valued, open-end, commingled portfolio sponsored and managed by Principal Real Estate Investors. Notable features and objectives of the Account include:

- Pursue a private equity “core” investment strategy
- Actively manage a high-quality portfolio of nationally diversified, income producing properties
- Focus on income stability and growth over multiple market cycles
- Outperform NFI-ODCE Index



March Business Center



555 City Center



Watermark Kendall East & West



Mayfaire Shopping Center

A **team approach** to portfolio management

Principal U.S. Property
Account Portfolio
Management Team

John Berg

Senior Managing Director

Darren Kleis

Managing Director

Meighan Phillips

Managing Director

Bridget Lechtenberg

Senior Portfolio Analyst

Ross Johnson

Portfolio Analyst

Principal U.S. Property Account Senior Strategy Committee

- Meets at least quarterly
- Set strategy & review guidelines
- Reviews performance

Acquisitions/Dispositions and Asset Management

Acquisitions/Dispositions

- Formal weekly meetings
- Ad hoc transaction meetings

Asset Management

- Formal quarterly property review meeting
- Ad hoc material event meetings

Investment Committee

- Meets weekly
- Reviews transactions over \$1 million
- Reviews transactions for market and strategy consistency

Account profile

Key statistics

As of 30 June 2020

Inception	January 1982
Gross asset value	\$10.35 billion
Net asset value	\$7.99 billion
Investments	133
Leverage ratio ¹	20.2%
Size	37.0 million SF
Portfolio occupancy ²	96.0%
One year net absorption	699,757 SF
Institutional investors > \$5 million	184
Contribution queue balance ³	\$950.1 million
Withdrawal limitation balance ⁴	\$490.5 million

¹T1 Leverage Ratio as defined by NCREIF PREA Reporting Standards.

²Occupancy excludes value-add assets which are less than 75% leased or are under development. Occupancy for the total portfolio is 91.2%.

³Given demand for investment exposure to the Account and the Account's capital needs, a contribution queue was instituted on 28 June 2019. When a contribution queue exists, each investor is fully invested by order of date the Account received notice of intent to invest.

⁴The Account instituted a withdrawal limitation on March 20, 2020. The limitation provides for pro-rata payment of outstanding withdrawal requests as cash becomes available for distribution. It is unclear how long the limitation will be in place. The implementation of the limitation does not change the Account's strategy to seek attractive risk-adjusted returns through investment in core real estate.

Property shown is representative of the Account's holdings. For a complete list of the Account's holdings, see "Property List" in Additional Information.

7 | For one-on-one use only.



Lennox SouthPark
Charlotte, NC

2020 strategic themes

✓ Investment strategy:

High quality infill properties

Long-term landlord pricing power

✓ Monitor and mitigate risk

Prudent liability management and reduction

Execute in existing non-core allocation

- Costs
- Timing
- Labor and materials considerations
- Leasing

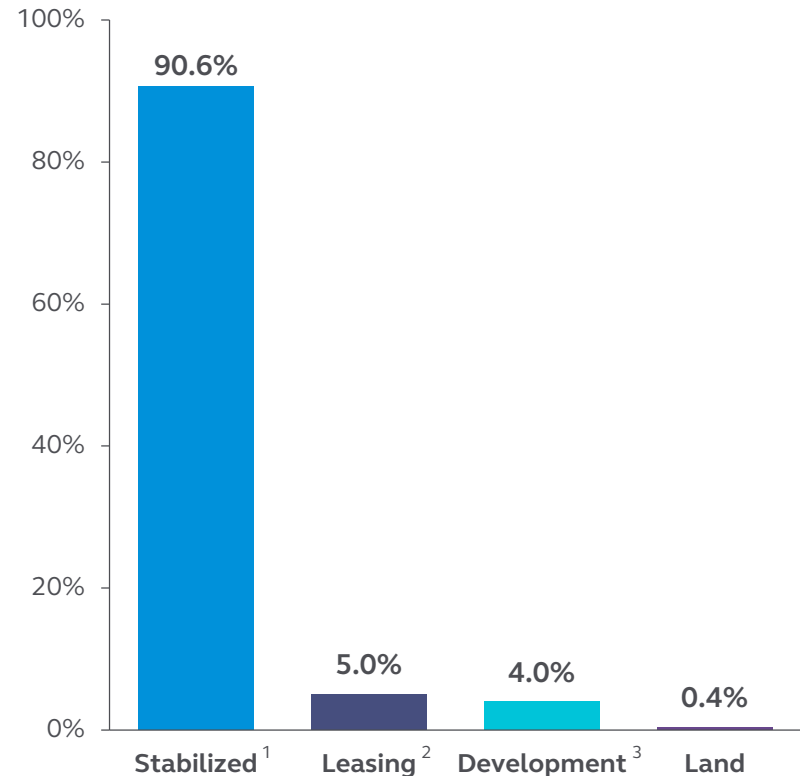
✓ Drive operations:

Maintain occupancy

Preserve net operating income (NOI)

Rent relief best practices

Lifecycle diversification



As of 30 June 2020. Percentages reflect the Gross Asset Value of properties within each classification.

