

Principal Real Estate Investors, LLC

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This brochure provides information about the qualifications and business practices of Principal Real Estate Investors, LLC (“PrinREI”). If you have any questions about the contents of this brochure, please contact us at 800-533-1390. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about PrinREI is also available on the SEC's website at www.adviserinfo.sec.gov.

PrinREI is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Item 2: Material Changes Summary

This brochure is our annual updating amendment to the prior brochure dated May 26, 2017. There have been no material changes from the last annual update.

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ITEM 4 -- ADVISORY BUSINESS

PrinREI established in 1998, is a leading real estate investment management firm and is a wholly owned subsidiary of Principal Global Investors Holding Company (US), LLC. The capabilities of PrinREI encompass an extensive range of real estate investments including private real estate equity, private real estate debt, public real estate debt and public real estate equity securities in both domestic and select international markets. Principal Global Investors Holding Company (US), LLC, established in 2017, is a wholly owned subsidiary of the Principal Financial Services, Inc (“PFSI”). PFSI is a wholly-owned subsidiary of Principal Financial Group, Inc. (NASDAQ: PFG). Principal Financial Group is a leading global financial institution offering a wide range of financial products and services.

PrinREI provides investment advisory services concerning private real estate equity, private real estate debt, public real estate debt securities such as commercial mortgage backed securities and public real estate equity securities issued by real estate investment trusts and other companies involved in the commercial real estate business to institutional investors, high net worth individuals and individuals. Please refer to Item 7 for further information on the types of clients we provide services to. Advice on these real estate asset classes are provided in both separate account arrangements and commingled funds.

Separately managed portfolios can be tailored to the specific requirements of the client through an investment advisory agreement which generally incorporates the investment guidelines. Clients can impose restrictions on investing in certain investments or certain types of investments. PrinREI provides both discretionary and non-discretionary investment advisory services.

Separately Managed Accounts (SMA) / Wrap Fee Programs

PrinREI provides investment advice on real estate equity securities through Separately Managed Account/Wrap fee programs (“SMA Programs”) or similar programs, sponsored by broker-dealers, banks or other investment advisers affiliated with broker-dealers. PrinREI can handle the placement of trades in some SMA program client accounts or can provide model portfolio recommendations to the program sponsor. The delivery of changes in model portfolio recommendations typically occur after similar changes have been implemented, or can be in the process of implementation, across institutional accounts managed by PrinREI. It should be expected therefore that accounts receiving recommendations that are implemented following PrinREI’s institutional accounts can have different performance than the institutional accounts because of favorable or unfavorable market changes during the ensuing period. For trade rotation purposes, “model only” programs are accorded rotation slots on a similar basis as the slots accorded to other SMA discretionary program. The only difference is that the model portfolio is communicated to the “model only” program sponsors or designated overlay manager for execution.

Generally, the services provided by PrinREI to SMA program ERISA plan clients ordinarily are described in the client's contract with the SMA sponsor and/or in the sponsor's program brochure.

Assets Under Management

PrinREI managed \$9,013,305,506 in discretionary assets and \$5,186,524,425 in non-discretionary assets as of December 31, 2017.

ITEM 5 – FEES AND COMPENSATION

PrinREI generally negotiates fees on an individualized basis with each client for individually-managed accounts. Fees are stipulated in the offering documents for the commingled funds and are not negotiable. Compensation is generally of the following varieties: (i) investment (acquisition and/or origination) and disposition fees, which are charged upon the creation and disposition of an investment; (ii) asset management or servicing fees; and (iii) other fees specifically negotiated for services provided. PrinREI will offer its services for compensation based primarily on a percentage of the value of assets under management, on a percentage of income generated by real estate assets under management, or on a fixed fee basis. No compensation will generally be payable prior to the provision of the service for which the compensation is due with the possible exception of commitment or acquisition fees. Contracts generally will be terminable by a client upon thirty (30) days' notice. Proportional fees could be due in the event of early termination of the contract with any client.

PrinREI enters into contracts with each client; such contracts detail the precise nature of the advisory services to be furnished to that client and incorporate both investment guidelines and fee schedules. Each advisory contract is specifically negotiated to meet the investment objectives of the particular client. No investment is made for a client unless it is consistent with the investment guidelines within the advisory contract or has otherwise been agreed to by the client. With respect to the investments of limited opportunity (such as most real estate related investments), PrinREI allocates investment opportunities pursuant to written allocation policies which PrinREI believes in good faith are fair and equitable to its eligible clients over time.

The following information outlines the fees and compensation for the various real estate assets on which PrinREI provides investment advice:

Private Real Estate Equity

Compensation for investment management services in the case of separate account arrangements is negotiated in each instance and is particular to each advisory contract and in the case of commingled funds is outlined and disclosed in the private placement memorandum and other offering documents. Compensation arrangements include, among other arrangements, the following:

(1) investment acquisition and disposition fees, which are charged upon the creation and disposition of an investment, are generally based upon the amount of client capital invested in the project or asset purchase/sales price (investment transaction fees can vary depending upon whether there are additional dimensions to the transaction, such as the use of leverage, fractional interest, or others.);

(2) annual portfolio and asset management fees, which are generally based upon such factors as the net equity, the appraised value or the income of the portfolio or a fixed amount and are generally paid in arrears monthly or quarterly;

(3) incentive management fees which are typically paid after the client receives a specified return which is negotiated as part of the advisory contract; and

(4) other fees specifically negotiated for services provided, such as development and financing services provided by PrinREI.

Different fee arrangements exist for advisory services relating to securities and management services relating to real estate. In addition, advisory fees can include compensation for reasonable start-up expenses or reimbursement of certain origination costs associated with a particular client's account. Disposition fees can also include a performance-based component, which provides PrinREI with a percentage, negotiated on a case-by-case basis with each client, of the investment return above a predetermined threshold. Annual asset management fees depend upon the nature of the interest managed, the extent of leverage within the portfolio, and other factors. Fees received in connection with property financings are usually based upon the amount of financing obtained. Generally, the minimum account size to open and maintain a separately managed account is \$250 million.

Private Real Estate Debt

Compensation for investment management services in the case of separate account arrangements is negotiated in each instance and is particular to each advisory contract and in the case of commingled funds is outlined and disclosed in the private placement memorandum and other offering documents. Compensation arrangements include, among other arrangements, the following:

1) Loan origination or secondary market loan acquisition fees, which are charged upon the funding of an investment, and are generally based upon the amount of client capital invested. Loan origination fees can alternatively be collected and retained from borrowers on a loan along with due diligence and closing fees;

2) Loan servicing, special servicing and portfolio management fees, which are generally based upon outstanding loan balances or current market values. These fees are generally paid in arrears on a quarterly or monthly basis. Fees can also be collected from borrowers on loans and include items such as loan assumptions, loan modifications, loan extensions, collateral substitutions, late fees and fees for other servicing tasks. In

addition, revenue can be received and retained from interest off of escrows and impounds held;

(3) Incentive management fees which are typically paid after the client receives a specified return which is negotiated as part of the advisory contract; and

(4) Other fees specifically negotiated for services provided. These can include fees or profit sharing for providing securitization services, fees for leveraging portfolios, loan disposition fees, and charges for other special services provided by PrinREI
Advisory fees can include compensation for reasonable start-up expenses associated with a particular client's account. Generally, the minimum account size to open and maintain a separately managed account is \$250 million.

Public Real Estate Equity and Debt Securities:

Below are the standard fee schedules and account minimums for the public real estate equity and debt security strategies. The fees are charged as a percentage of the assets under management and are negotiable.

Strategy Name	Fee Schedule
CMBS Total Return Investment Grade CMBS Yield Oriented Return	0.30% on the first \$50mm 0.25% on the next \$50mm 0.20% on all thereafter Minimum account size: \$50 mm
Diversified Public Real Estate	0.65% on the first \$50mm 0.55% on the next \$50mm 0.50% on all thereafter Minimum account size: \$50mm
High Yield CMBS Yield Oriented Return	0.40% on the first \$50mm 0.30% on the next \$50mm 0.25% on all thereafter Minimum account size: \$50mm
Balanced CMBS Yield Oriented Return	0.35% on the first \$50mm 0.25% on the next \$50mm 0.20% on all thereafter Minimum account size: \$50mm
CMBS Opportunistic Value	0.55% on the first \$50mm 0.50% on the next \$50mm 0.40% on all thereafter Minimum account size: \$50mm
Global Real Estate Securities Global Ex-US Real Estate Securities US Real Estate Securities	0.75% on the first \$25 mm 0.65% on the next \$25 mm 0.55% on all thereafter Minimum account size: \$25 mm

Global Real Estate Securities Income Preference Global Concentrated Real Estate Securities	0.85% on the first \$25 mm 0.75% on the next \$25 mm 0.65% on all thereafter Minimum account size: \$25 mm
Real Estate Core Property	1.10% for investments less than \$10mm 1.00% for investments greater than \$10mm but less than \$25mm 0.95% for investments greater than \$25mm but less than \$100mm 0.80% on all thereafter Minimum account size: \$250mm
Real Estate Enhanced Property (Core Plus)	1.50% for investments up to \$1mm 1.40% for investments greater than \$1mm but up to \$5mm 1.30% for investments greater than \$5mm but less than \$10mm 1.20% for investments greater than \$10mm but less than \$50mm 1.10% for investments greater than \$50mm but less than \$100mm 1.00% for investments greater than \$100 mm but less than \$150mm 0.85% on all thereafter Minimum account size: \$250mm

PrinREI reserves the right in its sole discretion to accept client accounts with fewer initial assets.