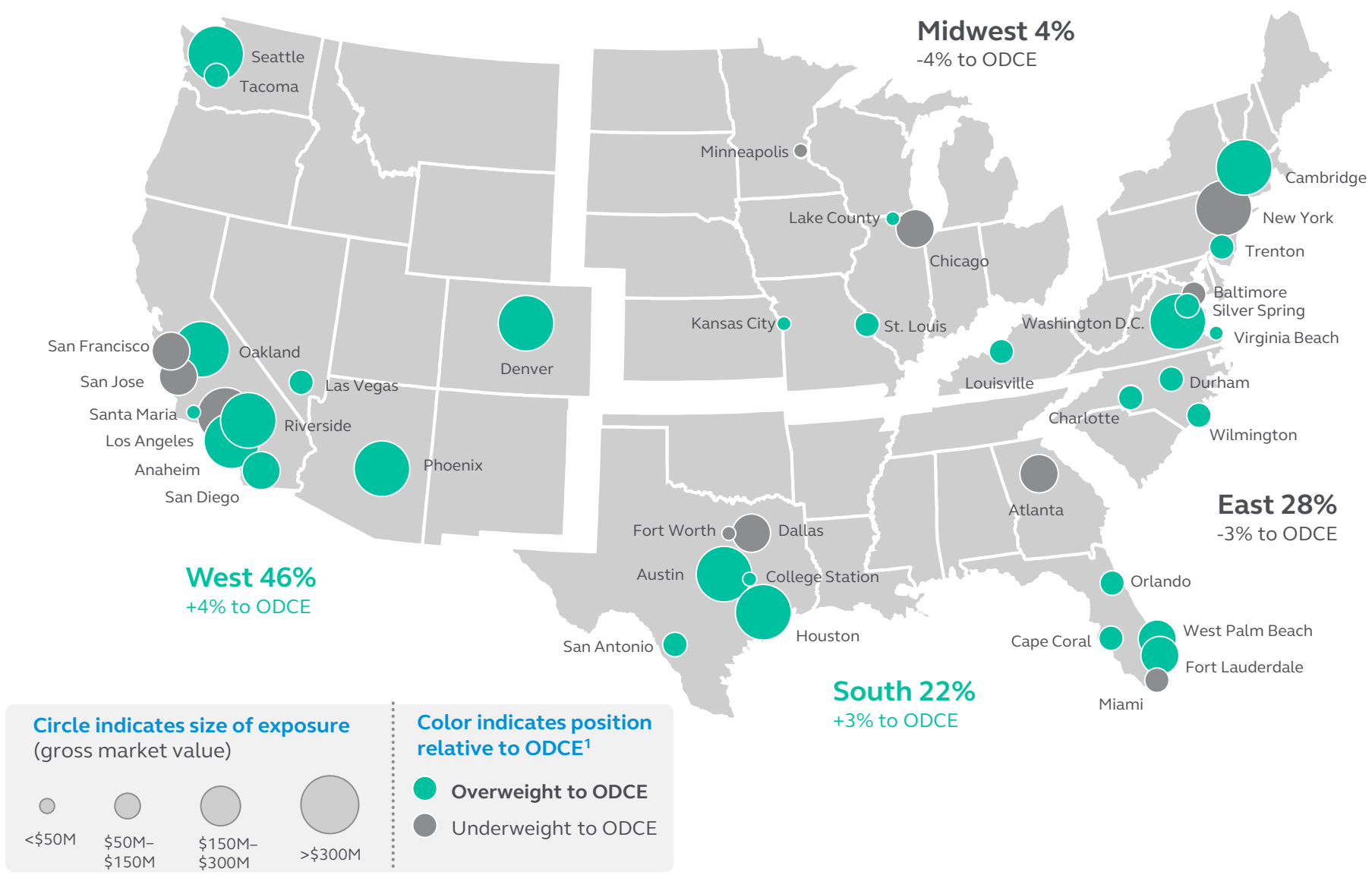
¹Portfolio minimum requirement of 85% in stabilized properties.

²Properties less than 75% leased.

³Portfolio maximum limit of 7.5% in development.

Diversification

As of 30 June 2020



Office As of 30 June 2020



Portfolio weight	37%	One-year return ¹	1.20%
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NFI-ODCE equal weight	34%	One-year return ²	3.65%
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Sector strategy

Strategic range: 32% – 37%

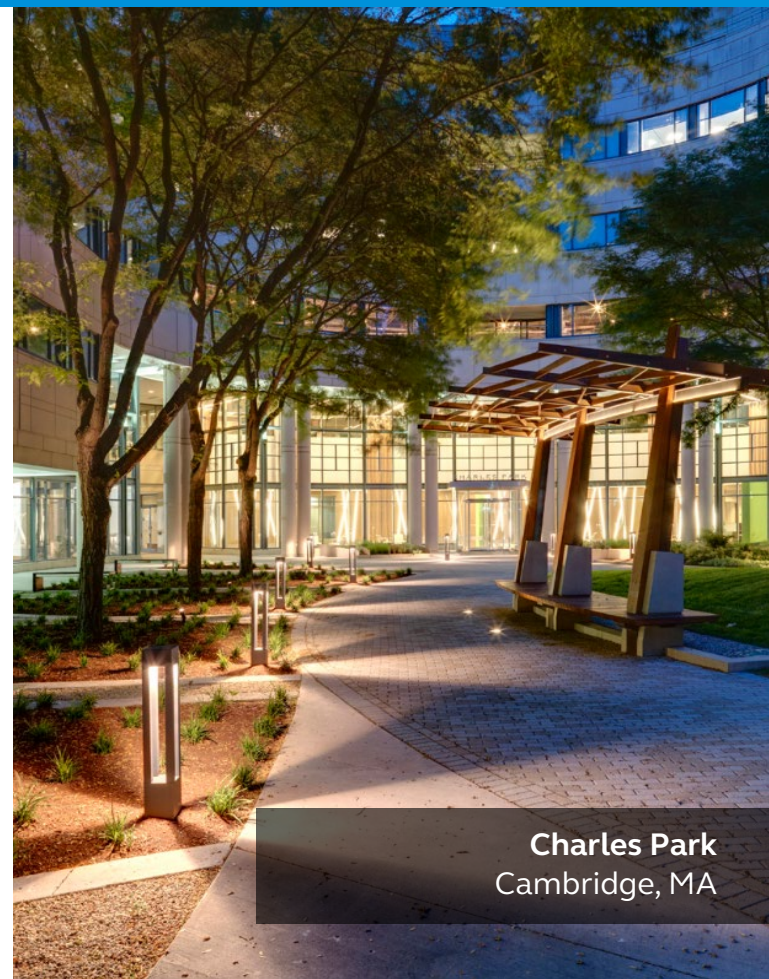
- Reduce allocation
- Major market, amenitized and transit-oriented locations
- Monitor tenant procurement costs and space utilization

¹Property returns are unlevered, before fees and calculated in accordance with NCREIF property return methodology.

²All ODCE Property return.

Property shown is representative of the Account's holdings.