Other:

Information on fees and expenses of Private Funds advised by PrinREI are included in the Private Fund's subscription agreement and/or offering memorandum.

For Separately Managed Account/Wrap fee programs ("SMA Programs") Programs:

The annual SMA fees paid for PrinREI strategies generally range from 0.23% to .55% of the relevant SMA account holders' respective accounts. Some SMA programs provide for the wrap fee (including the portfolio management portion payable to PrinREI out of that wrap fee) to be paid by the SMA account holder before the services are rendered to the SMA account holder by PrinREI while some SMA programs provide for the wrap fee (and PrinREI's portfolio management portion) to be paid in arrears by the SMA account holder after PrinREI provides services for the period covered by the fee. In the event the SMA program provides for prepayment of fees by the SMA account holder, the SMA account holder is directed to the program sponsor's brochure.

The minimum account size for the managed account or wrap programs that PrinREI participates in are generally \$100,000, although the investment minimum differs from program to program and is determined by wrap program sponsor, not PrinREI.

For additional information regarding brokerage fees and other transaction costs, see Item 12.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

PrinREI can charge performance fees in compliance with Rule 205-3 of the Investment Advisers Act of 1940. Any such performance fees will be negotiated on an individual basis with the client for separate accounts while commingled funds will spell these fees out in the offering documents. PrinREI is willing to consider incentive fees in appropriate circumstances. In measuring clients' assets for the calculation of performance-based fees, realized and unrealized capital gains and losses could be included. Performance based fee arrangements could create an incentive for PrinREI to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor performance based fee-paying accounts over other accounts in the allocation of investment opportunities.

PrinREI manages investments for a variety of clients including pension funds, retirement plans, mutual funds, large institutional clients, SMA program accounts and Private Funds. Potential conflicts of interest can arise from the side-by-side management of these clients based on fees structures.

PrinREI has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

ITEM 7 – TYPES OF CLIENTS

PrinREI provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trusts, sovereign funds, foreign funds, supranationals, central banks, collective investment trusts, wrap programs, insurance separate accounts, life insurance general account and other U.S. and international institutions.

Generally, the minimum account size for opening and maintaining a separately managed account is \$25-250 million for a portfolio and is based on the type of strategy used for the client's portfolio.

PrinREI reserves the right in its sole discretion to accept client accounts with fewer initial assets.

The minimum account size for the SMA programs that PrinREI participates in are generally \$100,000, although the investment minimum differs from program to program and is determined by wrap program sponsor, not Principal Global Investors.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear.

PrinREI offers a number of real estate investment strategies relating to direct and indirect investment in real estate and real estate interests. The strategies fall into four different areas: private equity real estate, real estate equity securities issued by real estate investment trusts and other companies involved in the commercial real estate business, private real estate debt, and public real estate debt securities such as commercial mortgage backed securities (“CMBS”).

A. Private Equity Real Estate:

PrinREI manages private equity real estate across all major property types in more than 40 U.S. markets. PrinREI’s investment capabilities include: portfolio management, asset management, real estate and capital markets research, acquisitions and dispositions, development and construction oversight, operations management, third-party financing, valuation, financial management and reporting. PrinREI does not provide property management or leasing services; these are outsourced to local service providers in each market.

PrinREI provides investment advisory services to clients who wish to purchase and hold direct investments in U.S. commercial real estate. These relationships are generally structured as individually managed or separate accounts and can be discretionary or non-discretionary. PrinREI also provides indirect investment opportunities to certain U.S. and non-U.S. investors via commingled real estate funds, both open end and closed end. The terms of the funds offered generally provide PrinREI with full discretion to make investment decisions subject to certain investment guidelines and restrictions.

PrinREI’s investment products and strategies range across the risk-return spectrum from core to value-add to opportunistic. Core strategies are generally considered the most conservative, characterized by a lower risk and lower return potential. PrinREI’s core products generally invest in high quality assets that are well-leased and provide the opportunity for stable income returns and modest capital appreciation. Value-add is a moderate-risk, medium-return strategy, and typically involves buying properties that include leasing risk or repositioning of the asset. Value-add investments are generally seeking higher capital appreciation. Opportunistic is the most aggressive strategy with the

highest risk-return profile and can include ground-up development, vacant land or specialized property types.

In each of these strategies PrinREI can employ leverage if consistent with the client's investment objectives and risk tolerance. The potential benefit of leverage is that it can increase the size and diversification of a portfolio while amplifying investment returns. Leverage also increases risk, because it magnifies negative returns if investment performance and/or market conditions deteriorate. Certain strategies and investments also utilize joint venture structures with local operating and development partners which would co-invest with the client. Joint ventures can provide good alignment of interest however; they can create certain risks if the objectives or economic interests of the client and the joint venture partner diverge.

Philosophy and Risk Management

PrinREI is focused on relative value with the objective of maximizing long-term, risk adjusted returns. Our investment processes generally include:

- Development of clear investment objectives, risk tolerances and investment guidelines for each client.
- Use of PrinREI's macro-economic, capital and real estate space market research that is conducted in over 40 U.S. metropolitan markets in addition to numerous outside research and data sources.
- The portfolio management professionals that direct the investment strategy of the client work closely with each of the functional areas of PrinREI to execute the strategy (including areas such as research, acquisitions, dispositions, development, asset management, operations, financing and accounting).
- The use of PrinREI's acquisition teams who are able to source, underwrite and close a sufficient volume of transactions to meet client needs.
- A standardized due diligence process that benefits from in-house engineering, architectural, legal and other capabilities.
- Asset management and operations personnel who can help develop and implement the business plans for each property investment, visit the properties and work closely with local service providers to identify critical issues affecting property performance and value such as occupancy, tenant credit, expense management and optimizing cash flow from leases and rents.
- Development of financial management and reporting policies and procedures for the client in accordance with industry standards and regulatory requirements. PrinREI can also offer assistance with the audit, tax and custodial reporting requirements for each client.
- Ongoing review of the investment activity, performance and return attribution, compliance with investment guidelines, risk management considerations and other matters affecting the client and the portfolio by the appropriate investment or management committee.

Risks Associated with Investment in Private Real Estate Equity

Investors should be aware of the many potential risks inherent to investing in private equity real estate, including: adverse economic conditions, capital market pricing volatility, deterioration of space market fundamentals, value fluctuations, illiquidity, leverage, development and lease-up risk, tenant credit issues, physical and environmental conditions, force majeure, local, state or national regulatory requirements, declining rents and increasing expenses, loss of key personnel, and other unforeseen events. PrinREI objective in risk management is to seek to identify potential risks, and to the extent possible, manage, mitigate (or avoid) and appropriately price those risks in an effort to maximize performance and investors' risk-adjusted returns. PrinREI generally categorizes risks into property, portfolio and fund or account-level risk. Following is a summary of some types of investing and asset risks that are considered by the portfolio management, research, investment production and accounting teams:

- Property risks generally include such factors as investment risk (including property and market selection, investment underwriting and due diligence, investment structure, hold/sell strategy); operational risks (including leasing and property management, revenue and expense management, financial management, security and life safety, and property and casualty insurance); development and leasing risks and financing risks. These risks are monitored by the portfolio teams with input from each functional area with oversight by the appropriate investment or management committee.
- Portfolio risks include such items as market, region and property sector diversification elements, risk profile (e.g., allocations to core, value-add or opportunistic investment properties), property life cycle or stage of development, tenant and industry concentrations, lease-rollover exposure and financing/debt maturity risk. Portfolio risks are generally governed by the client or fund investment guidelines and restrictions and are monitored by the portfolio teams with oversight by the appropriate investment or management committee.
- Fund or account risk considerations include compliance with the terms of the advisory agreement, partnership agreement and other governing documents. In addition to the investment policies and guidelines, the governing documents would identify valuation reporting, audit, legal, tax and other requirements. These risks are monitored by the portfolio management teams with oversight by the appropriate investment or management committee.

All of the above risks can cause investment losses or cause an investor to not meet its investment objectives. Investors should be aware that no risk management system is fail-safe, and no assurance can be given that the risk management policies employed by PrinREI will achieve their objectives and prevent or otherwise limit substantial losses.

In addition to the property, portfolio and fund or account level risks, noted above, certain types of investment strategies and products are also subject to very specific risks such as: U.S. and foreign tax matters, ERISA considerations, securities laws, potential conflicts of interest and other matters. These risks are typically disclosed to investors in the offering

or governing documents and are monitored by the portfolio teams, appropriate investment or management committee and/or third-party consultants.

B. Real Estate Equity Securities

PrinREI offers a number of actively managed strategies utilizing real estate equity securities to help meet its clients' investment objectives, needs and goals. Please refer to Item 16 regarding discretion over the clients' accounts.

The types of equity securities that can be utilized for these strategies include common stock (exchange traded, over the counter and initial public offerings) issued by U.S. and foreign corporations, real estate investment trusts, or other issuers. PrinREI can also invest the client assets in the following securities, subject to client guidelines: preferred securities, American Depositary Receipts, Global Depositary Receipts, Exchange Traded Funds ("ETFs"), participation notes, private placement securities and rights and warrants on equity securities. Forward currency contracts could be used to hedge the exposure to foreign currency fluctuations in the equity portfolios.

PrinREI offers a broad range of global and regional equity strategies across developed and emerging markets, specified market segments and style preferences which include:

Global Real Estate Securities

The Global Real Estate Securities strategy is designed to provide investors with access to global property securities by investing in securities of companies engaged in the real estate industry around the world.

U.S. Real Estate Securities

The U.S. Real Estate Securities strategy is designed to provide investors with access to a portfolio of primarily U.S. real estate equity securities by investing in listed securities of companies which own institutional quality real estate or are engaged in the real estate industry.

Global ex-US Real Estate Securities

The Global ex-US Real Estate Securities strategy offers investors access to a portfolio of companies that invest in, own or are engaged in the real estate industry throughout the world except in the United States.

Global Real Estate Securities Income Preference

The Global Real Estate Securities Income Preference strategy offers investors access to a portfolio of companies engaged in the real estate industry with an emphasis on securities that provide high current income.

Global Concentrated Real Estate Securities

The Global Concentrated Real Estate Securities strategy seeks invest in securities of companies invested in the real estate industry around the world. The strategy seeks to

achieve its performance objective with a concentrated level of holdings and less emphasis on diversification.

Philosophy and Risk Management

PrinREI's philosophy is that equity markets are not perfectly efficient, and therefore provide opportunities to add value through fundamental research and active risk management. PrinREI's strategies are built on the belief that bottom-up stock selection is the most reliable and repeatable source of consistent competitive performance over time. To that end, the lead portfolio manager for each strategy collaborates directly with PrinREI's investment analysts regarding the output of their analysis, and is ultimately responsible for security selection and for the individual weighting of each portfolio holding. Risk management is embedded in PrinREI investment process. PrinREI's portfolio managers have a number of risk management systems/tools at their disposal, each serving a different purpose within the portfolio construction process. These systems monitor risk and guidelines (in terms of region, country, currency, sector, industry, market capitalization distribution, style factor distribution, beta sensitivity and individual position weights) in each client's portfolio. Generally, the portfolio management teams monitor portfolio risk exposures through a series of weighting constraints relative to each portfolio's benchmark and each portfolio's overall characteristics and individual security holdings.

Prospective clients should be aware that no risk management system is fail-safe, and no assurance can be given that risk frameworks employed by PrinREI and the portfolio managers will achieve their objectives and prevent or otherwise limit substantial losses. There is the risk that PrinREI's investment approach could be out of favor at times, causing strategies to underperform other strategies or funds that also seek capital appreciation but use different approaches to the stock selection and portfolio construction process.

General Risks associated with investing in Real Estate Securities

All of PrinREI's real estate equity securities strategies entail market risk, liquidity risk and operational risk. Past performance does not necessarily predict future returns. Clients are subject to the risk that stock prices will fall over short or extended periods of time, and clients could lose all, or a substantial portion, of the value of their investments. Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day to day. Individual companies could report poor results or be negatively affected by industry and/or economic trends and developments. The prices of these companies' securities could decline in response. These factors contribute to price volatility, which is a principal risk of equity investing.

These strategies utilize to, a significant extent, securities issued by Real Estate Investment Trusts ("REITS") in the U.S. by companies that have similar tax favored status in jurisdictions outside the United States. REITS and similar real estate companies invest in equity real estate, distributing income from the properties (e.g., rents) to shareholders; debt real estate, lending money to borrowers and passing interest income to

shareholders; or a combination thereof. Accordingly, securities of REITS and similar real estate companies are subject to securities market risks, risks similar to those of direct ownership of real estate, and risks that these companies could fail to qualify for tax-favored status under applicable governing law. Some of the risks associated with the direct ownership of real estate are declines in the property value, declines in rental or occupancy rates, adverse economic conditions, increases in property taxes and other operating expenses, regulatory changes and environmental problems. In the U.S., a real estate investment trust could fail to qualify for tax-free pass-through of income under the Internal Revenue Code, and investors will indirectly bear their proportionate share of the expenses of REITS in which a portfolio invests and the stock price could be adversely affected as a result. The strategies are concentrated in real estate securities and can experience price volatility and other risks associated with non-diversification.

PrinREI Global Real Estate Securities and the International Real Estate Securities strategies utilize foreign investments. Foreign investments are subject to special risks not typically associated with domestic U.S. stocks. Investing in issuers headquartered or otherwise located in foreign countries poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These events will not necessarily affect the U.S. economy or similar issuers located in the United States. In addition, investments in foreign countries are generally denominated in a foreign currency. As a result, changes in the value of those currencies compared to the U.S. dollar can affect (positively or negatively) the value of the investment.

PrinREI also invests assets of certain clients in Rule 144A securities and private placements. These Rule 144A securities and private placement securities generally cannot be resold until registered under the Securities Act of 1933 (“1933 Act”) or unless an exemption from the 1933 Act's registration requirements, such as Rule 144A, is available. As a result of these restrictions, these securities tend to be less liquid than registered securities and tend to sell at a lower price than would be available if they were registered.

Although frequent trading is not a strategy utilized in these real estate equity security strategies, it can occur. Frequent trading can affect investment performance through increased brokerage and other transaction costs and taxes.

C. Private Real Estate Debt

PrinREI offers strategies utilizing various types of corporate or partnership debt, including origination, acquisition and servicing of fixed rate and variable rate commercial real estate mortgages (including permanent loans, bridge loans, land loans and construction loans), subordinate real estate debt such as senior and junior mezzanine, junior secured notes, participations and preferred equity. Investment strategies can involve all major property types (including hotels) plus other specialty property types such as self-storage and manufactured housing on a nation-wide basis. Strategies involving the acquisition of existing distressed debt can also be offered. PrinREI management of private debt portfolios include investment sourcing, credit underwriting,

investment selection, loan servicing/surveillance and active portfolio management. Each strategy is tailored to the needs of the client. Investment policies, risk and return parameters, portfolio allocation models, investment strategy and guidelines and performance measures are developed in conjunction with the client.

PrinREI provides investment advisory services to clients who hold or wish to hold U.S. private commercial real estate debt investments. These relationships are generally structured as individually managed or separate accounts and can be discretionary or non-discretionary. PrinREI also provides indirect investment opportunities to certain U.S. and non-U.S. investors via commingled real estate funds. The terms of the funds offered generally provide PrinREI with full discretion to make investment decisions subject to certain investment guidelines and restrictions.

In certain strategies and funds PrinREI can employ leverage if consistent with the client's or fund's investment objectives and risk tolerance. The potential benefit of leverage is that it can increase the size and diversification of a portfolio while amplifying investment returns. Leverage also increases risk, because it magnifies negative returns if investment performance and/or market conditions deteriorate and if lenders are granted rights such as margin calls and pay-down requirements related to market conditions or sub-performance of a portfolio's investments.

Philosophy and Risk Management

PrinREI's private real estate debt managers utilize much of the Macroeconomic and Capital Markets Research used by the private equity real estate management team. The mortgage underwriting teams and senior management use these reports to determine where to focus lending activity. The underwriters communicate regularly with asset managers in the Private Real Estate Equity area to obtain recent information regarding leasing activity, sales prices, and other relevant information on the real estate equities portfolio which can be useful in evaluation of potential markets for lending opportunities.

Risk is managed through the mortgage underwriting due diligence that PrinREI offers. On-site property inspections, meetings with the local on-site property management and leasing teams, analysis of the current tenants, analysis of the borrower's credit quality, and property valuation analysis can be parts of the pre-lending due diligence.

PrinREI has developed an internal risk rating model that is used to analyze some commercial mortgage transactions. The model is linked to a discounted cash flow valuation program and uses cash flow stressing to identify potential weaknesses in a property's ability to generate sufficient revenue to meet debt service payments in a moderately severe recession. The degree of stress applied to future revenues varies by property type and location (macro and micro markets) and is determined by the research and risk management areas. The stressed cash flow analysis generates a graph illustrating when the property is expected to experience stress, such as lease rollover, over the loan term. This illustration is a good tool to help the underwriter assess the risk of the

transaction and how to structure the transaction to mitigate these risks, such as with escrows or increased amortization.

Investors should be aware no risk management system is fail-safe, and no assurance can be given that risk frameworks employed by PrinREI will achieve their objectives and prevent or otherwise limit substantial losses.

General Risks Associated with Investment in Private Real Estate Debt

The basic risk of lending and direct ownership of commercial real estate mortgages is borrower default on the loan and declines in the value of the real estate collateral. Defaults can be complicated by borrower bankruptcy and other litigation including the costs and expenses associated with foreclosure which can decrease an investor's return. Declines in real estate value can result from changes in rental or occupancy rates, tenant defaults, extended periods of vacancy, increases in property taxes and operational expenses, adverse general and local economic conditions, overbuilding, deterioration in the physical condition of the asset, environmental issues at the mortgaged property, casualty, condemnation, changes in zoning laws, taxation and other governmental rules. Capital markets volatility can also impact the liquidity and valuation of both mortgages and the underlying properties such as changes in interest rates, availability and pricing of mortgage capital, and the return requirements used in the valuation of real estate by prospective purchasers. Increases in interest rates can also directly reduce the market value of a fixed rate loan. Commercial mortgage investments are also very dependent on the financial health, operational expertise, and management skills of the borrower.