For a complete list of the Account's holdings, see "Property List" in Additional Information.



Charles Park
Cambridge, MA

Retail

As of 30 June 2020



Portfolio weight	14%	One-year return ¹	-3.31%
NFI-ODCE equal weight	15%	One-year return ²	-7.33%

Sector strategy

Strategic range: 10% – 15%

- Maintain underweight allocation
- Own primarily necessity-based formats
 - 80.2% of retail exposure in neighborhood and community centers
 - No mall exposure

¹Property returns are unlevered, before fees and calculated in accordance with NCREIF property return methodology.

²All ODCE Property return.

Property shown is representative of the Account's holdings.

For a complete list of the Account's holdings, see "Property List" in Additional Information.



South Dade Shopping Center
Miami, FL

Multifamily As of 30 June 2020



Portfolio weight	27%	One-year return ¹	2.52%
NFI-ODCE equal weight	27%	One-year return ²	2.89%

Sector strategy

Strategic range: 25% – 30%

- Maintain equal weight allocation
- Own non-commodity properties
- Maintain diverse tenant profile
- Execute build-to-core and lease-to-core

¹Property returns are unlevered, before fees and calculated in accordance with NCREIF property return methodology.

²All ODCE Property return.

Property shown is representative of the Account's holdings.

For a complete list of the Account's holdings, see "Property List" in Additional Information.

Marq on Main
Chicago, IL



Industrial As of 30 June 2020



Portfolio weight	22%	One-year return¹	11.83%
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NFI-ODCE equal weight	20%	One-year return²	10.55%
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Sector strategy

Strategic range: 19% – 24%

- Maintain overweight allocation
- Remain primarily in warehouse sub-sector
- Own product that meets specific market demand
- Maintain exposure in major distribution hubs
- Monitor trade policy for potential demand erosion in port markets

¹Property returns are unlevered, before fees and calculated in accordance with NCREIF property return methodology.

²All ODCE Property return.

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Bethel Business Center
Dallas, TX

Top 10 assets

As of 30 June 2020



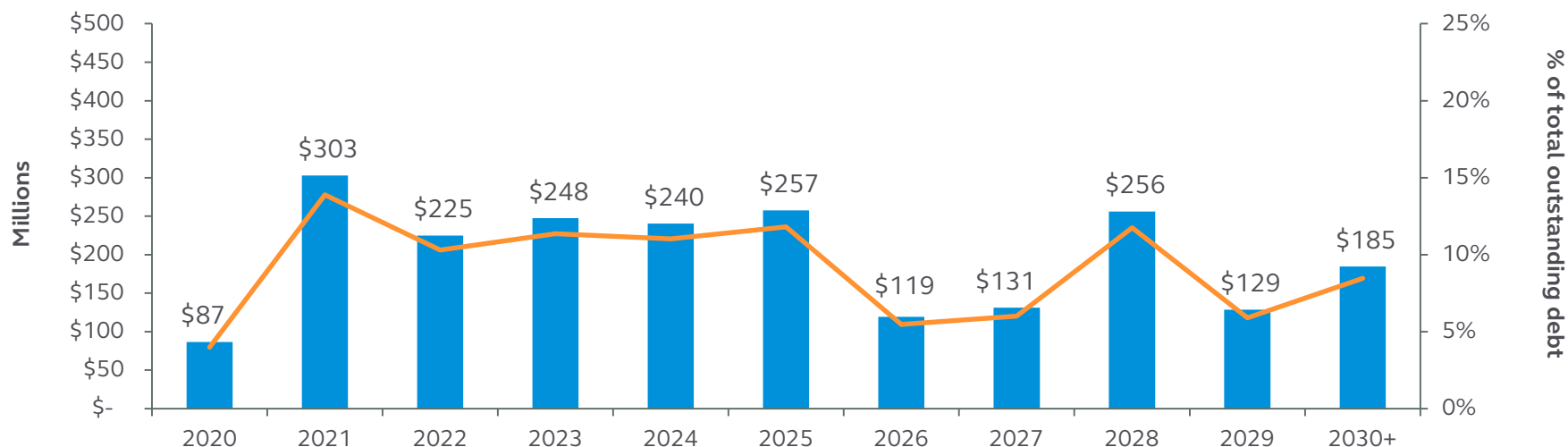
Property	MSA	Sector	% of gross real estate assets	Occupancy ¹
1 Park Place	Anaheim	Office/Retail/Land	4.1%	92.9%
2 500 West Second Street	Austin	Office	4.1%	100.0%
3 Charles Park	Cambridge	Office	3.9%	100.0%
4 Nine Two Nine	Seattle	Office	3.7%	100.0%
5 Sonoran Village	Phoenix	Multifamily	3.1%	94.2%
6 Watermark Kendall East & West	Cambridge	Multifamily/Retail	2.9%	92.1%
7 1370 Avenue of the Americas	New York	Office	2.9%	92.7%
8 555 City Center	Oakland	Office	2.5%	86.4%
9 Burbank Empire Center	Los Angeles	Retail	2.4%	100.0%
10 225 West Santa Clara	San Jose	Office	2.1%	83.4%

¹Occupancy represents percent leased.

Property shown is representative of Account's holdings. For a complete list of the Account's holdings, see "Property List" in Additional Information.

Leverage highlights

Debt maturities



Cost of debt

	Interest rate	% of total debt
Fixed rate	3.72%	86%
Floating rate	2.00%	14%
Total obligations	3.48%	100%

Type of debt

	Interest rate	% of total debt
Portfolio	3.57%	19%
Property	3.46%	81%
Total obligations	3.48%	100%

Line of credit

	Terms
Maturity	May 2022
Size (\$M)	\$600
Outstanding (\$M)	\$0

As of 30 June 2020.