D. Public Real Estate Debt Securities

PrinREI offers a number of actively managed strategies utilizing publicly traded real estate debt securities. PrinREI primarily invests clients into commercial mortgage-backed securities ("CMBS"). If requested by the client, PrinREI can offer advice on other asset-backed securities, including pass-through securities and securities backed by or representing interests in any financial assets the terms of which generate cash flows. PrinREI offers the following publicly traded real estate debt securities strategies:

High Quality Yield (CMBS)

This strategy targets a book yield and it invests primarily in AAA and AA rated CMBS and for comparison purposes is measured against the 75% Barclays CMBS AAA 6-8.5 yr and 25% Barclays CMBS AA 6-8.5 yr Index.

High Quality Total Return (CMBS)

The High Quality Total Return strategy invests in higher rated investment grade CMBS securities that are measured against an absolute return level.

Real Estate Debt Return

This is a total return strategy using CMBS and commercial mortgages and for comparison purposes is measured against the 3-Month US Treasury Bill.

CMBS Total Return, Yield Oriented Total Return and ERISA Yield Oriented Total Return
These strategies invest in investment grade CMBS securities focusing on an absolute return and book yields, respectively.

Investment Grade CMBS Yield Oriented Return

This strategy seeks an objective of portfolio yield enhancement by investing in a diversified portfolio of investment grade commercial mortgage-backed securities. The strategy seeks to maximize book yield based on a given credit constraint and is not measured against a benchmark.

High Yield CMBS Yield Oriented Return

This strategy seeks an objective of portfolio yield enhancement by investing in a diversified portfolio of higher yielding commercial mortgage-backed securities, including those rated below-investment grade. The strategy primarily seeks to maximize book yield while secondarily seeking opportunities for capital appreciation, and is not measured against a benchmark.

Balanced CMBS Yield Oriented Return

This strategy seeks an objective of portfolio yield enhancements by investing in a diversified portfolio of commercial mortgage-backed securities which can include a mix of investment grade and below-investment grade securities. The strategy seeks to maximize book yield while secondarily seeking to outperform over a full market cycle and is measured against the Barclays Investment Grade CMBS Index.

CMBS Opportunistic Value

This strategy seeks an objective of opportunistic total return by investing in a diversified portfolio of commercial mortgage-backed securities which can include investment grade and/or below-investment grade securities. The strategy seeks to maximize total return based on current market opportunities and is not measured against a benchmark.

Philosophy and Risk Management

Our public real estate debt securities purchasing philosophy is based on the belief that superior security selection combined with disciplined surveillance and monitoring is the key to consistent out-performance. This is achieved through a consistent balance of fundamental qualitative analysis and quantitative modeling. Qualitative analysis, investment due diligence and individual security selection is critical to providing superior risk-adjusted returns. PrinREI performs fundamental analysis utilizing its internal investment analysts, advanced modeling techniques and a wide variety of information sources. The investment process for CMBS combines "top down" technical analysis and a "bottom up" fundamental approach to arrive at a consistent and informed investment decision. PrinREI utilizes an internally developed, proprietary CMBS model to aid in investment analysis. The model incorporates expertise from PrinREI's commercial mortgage underwriting, private equity, and research groups with respect to their current

and expected analysis of the property cash flows, commercial real estate markets, and future macroeconomic conditions.

The CMBS investment management team internally rates credit risk, assesses cash flow volatility, identifies relative value from a risk-adjusted perspective (which drives investment allocation decisions) and actively manages risk through market cycles by combining its dynamic CMBS model with the extensive commercial real estate experience of PrinREI. In addition, the investment management team performs ongoing surveillance of each client's CMBS portfolio under management. This surveillance process includes frequent reviews of the model assumptions and samples of underlying loans, including analysis of rent rolls and property operating statements and consultation with our other real estate debt/equity investment professionals.

General Risks Associated with Investment in Public Real Estate Debt Securities

Securities backed by commercial real estate assets such as CMBS are subject to securities market risks as well as risks similar to those of direct ownership of commercial real estate mortgages because those securities derive their cash flows and value from the performance of the commercial real estate underlying such investments and/or the owners of such real estate. For more discussion on risks regarding ownership of commercial real estate mortgage investing that is applicable, please see the preceding section entitled General Risks Associated with Investment in Private Real Estate Debt

In addition to the risks listed above, CMBS is a structured security. Structured securities are securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from, or sale proceeds of, a specified pool of assets together with rights designed to assure the servicing or timely distribution of proceeds to holders of the securities. The risks typically experienced by structured securities are credit risks, liquidity risks, interest rate risks, market risks, operational risks, structural risks and legal risks. They are subject to the significant credit risks inherent in the underlying commercial mortgages and to the respective performance of the borrowers' payment obligations with respect to the mortgages and to the servicers' distribution of payments to the CMBS security holders. The performance of these types of securities is also dependent on the allocation of principal and interest payments as well as losses among the classes of such securities of any issue. In addition, concentrations of CMBS backed by underlying collateral located in a specific geographic region or concentrations of specific borrowers or property types, can subject the securities to additional risk. Certain CMBS have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain level, which would reduce or eliminate payments of interest on one or more classes of such CMBS for one or more payment dates.

There is also liquidity risk in the public commercial real estate debt securities market. This could make the sale of these securities more difficult depending on market conditions and lack of liquidity adversely affects the value of the investment. CMBS and

other asset backed securities are affected by the quality of the credit extended in the underlying loans. As a result, their quality is dependent upon the selection of the commercial mortgage portfolio and the cash flow generated by the commercial real estate assets. Risk factors related to the foregoing include lack of diversification in the commercial mortgage portfolio, dependence on the skills, decision-making and experience of the various issuers in selecting the commercial mortgage portfolio and borrower default.

Under certain circumstances, conflicts of interest can arise in the case of CMBS securities when one or more clients of PrinREI invest in different parts of an issuer's capital structure. For example, when one or more clients of PrinREI own a private equity obligation of an issuer and other PrinREI clients could own public securities of the same issuer. As a result, if the issuer in which one or more clients of PrinREI hold different classes of securities, encounters financial problems, decisions over the terms of any workout can raise conflicts of interest (including, for example, the equity investment holder could have rights and remedies that conflict with the interests of the holder of public debt securities). PrinREI could be forced to make a decision regarding the rights, interests and remedies of one client that could be at odds with the rights, interests and remedies of another client. In such cases, PrinREI will disclose to all clients any such conflicts of interest and each specific conflict of interest will be discussed and resolved on a case-by-case basis. Any such discussions will take into consideration the best interests of the relevant clients of PrinREI, the circumstances giving rise to the conflict and applicable laws. PrinREI's clients should be aware that all conflicts will not necessarily be resolved in favor of their interests. There can be no assurance that any conflict of interest can be resolved to result in the same investment terms as if such conflict did not exist.

When loans default, the result can be either a foreclosure of the property or a restructure of the loan. Such actions could impact the amount of proceeds ultimately derived from the loan and the timing of receipt of such proceeds could be shorter or longer than the original term of the loan. Losses on the loans can negatively impact the value of the CMBS and other asset backed securities. They will most directly affect the subordinate CMBS classes first. Any proceeds received from the loans will generally be applied to the most senior bonds outstanding before any payments are made to the subordinate bonds. Any losses from the loans are applied to the most junior bonds outstanding. The occurrence of defaults and losses on the loans can result in downgrades of the CMBS by the rating agencies due to higher potential for principal loss and consequently have an adverse effect on the price of the CMBS bonds.

Other risks:

With the increased use of technologies such as the internet to conduct business and the sensitivity of client information, investment strategy and holdings, a portfolio is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate internal or external attacks or unintentional events and can include gaining unauthorized access to digital systems, misappropriating assets

or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites. Cyber security failures or breaches either internally at PrinREI or externally by a third-party service provider or at or against issuers of securities in which the portfolio invests have the ability to cause disruptions and impact business operations. Such events can potentially result in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs, including the cost to prevent cyber incidents.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PrinREI or the integrity of PrinREI's management. PrinREI has no information applicable to this item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

PrinREI is an affiliate of Principal Securities, Inc. ("PSI"), a retail investment adviser and a broker-dealer registered with the SEC and a FINRA member firm that markets a variety of proprietary and non-proprietary mutual funds, unit investment trusts and limited partnerships. PrinREI currently does not conduct any brokerage business with PSI.

PrinREI is under common control with Principal Funds Distributor, Inc. ("PFD"), a broker/dealer. PFD is the principal underwriter for an investment company, Principal Funds, Inc. PrinREI acts as sub-adviser to certain of the Principal Funds. PrinREI currently does not conduct any broker business with PFD. Some members of PrinREI's staff act as registered representatives of the PFD or PSI. From time to time the staff, in their capacity as registered representatives of PSI and PFD, solicit investment in Principal Funds or in unregistered private investment funds sponsored or managed by PrinREI or its affiliates from PrinREI's clients or prospective clients. Only the registered representatives on PrinREI's distribution staff are eligible to receive sales compensation for any sales of shares of the Principal Funds or interests in unregistered private investment funds. In addition to the sales compensation paid to PrinREI distribution staff by PSI, these Principal Funds and unregistered private investment funds pay advisory fees that are received by PrinREI or its affiliated advisers, as applicable. As such, there is a conflict of interest when these Funds that are paying advisory fees to PrinREI or its affiliated advisers are recommended by the sales staff.

PrinREI is under common control with Principal Financial Advisers, Inc. ("PFA"), a registered investment adviser with the SEC.