Performance summary

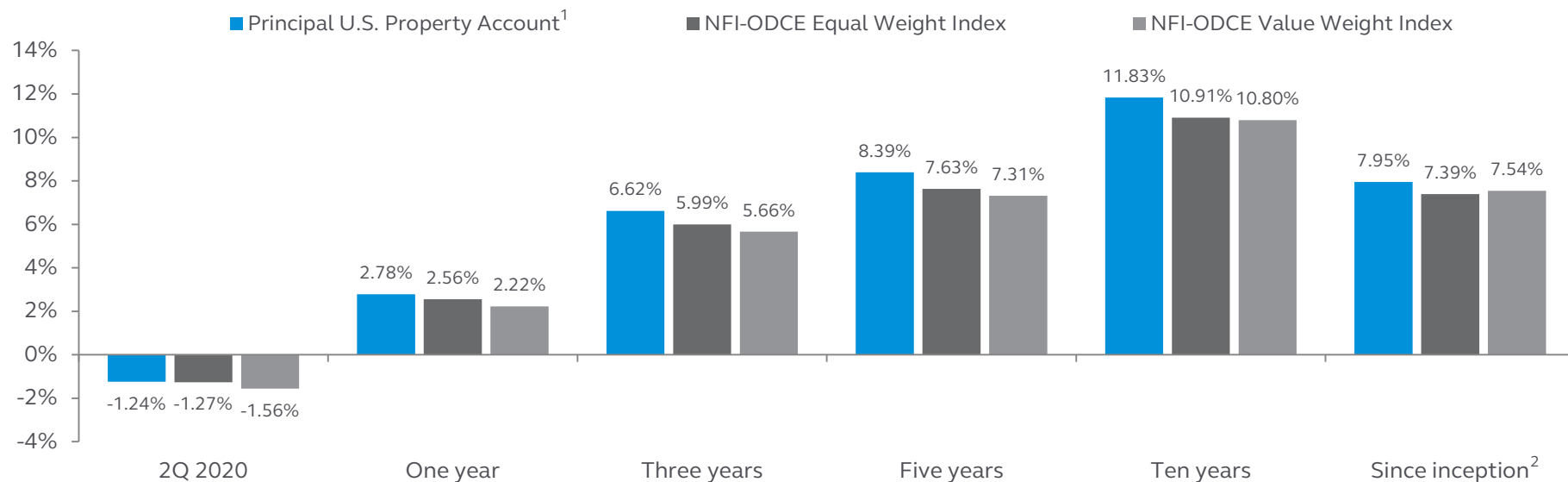
Principal U.S. Property Account returns

	2nd quarter 2020	One year	Three years	Five years	Ten years	Since inception ⁴
Gross portfolio level ¹	-1.24%	2.78%	6.62%	8.39%	11.83%	7.95%
Net portfolio level ²	-1.48%	1.75%	5.56%	7.32%	10.71%	6.79%
Gross property level ³	-0.64%	3.04%	6.40%	7.88%	10.63%	8.19%

As of 30 June 2020. Source: Principal Real Estate Investors. Returns for periods over one year are annualized. ¹Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the portfolio. The highest standard institutional investment management fee (annualized) for the Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of investment management fees and other expenses. Investment management fees are subject to change. ²Net portfolio returns are shown after deduction for portfolio expenses including the investment management fee, which is 1.00% annually from 1 July 2002 through the present. Net portfolio returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. ³Property returns are unlevered, before fees and calculated in accordance with NCREIF property return methodology. ⁴Principal U.S. Property Account Inception Date: 30 January 1982. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions See "Endnotes."

Performance summary

Gross portfolio returns



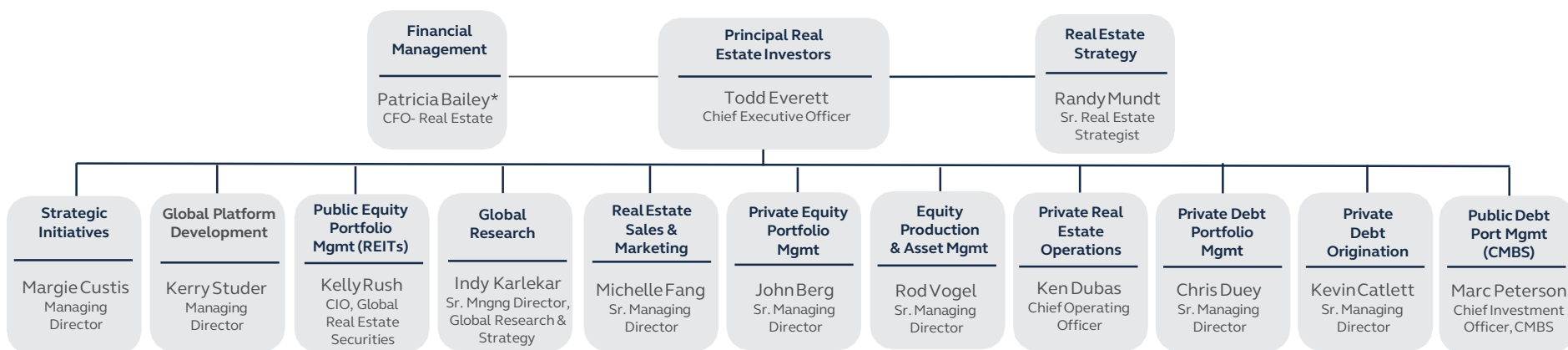
Income return	2Q 2020	One year	Three years	Five years	Ten years
Principal U.S. Property Account Portfolio Level (Gross) ¹	0.93%	4.15%	4.42%	4.63%	5.19%
NCREIF Fund Index – ODCE Equal Weight (Gross)	0.97%	4.25%	4.34%	4.47%	4.91%
NCREIF Fund Index – ODCE Value Weight (Gross)	0.91%	4.07%	4.17%	4.31%	4.82%

As of 30 June 2020. Source: Principal Real Estate Investors. Returns for periods over one year are annualized. ¹Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the Account. The highest standard institutional investment management fee (annualized) for the Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of investment management fees and other expenses. Investment management fees are subject to change. ²Principal U.S. Property Account Inception Date: 30 January 1982. Net total returns are -1.52%, 1.60%, 5.40%, 7.15%, 10.55% and 6.72%, respectively. Net portfolio returns are shown after deduction for portfolio expenses including the investment management fee, which is 1.15% annually from 1 July 2002 through the present. Net portfolio returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. NCREIF Fund Indices are shown for comparative purposes only. The two methods of calculation of performance are not identical and it is not possible to invest the NFI-ODCE. The NFI-ODCE Equal Weight is presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer-to-peer comparisons. The statistical data regarding the NFI-ODCE has been obtained from sources believed to be reliable, but it has not been independently verified. See "Endnotes."

Additional information

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Principal Real Estate Investors



As of 30 June 2020

*direct reporting line to Jill Hittner, PGI CFO

Summary of Account terms

Inception date	January 1982
Legal structure	Insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors
Investors	Qualified retirement plans and 457 plans ¹
Minimum investment	\$1.0 million
Contributions	Daily, in the absence of a contribution queue
Distributions	All cash is automatically reinvested in the Account unless otherwise directed by each individual client
Redemptions	Daily, in the absence of a withdrawal limitation; clients whose net asset value is greater than \$50 million may be subject to additional restrictions ²

¹The Principal U.S. Property Separate Account is an open-end, commingled real estate account available to retirement plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 ("Code"), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended, since 1982. The Account is an insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors. ²For clients whose net asset value is greater than \$50 million, a mutually agreeable withdrawal schedule may be considered.

Fee structure

Investment management fee schedule

Deducted daily based upon the net asset value of each investor's account balance

Total equity invested	Annual fee
Up to \$10 million	110 bps
\$10 million up to \$25 million	100 bps
\$25 million up to \$100 million	95 bps
\$100 million up to \$750 million	80 bps
\$750 million and greater	73 bps

As an example, an investor with an account balance of \$25 million pays 95 bps on the entire account balance, or an estimated annual fee of \$237,500.

The Account does not charge acquisition, development or financing fees.
When an investor increases its account value into another fee tier, the entire account balance is charged the lower investment management fee level.

Investment guidelines



Property sector

- Office, Retail, Multifamily, Industrial and Hotels
- 50% - 150% of NCREIF Property Index



Leverage

- Account-level maximum leverage is 33%
- Property-level maximum leverage is 80% (initial leverage)



Location

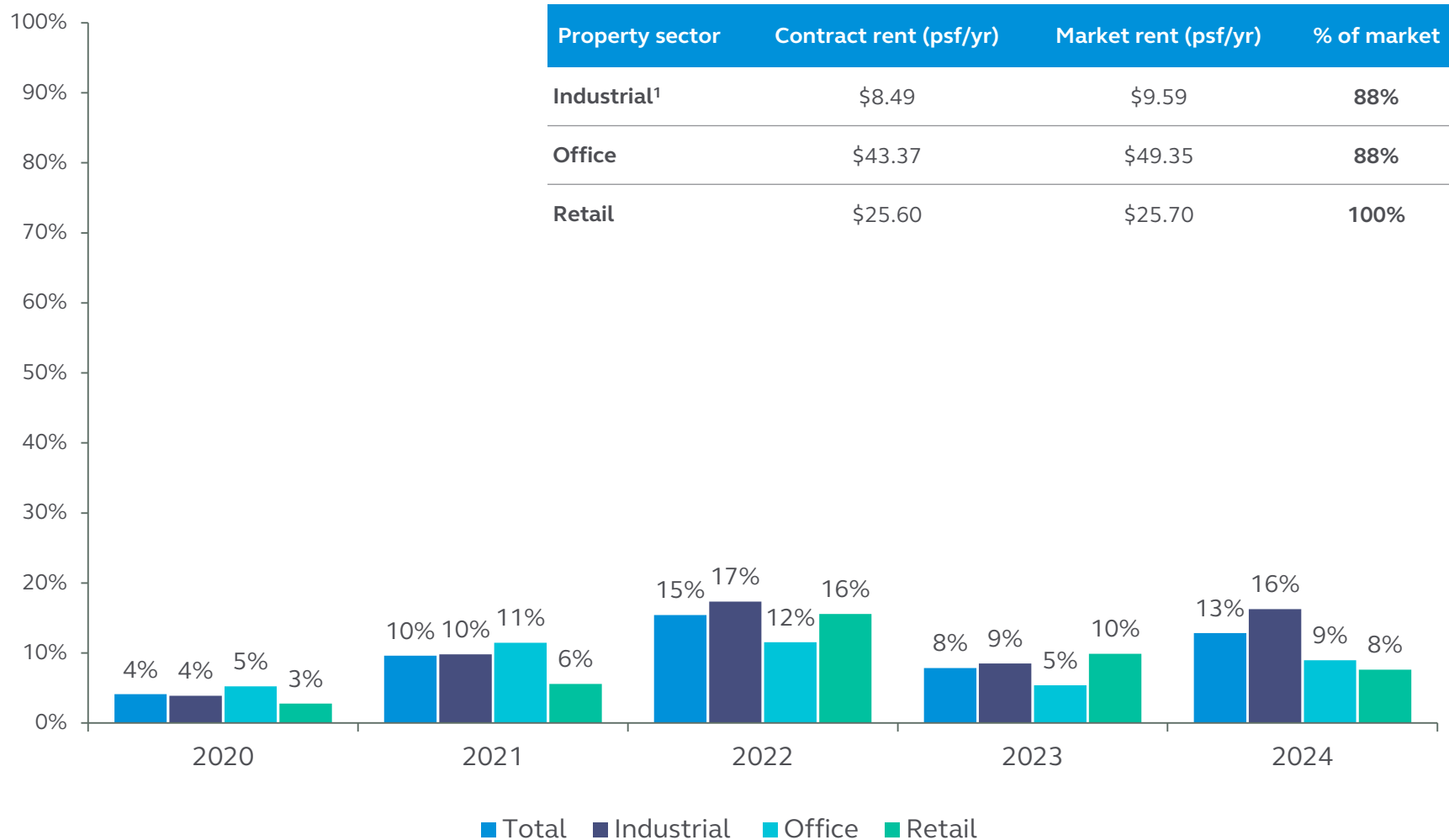
- Broad geographic diversification
- Focus on approximately 40 U.S. markets.



Hold/sell strategy

- Hold most assets for 2 to 10 years
- Continuously monitor market conditions to dictate sale timing

Lease rollover



As of 30 June 2020.