PrinREI is under common control with Principal Global Investors, LLC ("PGI"), an investment adviser registered with the SEC. PGI offers portfolio management services for

fixed income, equities and commercial real estate products. PrinREI has arrangements with PGI which provide that PGI will furnish certain personnel, services, and facilities used by PrinREI and that PrinREI will reimburse PGI for its expenses incurred in that regard. PrinREI utilizes certain PGI personnel, resources, and services in fulfilling its contractual obligations to its clients. PGI employees maintain portfolio accounting records and provide support for the marketing and client services activities of PrinREI. PrinREI is a sub-adviser to PGI on some portfolios and in some instances performs portfolio management services. PrinREI and PGI have certain common officers. PGI is a member of the National Futures Association and registered as a commodity trading advisor and commodity pool operator with the Commodity Futures Trading Commission.

Post Advisory Group, LLC ("Post"), an investment adviser registered with the Securities and Exchange Commission is an affiliate of PrinREI. Post, in general, offers services in managing client funds invested in high yield debt securities and distressed securities. PrinREI and its affiliates share some investment and compliance information with Post.

Columbus Circle Investors, ("Columbus Circle"), an investment adviser registered with the SEC is an affiliate of PrinREI. Columbus Circle in general offers services in managing client funds invested in equity securities. PrinREI and its affiliates share some investment and compliance information, as well as certain personnel and other resources, with Columbus Circle.

Spectrum Asset Management, Inc. ("Spectrum"), a registered broker-dealer and an investment adviser registered with the SEC, is under common control with PrinREI. Spectrum in general offers services in managing client funds invested in preferred securities. PrinREI and its affiliates share some investment and compliance information, as well as certain personnel and other resources, with Spectrum. Spectrum is also a member of the National Futures Association and registered with the Commodity Futures Trading Commission.

Morley Capital Management, Inc. ("Morley"), an investment adviser registered with the Securities and Exchange Commission, is under common control with PrinREI and is owned solely by Principal Financial Services, Inc. Morley in general offers services in managing client funds invested in stable value. PrinREI and its affiliates share some investment and compliance information, as well as certain personnel and other resources, with Morley.

Origin Asset Management, ("Origin"), an investment adviser registered with the SEC, is an affiliate of PrinREI. Origin in general offers services in managing client funds invested in global (ex U.S.) equity securities. PrinREI and its affiliates share some investment and compliance information, as well as certain personnel and other resources, with Origin.

Finisterre Capital LLP, ("Finisterre"), an investment adviser registered with the SEC, is an affiliate of PrinREI. Finisterre in general offers services in managing client funds invested in emerging market fixed income securities. PrinREI and its affiliates share

some investment and compliance information, as well as certain personnel and other resources, with Finisterre. Finisterre is a member of the National Futures Association and registered as a commodity trading advisor and a commodity pool operator with the Commodity Futures Trading Commission.

Principal Enterprise Capital, LLC. (“PEC”), an investment adviser registered with the Securities and Exchange Commission, is under common control with PrinREI. PEC is the manager for a single client, an entity that was created for the benefit of an unaffiliated third party and includes a trust for the benefit of affiliated employees of Principal Life Insurance Company (“Principal Life”). PEC identifies structures, creates and manages strategic investments of equity capital primarily in private real estate operating companies (“REOCs”). REOCs are entities that generally acquire, develop, redevelop and operate commercial real estate properties and are the entities in which investments are made. PrinREI and its affiliates share some investment and compliance information, as well as certain personnel and other resources, with PEC.

Principal Life is an affiliate of PrinREI. Principal Life is licensed as an insurance company in all 50 states and the District of Columbia. PrinREI and Principal Life have entered into a Subsidiary Expense Reimbursement Agreement pursuant to which Principal Life or its global affiliates will furnish certain personnel, services and facilities used by PrinREI and PrinREI will reimburse Principal Life for its expenses incurred in that regard. PrinREI and Principal Life have certain common officers. PrinREI manages certain portfolios and accounts within the general and separate accounts of Principal Life. Some of PrinREI clients could own one or more group variable annuity contracts issued by Principal Life.

PrinREI utilizes some personnel or other resources or services of its non-US affiliates, Principal Global Investors (Europe) Ltd, Principal Global Investors (Singapore) Ltd, Principal Global Investors (Australia) Ltd, Principal Global Investors (Hong Kong) Ltd, Principal Global Investors (Ireland) Ltd and Principal Global Investors (Japan) Ltd to assist PrinREI in the performance of investment advisory services. Those advisory affiliates can recommend to their clients, or invest on behalf of their clients in securities that are the subject of recommendations to, or discretionary trading on behalf of, PrinREI’s clients. Investment professionals from the advisory affiliates can render portfolio management, research or trading services to PrinREI’s clients, including registered investment companies, and are subject to supervision by PrinREI. Biographies of these professionals will be provided as required or upon request.

PrinREI is a part of a diversified, global financial services organization with many types of affiliated financial services providers, including but not limited to broker-dealers, insurance companies and other investment advisers. PrinREI can enter into arrangements to provide services or otherwise enter into some form of business relationship with these foreign affiliates.

Additional disclosure of these relationships will be provided upon request.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

PrinREI has adopted a Code of Ethics (the “Code”). The principal purposes of the Code are to provide policies and procedures consistent with applicable laws and regulations, including Rule 204A-1 under the Investment Advisers Act of 1940, to prevent conflicts of interests or the appearance of such conflicts when PrinREI officers, directors, employees and certain non-employees of PrinREI with access to client and trading information of PrinREI (“Access Persons”) own or engage in their own personal transactions involving securities. The Code requires all Access Persons to adhere to high standards of honest and ethical conduct, and the interests of our advisory clients must be placed first at all times. All Access Persons of the firm are required to certify upon association/employment and annually thereafter that they have read, understood and complied with the Code. This includes that they have complied with the requirements and disclosed covered accounts, reportable securities and pre-cleared transactions as required by the Code. Access Persons are permitted to personally buy and sell securities of issuers that PrinREI also trades for its clients, so long as those buy and sell transactions are conducted in accordance with the Code. As such, there are procedures in place to prevent instances where potential conflicts of interest arise between the personal securities transactions of the Access Persons and the securities transactions that Principal Global Investors does for the accounts of the clients. The compliance area monitors personal trading via the on-line pre-clearance system, FIS Personal Trading Assistant. The procedures provide for the maintenance of a master securities list that includes all securities traded by PrinREI for purchase or sale on behalf of clients. All Access Persons are required to obtain pre-clearance approval to buy and sell reportable securities (excluding exempt securities and transactions) through our online monitoring system, FIS Personal Trading Assistant, before executing a personal security transaction to make sure the proposed transaction conforms to our Code provisions. There is also quarterly review of reportable transactions, as well as annual certification of accounts and holdings by Access Persons. Please refer to our Code policy for a detailed overview of provisions.

Related Access Persons of PrinREI can invest in certain private funds where PrinREI is the manager.

Access Persons of PrinREI must request pre-approval in order to purchase or sell certain types of real estate investment property.

Clients of PrinREI can obtain a copy of the Code of Ethics by contacting the Chief Compliance Officer at 800-533-1390.

From time to time, PrinREI advises clients to purchase securities which at the time the client purchases, one or more related persons of PrinREI could also (1) be purchasing or selling and/or (2) holding. Such situations will be subject to procedures designed to assure fair allocation of available transactions. PrinREI can also advise clients to

participate in investment vehicles (e.g. Principal Global Investors Trust (the “Trust”)), with other participants which could include one or more affiliates of PrinREI. PrinREI can also advise clients to engage in commercial mortgage co-lending, where co-lenders could include affiliates of PrinREI.

PrinREI, at its option, can purchase on the secondary market CMBS with respect to which PrinREI or an affiliate (i) contributed loans to a CMBS pool, (ii) act as the primary servicer for one or more mortgages backing the CMBS, or (iii) were in some other manner involved with an underlying CMBS loan. In acting in any of the aforementioned capacities, PrinREI or an affiliate can receive fees. For example, PrinREI or an affiliate can receive fees for originating and closing a loan or for contributing a loan to a CMBS pool. In addition, PrinREI or an affiliate can receive ongoing fees for the continued primary servicing of loans that were contributed to a CMBS pool.

PrinREI, PGI, and Spectrum are investment managers for the Trust. PGI organized the Trust, a Delaware business trust and a private investment company of the series type, in June 1999. The Directed Trustee is the Bank of New York Mellon. Principal Trust Company is the resident trustee, but does not have any discretion over the Trust. The Trust offers a number of commingled investment portfolios having different investment objectives. Principal Life acts as “tax matters partner” for, and owns units of, most of the portfolios. An indirect wholly-owned subsidiary of Principal Life (Equity F.C. Ltd.) (i) acts as tax matters partner in these instances where Principal Life does not and (ii) owns units of some of those portfolios. Members of PrinREI’s staff will, from time to time solicit investment in the Trust to PrinREI’s clients or prospective clients, when circumstances indicate that an investment in the Trust would be appropriate for the client or prospective client. Only members of PrinREI’s marketing registered representative staff are eligible to receive compensation for any sales of investments in the Trust made to clients or prospective clients.

ITEM 12 – BROKERAGE PRACTICES

Any restrictions on which securities are to be bought or sold or the amount are determined by agreement with each client.

Brokerage practices with respect to Public Real Estate Debt

PrinREI can furnish advice with respect to short-term investments, primarily commercial paper, pending longer-term investment in commercial mortgages or other investment products. Purchases and sales of such securities are often principal transactions; portfolio securities will normally be purchased directly from an issuer possessing a commercial paper rating mandated by the contract with the particular client. Such transactions involve no brokerage commissions, but fees accruing to the benefit of the issuer can be included in the pricing. Purchases from brokers will be at a discount, part of which will reflect some fee or other consideration to the broker.

Purchases and sales of debt securities usually are principal transactions. New issue portfolio securities (including new 144A issues) will normally be purchased directly from the issuer or from an underwriter for the securities. Such transactions involve no brokerage commissions. Purchases from underwriters will include a commission or concession paid by the issuer (and not by clients of PrinREI) to the underwriter. In some new issue transactions, there is only one underwriter and, accordingly, any orders for that new issue security will be placed with that underwriter. In other new issue transactions in which an underwriting group is involved, pricing should be uniform among the underwriters and PrinREI will normally place its orders with the lead manager, in an effort to maximize the prospects for getting the orders filled. Secondary purchases from and sales to dealers will include the spread between the bid and asked prices. In general, PrinREI's primary objective in exercising any available authority concerning the selection of an underwriter, broker, or dealer is to obtain the best overall terms for PrinREI's clients. In pursuing this objective, the PrinREI considers all matters it deems relevant (both for the specific transaction and on a continuing basis), including the breadth of the market in the security, the price of the security, the financial condition and executing capability of the broker or dealer and the reasonableness of the compensation, if any, received by the underwriter, broker or dealer. The value of any products, research, and services given to PrinREI or related party by the underwriter, broker or dealer also is a factor in PrinREI's exercise of any such authority and creates a potential conflict of interest, to the extent that PrinREI selects a qualified underwriter, broker or dealer who gives it or a related party such products, research and services instead of another available and qualified underwriter, broker or dealer. In PrinREI's opinion, its clients will not pay more for purchases in instances where the "products, research, and services" factor tilts the balance in favor of one underwriter, broker or dealer over another. Moreover, in PrinREI's opinion clients generally will benefit from PrinREI's access to and use of such products, research and services, which serve to enhance PrinREI's investment decision-making and the effectiveness of the overall performance delivered by PrinREI to its clients.

If PrinREI agrees, a client can instruct PrinREI to direct brokerage for client's account to a particular broker. If a client directs PrinREI to use a particular broker or dealer, PrinREI can be unable to bid-ask spreads, obtain volume discounts, ensure best execution, and to block trades on client's behalf. Consequently, clients who direct PrinREI to use a particular broker could pay more in commissions than those who do not. Separately Managed Account/Wrap fee programs ("SMA Programs") or similar programs ordinarily include directed brokerage provisions by which the client directs that all purchases and sales of equity securities be executed with the wrap program sponsor (or a broker affiliate of the sponsor, if not itself a broker). In wrap fee and similar directed broker arrangements, client transactions are generally expected to be executed only with the broker-dealer providing custodial and other services. No assurance can be given that transactions executed in accordance with such arrangements result in the best execution available to the client. Depending on a variety of factors, including the amount of the wrap fee, the trading activity and the value of custodial and other services, the single fee could or could not exceed the separate costs of such services.

PrinREI will act as investment adviser for a variety of accounts and will place orders to trade portfolio securities for each of those accounts from time to time. If, in carrying out the investment objectives of the accounts, occasions arise when purchases or sales of the same securities are to be made for two or more of the accounts at the same time, PrinREI could submit the orders to purchase or sell to a broker-dealer for execution on an aggregate or “bunched” basis (including orders for accounts in which PrinREI, its affiliates and/or its personnel have beneficial interests).

PrinREI can create several aggregate or “bunched” orders relating to a single security at different times during the same day. On such occasions, PrinREI shall compose, before entering an aggregated order, a written allocation statement as to how the order will be allocated among the various accounts. Securities purchased or proceeds of sales received on each trading day with respect to each such aggregate or “bunched” order shall be allocated to the various accounts whose individual orders for purchase or sale make up the aggregate or “bunched” order by filling each account’s order in accordance with the allocation statement. In the event that the aggregated order cannot be completely filled, the securities purchased or sold will be allocated among the various accounts on a pro rata basis, subject to rounding to avoid less easily traded lots. Securities purchased for client accounts participating in an aggregate or “bunched” order will be effectively at a price equal to the weighted average of the prices achieved in each fill they participated in after giving consideration to the following: portfolio changes in available cash, odd lots and de minimis amounts, etc.

PrinREI expects aggregation or “bunching” of orders, on average, to reduce slightly the cost of execution. PrinREI will not aggregate a client’s order if, in a particular instance, it believes that aggregation will increase the client’s cost of execution. In some cases, aggregation or “bunching” of orders can increase the price a client pays or receives for a security or reduce the amount of securities purchased or sold for a client account. SMA program account orders are not generally “bunched” with institutional client account orders.

Because the PrinREI manages different styles of accounts with different portfolio managers, it sometimes happens that two or more portfolio managers could initiate orders to buy or sell the same security at the same time. If one portfolio manager has entered a buy order for a stock while another portfolio manager has a sell order, the orders will be worked separately to ensure that one account does not buy from the other. The PrinREI generally will not cross securities from one client account to another unless the clients in question have adopted a policy that permits the PrinREI to cross securities and the regulatory authority governing the client accounts clearly permits the crossing to occur.

The PrinREI generally does not engage in cross trade transactions; however, policies and procedures exist for those situations where cross trade transactions are appropriate and permitted by applicable law. Cross trades are only considered in isolated instances when it is determined that there are two parties; one of which wishes to dispose of a particular security while the other wishes to add it to its portfolio. Steps are taken to ensure that the transaction is in the best interests of both parties and the security is suitable for the

portfolio to which the security is being added (and for mutual funds, consistent with the funds' Rule 17a-7 procedures). In addition, the portfolio's investment restrictions are reviewed so that the addition of the security does not violate those restrictions.

When entering into cross trade transactions, PrinREI takes steps to obtain a price it has determined by reference to independent market indicators, and which PrinREI believes is consistent with its duty of "best execution" for both parties and all parties are informed of all relevant details of the transaction and have consented to the transaction. For all cross-trade transactions that are entered into, a form must be completed and signed by the Portfolio Managers assigned to the portfolios and Compliance. The form requires that the Portfolio Managers provide written statements explaining why they believe the transaction is beneficial for both of the parties involved. The form also asks about any commissions or fees to be paid and how the market price was determined.

Transactions involving the purchase and sale of a security that involves an ERISA plan have additional requirements that are outlined in the policies and procedures.

Generally, PrinREI does not use affiliated broker-dealers to place client trades. However, in rare instances where client trades are placed through an affiliated broker-dealer in order to obtain best execution, it is the policy of PrinREI to obtain client consent.

Brokerage practices for Public Real Estate Equity Securities

Selection of Brokers and Dealers

PrinREI seeks to obtain the best overall execution when selecting a broker or dealer for Client portfolio transactions. In selecting brokers and dealers, PrinREI considers a variety of factors including, but not limited to:

- Their financial strength and stability;
- Best price for the trade;
- Reasonableness of their commission, spreads or markups;
- Their ability to execute and clear the trade in a prompt, orderly and satisfactory manner;
- Quality of their executions in the past and existing relationship to date;
- The confidentiality they provide as to the trades placed through them by PGI;
- Their execution capabilities and any related risks in trading a particular block of securities;
- Their broad market coverage resulting in a continuous flow of information concerning bids and offerings;
- The consistent quality of their services, including the quality of any investment-related services provided (e.g. a first call on the release of influential securities reports);
- Their record keeping practices (e.g. timely and accurate confirmations); and
- Their cooperation in resolving differences.

PrinREI considers the above factors to establish generally the proportion of the overall commissions to be allocated to each broker or dealer used in effecting equity trades on behalf of its clients. There is a semi-annual broker voting process that includes research analysts, portfolio managers and traders. The broker vote is designed to rank brokers based on the quality of research and trading services provided. Recommendations are made for commission allocation based on the results of the vote. These factors and the results of the broker vote are used as general guidelines by the equity trading desk in deciding which broker-dealer to use for specific securities transactions. Because of the variety of factors used to select brokers or dealers, the determining factor in seeking best execution is not the lowest possible commission, but whether the transaction represents the best overall execution for the client. In some instances, PrinREI will pay a broker commissions that are higher than the commissions another broker might have charged for the same transaction. Further, in the case where a firm bundles research services with its execution services, PrinREI considers the receipt of research services provided (including soft dollar services) if it does not compromise the selection of best overall execution. Please see the section on Soft Dollar Practices below for additional information about brokerage and research services received by PrinREI.

PrinREI maintains an approved list of brokers and dealers. New counterparty arrangements must be reviewed and approved by the Counterparty Department of PGI before trading can begin through the new counterparty. Alternative trading systems that meet the guidelines are also eligible for consideration. The traders at PrinREI are required to direct trades only through approved counterparties. Counterparties are regularly monitored by the Counterparty Team for signs of deterioration in business operations, creditworthiness and rating changes.

PrinREI does not use affiliated broker-dealers to place client trades.