Lease rollover is based on expected percentage of square footage expiring within each property sector within the stated calendar year.

¹Excludes data centers.

Property priorities

2020 Property priorities

Development

- **Alta Purl (MF)** – Charlotte, NC
- **EDIT at River North (MF/RET)** – Denver, CO
- **Alta Washington Avenue (MF)** – Houston, TX
- **Alta NV (MF)** – Las Vegas, NV
- **Llewellyn (MF)** – Los Angeles, CA
- **920 Bayswater (MF)** – San Francisco, CA
- **Gateway at Millbrae Station (MF/OFF/RET)** – San Francisco, CA

Leasing

Office

- **Park Place** – Anaheim, CA
- **INOVA Office II** – Denver, CO
- **1370 Avenue of the Americas** – New York, NY
- **77 Water Street** – New York, NY
- **555 City Center** – Oakland, CA
- **Papago Buttes** – Phoenix, AZ
- **Portales Corporate Center** – Phoenix, AZ
- **225 West Santa Clara** – San Jose, CA

Industrial

- **Trinity Overlook Distribution** – Dallas, TX
- **Data Center Portfolio** – Various markets
- **Airspace IV** – Louisville, KY
- **Crews Commerce Center Phase II** – Orlando, FL
- **1080 O'Brien Drive** – San Francisco, CA

Retail

- **North Avenue Collection** – Chicago, IL
- **Bell Tower Shops** – Fort Myers, FL
- **The Marketplace at Vernon Hills** – Lake County, IL
- **530 Lincoln Road** – Miami, FL
- **Hazard Center Retail** – San Diego, CA

Multifamily

- **District at Duluth** – Atlanta, GA
- **Marq on Main** – Chicago, IL
- **Ravello** – Dallas, TX
- **Vita Littleton** – Denver, CO
- **La Plaza** – Los Angeles, CA
- **Sonoran Village Phase III** – Phoenix, AZ

Recent leasing

Office

- **Park Place** – Panasonic 268,000 SF
- **1370 Avenue of the Americas** – Teng Yue 17,000 SF
- **77 Water Street** – Healthify 5,800 SF
- **555 City Center** – 47,000 SF of new and renewal leases signed during the first half of 2020
- **Portales Corporate Center** – InfoArmor 24,000 SF and LoanDepot.com 66,000 SF renewal
- **225 West Santa Clara** – Ameriprise Holdings 18,000 SF

Industrial

- **Grand Lakes Distribution Center** – Shippers Warehouse 281,000 SF

Retail

- **Marketplace at Vernon Hills** – Jo-Ann Fabric 40,000 SF renewal
- **530 Lincoln Road** – Showfields 14,300 SF

Multifamily

- **Marq on Main** – 33,000 SF of leasing during the first half of 2020
- **La Plaza** – 70,000 SF of multifamily and retail leasing in the first quarter
- **Sonoran Village Phase III** – 48,000 SF of leasing in the first quarter

Tenancy preservation strategy

- Evaluate individual rent relief requests employing platform best practices
- Consider qualitative measures or restrictions when evaluating tenancy and rent roll
- Adoption of National Multifamily Housing Council (NMHC) guidelines in property operations

2020 Acquisition activity

Property	Sector	Size	Location
J Highlands at Hudson	Multifamily	158 units	Cambridge, MA
920 Bayswater	Multifamily	128 units	San Francisco, CA
290 Commerce Center	Industrial	530,400 SF	Houston, TX



920 Bayswater
(rendering)

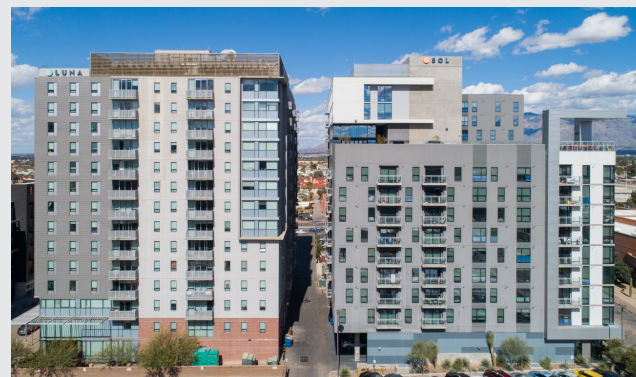
As of 30 June 2020.

2020 Disposition activity

Property	Sector	Size	Location
Sol	Multifamily/Retail	389 beds / 7,716 SF	Tucson, AZ
Luna	Multifamily	588 beds	Tucson, AZ
Amber Glen	Industrial/Office	578,808 SF	Portland, OR



Amber Glen

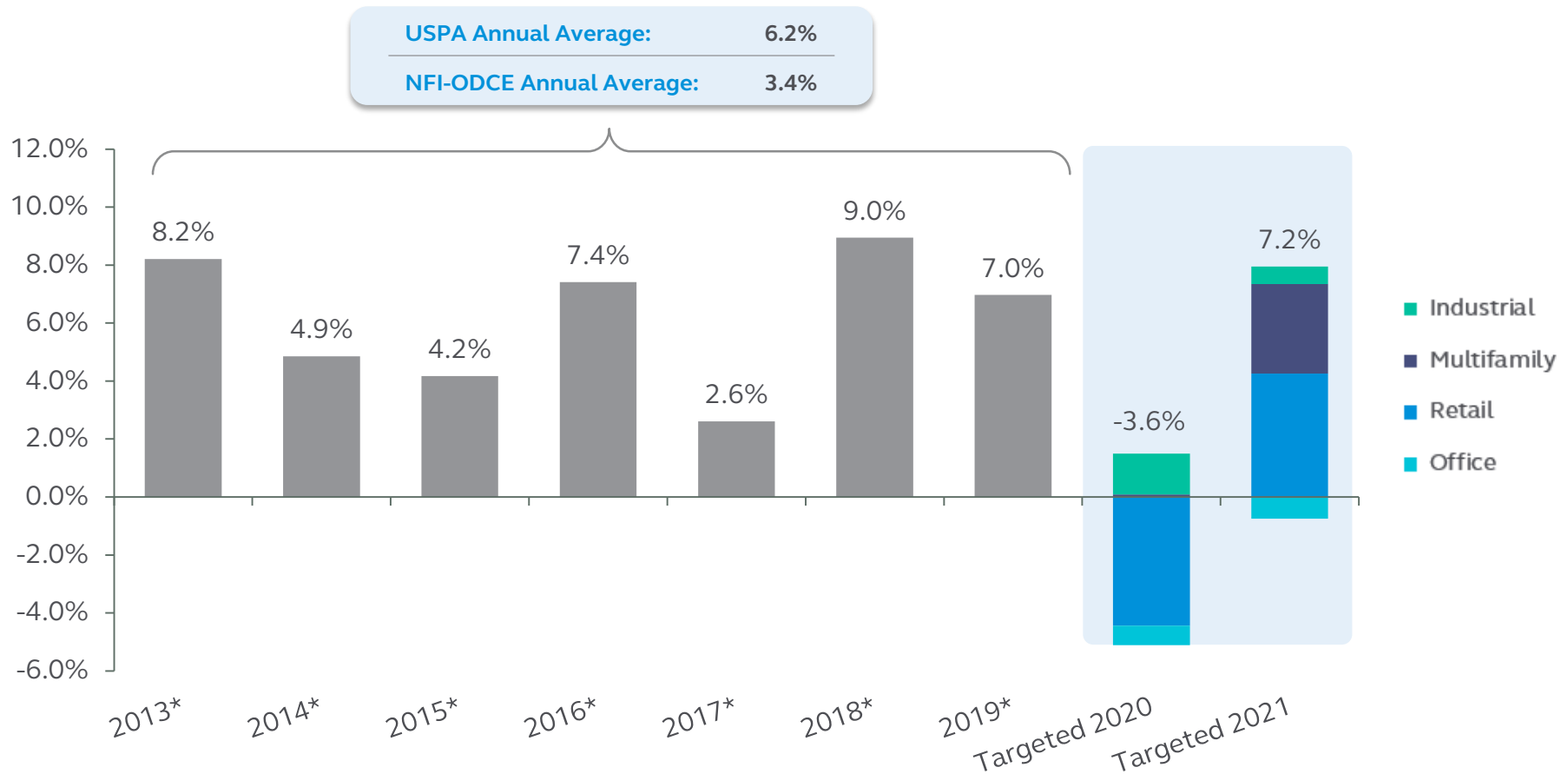


Sol y Luna

As of 30 June 2020. Past disposition activity should not be relied upon as any indication of future deal flow.

Same-property NOI growth

Year-over-year period



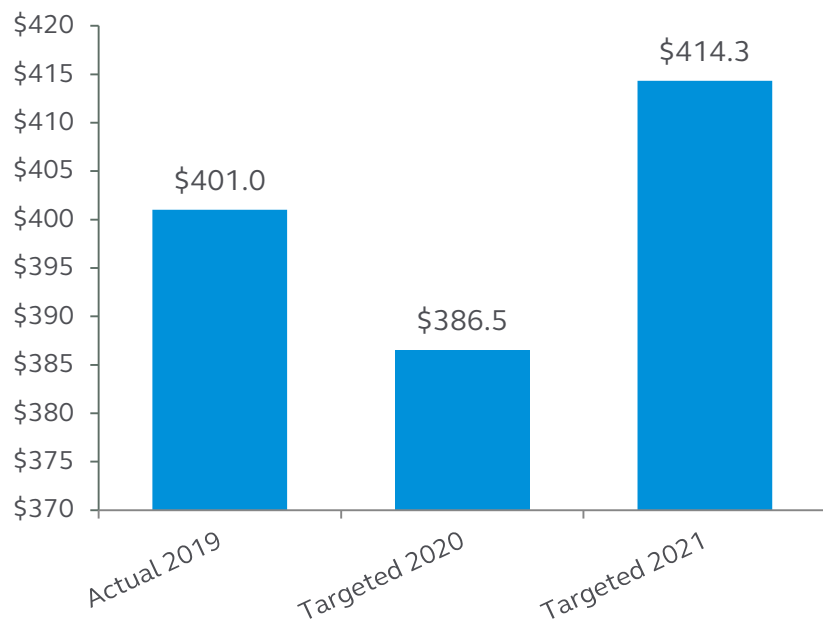
*Includes land NOI growth

As of 30 June 2020.

NOI is net operating income at the property level and is before fees. The same-property portfolio includes assets purchased prior to 1 January 2019 and excludes assets sold prior to 30 June 2020. Targeted NOI is based on discounted cash flow models validated by the Account's valuation consultant and reflect the current views and opinions of Principal Real Estate Investors and are not intended to be, nor should they be relied upon in any way as a forecast or guarantee of future events regarding particular investments or the markets in general. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.

Targeted NOI growth

Same-property targeted NOI (\$M)¹



Reflects \$13.3M or 3.3% cumulative NOI growth through 2021

Same-property NOI growth drivers (\$M)

Operating		-\$9.1
• Industrial	\$9.2	
• Multifamily	-\$3.2	
• Office	-\$11.2	
• Retail	-\$4.0	
Development and initial leasing		\$22.4
Top 10 contributors:		
• La Plaza	• Llewellyn	
• Sonoran Village Ph. III	• Vita Littleton	
• INOVA Office II	• 1080 O'Brien Drive	
• Alta NV	• Transport Commerce Ctr.	
• 601 New Jersey	• Crews Commerce Ctr.	

Total estimated NOI growth by YE 2021 **\$13.3**

As of 30 June 2020.

¹NOI is net operating income at the property level and is before fees. The same-property portfolio includes assets purchased prior to 1 January 2019 and excludes assets sold prior to 30 June 2020. Targeted NOI is based on discounted cash flow models validated by the Account's valuation consultant and reflect the current views and opinions of Principal Real Estate Investors and are not intended to be, nor should they be relied upon in any way as a forecast or guarantee of future events regarding particular investments or the markets in general. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.