Brokerage Commissions

Transactions on stock exchanges and other agency transactions involve the payment by the client of negotiated brokerage commissions. Such commissions vary among different brokers and dealers and a particular broker or dealer often charges different commissions according to such factors as the difficulty and size of the transaction or the means of execution (i.e. program, algorithmic or sales trader). Although commission rates are considered by PrinREI in our brokerage selection process and are reasonable in relation to the value of the services provided, our clients might not realize the lowest possible commission rates as our determination process considers the additional factors outlined above.

Client Directed Brokerage

If PrinREI agrees, a client can instruct PrinREI to direct trading for their account to a particular broker. If a client directs PrinREI to use a particular broker or dealer, PrinREI could be unable to negotiate commissions, obtain volume discounts, ensure best execution, and to batch trades on the client's behalf. Consequently, clients who direct PrinREI to use a particular broker could pay more in commissions than those who do not.

No assurance can be given that transactions executed in accordance with such directed brokerage arrangements result in the best execution available to the client. Separately Managed Account/Wrap fee programs (“SMA Programs”) occasionally include client directed brokerage provisions. More commonly SMA Program clients pay a fee to the sponsor that covers, among other things, brokerage commissions for trades executed with the sponsor or the sponsor-designated broker-dealer. The fee does not cover brokerage commissions charged on trades executed with other broker-dealers. As a result, best execution decisions by PrinREI for SMA Program trades tend to favor use of the program sponsor or the sponsor-designated broker-dealer because of the commission expense, although other circumstances sometimes dictate that other brokers be used in our seeking to achieve best execution. Depending on a variety of factors, including the amount of the wrap fee, the trading activity and the value of custodial and other services, the single fee could exceed the separate costs of such services. PrinREI policy is to seek execution of portfolio transactions at prices which are advantageous to our clients as a whole and at commission rates that are competitive, taking into account the full range and quality of an executing broker-dealer firm’s services. This process of weighing the interests of each of PrinREI clients could result in the trade orders for accounts subject to client directed brokerage arrangements, (including SMA Programs) being placed after completion of non-directed orders so as to avoid conflicts in the trading marketplace. In addition, client directed brokerage on behalf of employee benefit plan clients might be subject to special requirements under the Employee Retirement Income Security Act of 1974 (“ERISA”).

Soft Dollar Practices

It is PrinREI’s policy to use all soft dollar credits generated by brokerage commissions attributable to client accounts in a manner consistent with the "safe harbor" established by Section 28(e) of the Securities Exchange Act. In most cases, services retained via soft dollar arrangements are exclusively used for research or in connection with brokerage and trading functions within that “safe harbor”. In isolated-soft dollar arrangements, PrinREI could receive products and services that can include administrative functions as well as a research functions, a brokerage/trading function, or both. In such cases, PrinREI will make a reasonable allocation of the cost of the product or service according to PrinREI’s use. PrinREI will pay for the portion of the product or service that consists of research or brokerage/trading in commission dollars. PrinREI will pay for the portion that provides administrative or non-research or non-brokerage/trading support directly rather than use soft dollar commissions. PrinREI allocation of the cost of such products and services between research and non-research functions poses a conflict of interest between PrinREI and its clients because, to the extent we categorize products and services as research or brokerage/trading related, PrinREI avoids paying for those products and services with its own money.

In allocating brokerage business, PrinREI gives consideration to products and services provided to it by introducing as well as clearing brokers (e.g., the furnishing of statistical data and research generally consisting of information of the following types: analyses and reports concerning issuers, industries, economic factors and trends, portfolio strategy and performance of client accounts as well as systemic or quantitative processes that support research). In making such allocations, the primary criterion used is obtaining the best

overall terms for such transactions. PrinREI could pay additional commission amounts for research services but generally does not do so. Such statistical data and research information received from brokers or dealers can be useful in varying degrees, and PrinREI can use it in servicing some or all of the accounts it manages. Clients could pay higher commission rates than those normally obtained from other brokers. Some of the products and services could benefit a specific segment of PrinREI clients. Commission credits are used in aggregate and are not attributed nor specifically benefit the client whose transaction created the credit unless otherwise directed by the client. Some products and services obtained from brokers are not necessarily be used for a client even though its commission dollars (or other transaction charges) paid for the products and services. Therefore, it is possible a client is not a direct or indirect beneficiary of the products and services provided. It is possible, some statistical data and research information paid for by a particular client account brokerage isn't useful to PrinREI in managing the client account. However, in PrinREI's opinion, the value thereof is not determinable and it is not expected that client's expenses will be significantly raised since the receipt of such statistical data and research information is only supplementary to PrinREI's own research efforts.

PrinREI does not utilize all commissions attributable by client accounts to purchase research services through soft dollar arrangements. PrinREI will generally limit its participation in soft dollar arrangements annually to an amount that, in its judgment, ensures best execution of client transactions.

With respect to PrinREI purchase of statistical data and research information with commission dollars, clients who afford PrinREI complete discretion in selecting brokers to execute transactions for their accounts, in effect, can be viewed as subsidizing the purchase of research PrinREI utilizes in managing accounts of those clients who do not afford PrinREI such discretion.

Trade Order Aggregation and Allocation for Equity Accounts

In carrying out the investment objectives of its clients, occasions arise in which PrinREI deems it advisable to purchase or sell the same equity securities for two or more client accounts at the same or approximately the same time. In those cases, PrinREI could submit the orders to purchase or sell to a broker or dealer for execution on an aggregate or "bunched" basis. PrinREI expects aggregation or "bunching" of orders, on average, to reduce the cost of execution. PrinREI, generally, will not aggregate a client's order if, in a particular instance, it believes that aggregation will increase the client's cost of execution. In some cases, aggregation or "bunching" of orders can increase the price a client pays or receives for a security or reduce the amount of securities purchased or sold for a client account. Trade orders for SMA Programs are not generally "bunched" with institutional client account orders. PrinREI will on occasion, "bunch" trades with its affiliate, PGI.

PrinREI will not aggregate orders unless it believes that aggregation is consistent with (1) its duty to seek best execution and (2) the terms of its investment advisory agreements with its clients. Aggregated orders will be executed only after order tickets have been

received by the trading desk specifying the participating accounts and the number or percentage of shares to be allocated among the various accounts (“allocation statement”); each client portfolio that participates in an aggregated order will generally participate at the share price for the securities in the same aggregate fill transaction on a given business day in which they participate after giving consideration for the following: portfolio changes in available cash, odd lots and de minimis amounts, etc., with all transaction costs shared pro rata based on each client’s participation in the transaction. If an aggregated order cannot be filled completely, allocation among orders will be made pro rata based on the allocation statement.

However, the order could be allocated on a basis different from that specified in the Allocation Statement if all accounts of clients whose orders are allocated receive fair and equitable treatment. PrinREI’s trading desk could depart from the above procedures if, in the exercise of its reasonable judgment, it determines that such a departure is in the clients’ interests taken as a whole. As a result of such allocations, there could be instances when a client’s account does not participate in a transaction that is allocated among other clients. As an example, there can be de minimis deviation from that stated in the Allocation Statement when necessary to correct a pro rata distribution that results in a participating account holding (1) too small a number of shares in relation to the size of the participating account or its investment strategy or (2) an odd-lot.

PrinREI can enter aggregated orders to participate in initial public equity offerings (IPOs). In determining whether to enter an order for an IPO for any client account, PrinREI considers the account's investment restrictions, risk profile, asset composition and cash level. Accordingly, it is unlikely that every client account will participate in every available IPO order. Partially filled aggregated IPO orders will be allocated pro rata across participating accounts in accordance with the procedures set out above. It is possible, therefore, that some accounts participating in the aggregated order will receive no shares in the allocation.

Cross Trades

PrinREI generally will not arrange for one client to purchase or sell securities to another client (a “cross trade”) unless the clients in question have adopted a policy that permits the PrinREI to cross securities and the regulatory authority governing the client accounts clearly permits the cross trade to occur. However, policies and procedures exist for those situations where cross trade transactions are appropriate and permitted by applicable law. Cross trades are only considered in isolated instances when it is determined that there are two parties; one of which wishes to dispose of a particular security while the other wishes to add it to its portfolio. Steps are taken to ensure that the transaction is in the best interests of both parties, the purchase and sale of the security satisfy the investment guidelines for each of the portfolios involved and the applicable regulatory requirements are satisfied (as an example for mutual funds, consistent with the funds’ Rule 17a-7 procedures).

When entering into cross trade transactions, PrinREI takes steps to obtain a price it has determined by reference to independent market indicators, and which PrinREI believes is

consistent with its duty of “best execution” for both parties and all parties are informed of all relevant details of the transaction and have consented to the transaction. For all cross-trade transactions that are entered into, a form must be completed and signed by the portfolio managers assigned to the portfolios and Compliance. The form requires that the portfolio managers provide written statements explaining why they believe the transaction is beneficial for both of the parties involved. The form also asks about any commissions or fees that to be paid and how the market price was determined.

Transactions involving the purchase and sale of a security that involves an ERISA plan have additional requirements that are outlined in the policies and procedures.

Because PrinREI manages different styles of accounts with different portfolio managers, it sometimes happens that two or more portfolio managers could initiate orders to buy or sell the same security at the same time. If one portfolio manager has entered a buy order for a stock while another portfolio manager has a sell order, the orders will be worked separately to ensure that one account does not buy from the other.