Responsible property investing

Ongoing commitment to ESG

Principles for Responsible Investment (PRI)¹:

- Real Estate awarded an “A+” rating for three consecutive years

GRESB²:

- Green Star Rating: **13th place** in a field of 47 U.S. diversified, non-listed property strategies
- Sixth consecutive Green Star Rating

ENERGY STAR:

- Five consecutive **ENERGY STAR Partner of the Year** awards, including our third Sustained Excellence Award in 2020³
- **24** assets ENERGY STAR certified⁴

Green building certifications⁴:

- **27** assets LEED certified
- **7** assets registered LEED



225 West Santa Clara
San Jose, California



¹Principal Real Estate Investors performance band score of “A+” in the PRI 2017, 2018 & 2019 Assessments, earning 50 out of 51 points in 2019. For further details, please refer to the PRI Assessment Methodology, Principal Global Investors’ full Assessment Report and Transparency Report, all of which are available upon request. ²2019 GRESB assessment for the Principal U.S. Property Account, data as of 31 December 2018. ³Each year, the EPA honors organizations that have made outstanding contributions to protecting the environment through energy efficiency. April 2020, U.S. Environmental Protection Agency. ⁴Certifications specific to assets held by the Principal U.S. Property Account as of 31 March 2020.

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Biographies

John T. Berg - Senior Managing Director, Head of Private Equity Portfolio Management

John is a senior managing director at Principal Real Estate Investors and oversees the firm's private equity portfolio management group. He is also the portfolio manager of the Principal U.S. Property Account, a core open-end real estate strategy. John joined the firm in 1994 and has spent his entire tenure with the firm in the real estate equity area. In addition to portfolio management, John has significant experience in asset management and product development. John received an MBA from the University of Iowa and a bachelor's degree in economics and psychology from Georgetown University. John serves on Principal Real Estate Investors' investment committee.

Darren Kleis - Managing Director, Portfolio Management

Darren is a managing director, portfolio management at Principal Real Estate Investors. Darren joined the portfolio management team of the Principal U.S. Property Account in 2007, and is responsible for portfolio management activities of the Principal U.S. Property Account including market research, asset management oversight, leasing and capital expenditures, financing, annual business plans, and hold/sell analysis. Prior to his current role, Darren was an investment director of asset management for 12 years for Principal Real Estate Investors. Darren joined Principal Financial Group in 1992 as an investment accountant. He received an MBA from Drake University and a bachelor's degree in accounting from Northwestern College.

Meighan E. Phillips - Managing Director, Portfolio Management

Meighan is a managing director, portfolio management for Principal Real Estate Investors. Meighan joined the portfolio team for the Principal U.S. Property Account in August of 2006. She is responsible for execution of portfolio strategy, client and consultant communication and provides oversight for portfolio reporting, analytics and attribution. She joined the firm in 2005 and prior to her tenure on the Account, Meighan was an acquisition analyst for Principal Real Estate Investors. She received an MBA from the University of Iowa and a bachelor's degree in finance with a concentration in investments from Drake University. Meighan is a member of the NCREIF Fund Index ODCE Investment Policy Committee and is currently serving as co-chair of the NCREIF Daily Priced Index Committee.

Bridget Lechtenberg - Senior Portfolio Analyst

Bridget is a senior portfolio analyst for Principal Real Estate Investors. She is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. Bridget is responsible for portfolio statistics and analysis, annual business plans, client and consultant quarterly reporting and return attribution. Bridget joined the firm in 2006 and spent six years in the asset management/development and acquisition/dispositions area before joining the Principal U.S. Property Account team in 2013. She received her bachelor's degree in finance and real estate from the University of Northern Iowa.

Ross Johnson - Portfolio Analyst

Ross is a portfolio analyst for Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. He is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. Ross is responsible for portfolio statistics and analysis, annual business plans and quarterly reporting. Ross joined the firm in 2011 and spent time on the New Business Development, CMBS Securitization, and Private Debt origination teams before joining the Principal U.S. Property Account team in 2018. He received a bachelor's degree in accounting and finance from University of Northern Iowa.

Greg Pittenger - Director, Institutional Sales & Relationship Management

Greg is a client advisor for Principal Global Investors' (PGI) US Institutional business. Greg has been with the firm since 2019 and is focused on providing investment management solutions to institutional investors with the experience and resources of PGI's multi-boutique model. Prior to this role, Greg served as a Client Advisor with J.P. Morgan Asset Management for over 17 years. Greg received a bachelor's degree in finance from the University of Illinois and holds Series 3, 7, 63 and 65 licenses.

Endnotes

Endnotes

Performance disclosures:

Performance shown is time-weighted and returns for periods over one year are annualized. Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so that value, when redeemed, may be worth more or less than original costs. Currently performance may be lower or higher than the performance data shown. This investment is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general local economic condition.

Principal U.S. Property Account background:

The Principal U.S. Property Separate Account is an open-end, commingled real estate account available to retirement plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 (“Code”), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended, since 1982. The Account is an insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors.

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. Insurance products and plan administrative services provided through Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. See the group annuity contract for the full name of the Separate Account. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as permitted by the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them. The Account is a diversified real estate equity portfolio consisting primarily of high quality, well-leased real estate properties in the multifamily, industrial, office, retail and hotel sectors.

Real Estate investment options are subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Property values can decline due to environmental and other reasons. In addition, fluctuation in interest rates can negatively impact the performance of real estate investment options.

NFI-ODCE is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of 31 December 1977. Supplemental data is also provided, such as equal-weight and net of fee returns, for informational purposes and additional analysis. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. The NFI-ODCE, like the NCREIF Property Index and other stock and bond indices, is a capitalization-weighted index based on each funds Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV), adjusted for Weighted Cash Flows (WCF) during the period. To the extent WCF are not available; which may be the case for older liquidated funds, BMV is used. Indices are typically capitalization-weighted, as they better represent the universe and the performance of the overall marketplace. Total Return of any capitalization-weighted Index is, therefore, more influenced by the larger funds (based on Net Invested Capital) included in the Index. Additional information, such as the equally-weighted NFI-ODCE, is also presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer-to-peer comparisons.

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