Trade Errors

PrinREI maintains a system of checks and balances designed to limit the errors it makes in placing trades for client accounts. Nonetheless, PrinREI will, from time to time, make such errors. It is PrinREI’s policy to absorb all losses on trades it places in error. In rectifying erroneous trades, PrinREI distinguishes between errors it identifies prior to the time a client’s custodian settles the erroneous trade and posts it to the client’s custodial statement (“Time of Settlement”) and those it identifies after the Time of Settlement. PrinREI maintains an error account and settles into it all erroneous trades it identifies prior to the Time of Settlement. Any profits from erroneous trades identified before settlement are retained in the error account and can only be used to offset losses caused by subsequent errors. It is PrinREI policy to accord clients any profitable erroneous trades it identifies after the Time of Settlement.

PrinREI’s policy covering the correction of trading errors generally applies only to the extent that PrinREI has control of resolving errors for client accounts. For the SMA Programs, the Sponsor Firms could have control over the resolution of errors of participating investment managers, including PrinREI.

Because of the actions or omissions by a broker-dealer, a trade executed in the market can materially differ from the instructions or order given by the PrinREI’s portfolio manager or the trading desk personnel for that trade. Errors attributable to brokers are not trade errors but the PrinREI will oversee the resolution of a broker’s error.

Foreign Exchange Transactions – Incidental to Management of Public Real Estate Debt and Real Estate Equity Securities

It is the responsibility of a client’s custodian to handle foreign exchange transactions (“FX Transactions”) for client accounts to settle trades and to repatriate dividends, interest and other income payments received into the client account’s base currency when necessary. However, PrinREI will, when requested by the client and PrinREI determines that it cost is effective or efficient, arrange for its trade desk or third party to handle trade

settlement related FX Transactions in unrestricted currencies. Under this type of arrangement, should a client so request, the trade desk is responsible for seeking best execution of FX Transactions, either with the client's custodian or with third parties. Unless otherwise agreed to, PrinREI will continue to issue standing instructions to each client's custodian for all other types of FX Transactions in unrestricted currencies, such as those related to dividend and interest repatriation. Because of various limitations regarding transactions in restricted currencies, (generally in jurisdictions where all FX Transactions must be done by the client's custodian) all FX Transactions in restricted currencies will continue to be effected by each client's custodian pursuant to standing instructions and PrinREI will not seek best execution.

In cases where a client has not requested that PrinREI handle arrangements for trade settlement related FX Transactions in non-U.S. securities, and/or PrinREI has deemed that it is not cost effective to do so, PrinREI will instruct the client's custodian to execute the necessary FX Transactions. This is done either through standing instructions communicated to the custodian when the account is established, or at the time settlement instructions are sent to the custodian for a particular transaction. The custodian is responsible for executing FX Transactions, including the timing and applicable rate, of such execution pursuant to its own internal processes. As clients generally have arrangements with their custodian regarding the execution of FX Transactions, such arrangements can impact the fees and expenses charged to the client by the custodian.

ITEM 13 – REVIEW OF ACCOUNTS

PrinREI provides advice to institutional investors concerning investments in equity real estate, commercial real estate mortgages, and securities associated generally with those areas. The majority of the advice PrinREI renders is with respect to investments other than "securities" as that term is defined by applicable law. PrinREI enters into contracts with each client, which contracts detail the precise nature of the advisory services to be furnished to that client. These contracts include criteria furnished by the client to be used by PrinREI in recommending investments to that client. PrinREI is responsible for maintaining each client's portfolio within the criteria furnished by that client, and PrinREI reviews each client's portfolio at the time of each investment for compliance with those criteria. Compliance review will be conducted formally on a quarterly basis by the member of PrinREI's staff who is primarily responsible for the particular client's account (generally the portfolio manager).

Reviewers

PrinREI has various investment and management committees, as applicable, that review accounts falling within their respective area of focus. All committee members are officers of PrinREI and generally hold the title of Director, Managing Director or Executive Director. The appropriate committee assists the portfolio manager in reviewing objectives and constraints of the client, investment activity, operational activity, and client relations at least quarterly. Clients will generally be provided with reports no less frequently than quarterly that review the status and performance of their real estate investment portfolios. In addition, portfolio managers generally will meet with each separate account client no

less than once per year to review portfolio performance and provide an outlook on potential issues and opportunities that could arise in the coming period. Clients in wrap fee programs generally receive periodic account reports via the wrap program sponsor, with the frequency and content of those reports varying from sponsor to sponsor.

Oversight and governance for each separate account and commingled fund is provided by the Real Estate Investment Committee and/or management committees, which are comprised of senior management of PrinREI. The management committees meet with the portfolio teams on a regular basis to review investment activity, performance and return attribution, compliance with investment guidelines, risk management considerations and other matters affecting the client and the portfolio. Investment decisions (e.g., acquisitions, dispositions, development, financing, alternative designs, etc.) are reviewed and, if appropriate, approved by the appropriate investment and/or management committee as dictated by the applicable investment management agreement. Certain commingled funds can also have an independent advisory committee that provides additional oversight of investment activities.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

PrinREI is not a party to any arrangement whereby it compensates a non-affiliated party for client referrals. In addition, PrinREI and its employees do not receive any economic benefits, including sales awards and prizes, from non-clients in connection with providing advisory services to clients.

ITEM 15 – CUSTODY

When required, clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. PrinREI urges you to carefully review such statements and compare such official custodial records to the account statements that PrinREI provides to you. The statements can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

PrinREI has controlling interests in entities serving as general partners of the above-mentioned funds (the "Funds"). As such, PrinREI is deemed to have custody of client assets invested in the Funds. PrinREI is also responsible for the management and administration of the Funds' affairs but it does not have authority to take legal title to and possession of Fund assets. All cash flows generated by the real estate holdings of the Funds are held in deposit accounts at banking institutions as qualified custodians, not affiliated with PrinREI. The deposit accounts are titled in the property name with the unaffiliated property manager and PrinREI having authority to make disbursements for property expenses out of those property level operating accounts. All unaffiliated property management firms are bonded. In addition, there are accounts opened and maintained in the name of the particular Fund at unaffiliated banking institutions. Investor redemptions/distributions and other fund level expenses are made through these

accounts. Processing of these disbursements is handled through a proprietary cash management system maintained by Principal Financial Group's corporate treasury department, which has security rules set up so that only certain employees can request such disbursements and only certain employees (different than the requesters) can approve such disbursements. And depending on the size of the disbursement, multiple approvers are required. No disbursement will be approved without appropriate supporting documentation. This process and system is subject to numerous internal controls, including: segregation of duties, tiered invoice approvals, and tiered check authorization. All bank accounts and corresponding cash activity is balanced and reconciled on a monthly basis, with these duties segregated from other aspects of the cash management and accounting functions. Annual audits of the Funds' financial statements are conducted by independent external auditors. The audited financial statements are prepared in accordance with generally accepted accounting principles and delivered by PrinREI to all clients (investors) within 120 days after the Funds' year end. Annual custody audits are conducted on a surprise basis for any assets which we have custody of that are not covered by the audit scope exception.

ITEM 16 – INVESTMENT DISCRETION

PrinREI receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of investments to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting investments and determining amounts, PrinREI observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to PrinREI in writing.

ITEM 17 – VOTING CLIENT SECURITIES

PrinREI has adopted and implemented written Proxy Voting Policies and Procedures which are designed to reasonably ensure that PrinREI votes proxies in the best interests of its advisory clients who have authorized the PrinREI to address these matters on their behalf. PrinREI's guiding principles in performing proxy voting are to make decisions that (i) favor proposals that tend to maximize a company's shareholder value and (ii) are not influenced by conflicts of interest.

The principles and positions in the Policy are designed to guide PrinREI in voting proxies, and not necessarily in making investment decisions. Portfolio management teams base their determinations of whether to invest in a particular company on a variety of factors

PrinREI will accept authority to vote proxies on behalf of the client. Clients can also direct the adviser to vote in certain situations. The client should contact their representative at the adviser.

PrinREI has established a general Proxy Voting Policy using the Institutional Shareholder Services, Inc. (ISS) Standard Proxy Voting Guidelines (the Guidelines) except where a portfolio management team decides to diverge from the Guidelines or if a recommendation is not provided. In this case, the policy requires certain procedures and documentation to be met in order to address conflicts of interest.

Clients can obtain a copy of PrinREI's complete proxy voting policies and procedures upon request.

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide Clients with certain financial information or disclosures about PrinREI's financial condition. PrinREI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

FACTS
WHAT DOES PRINCIPAL GLOBAL INVESTORS DO WITH YOUR PERSONAL INFORMATION?
Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and transaction history
- Income and account investment experience
- Account transactions and risk tolerance

When you are no longer our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Principal Global Investors chooses to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION
DOES PRINCIPAL GLOBAL INVESTORS SHARE?
CAN YOU LIMIT THIS SHARING?

For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus

Yes

No

For our marketing purposes—to offer our products and services to you

Yes

No

For joint marketing with other financial companies

No

We don't share

For our affiliates' everyday business purposes—information about your transactions and experiences

Yes

No

For our affiliates' everyday business purposes—information about your creditworthiness

No

We don't share

For nonaffiliates to market to you

No

We don't share

Questions?

Call 1-800-533-1390 or go to www.principalglobal.com/about-us/contact-information

Who we are

Who is providing this notice? Principal Global Investors and its affiliates.

What we do

How does Principal Global Investors protect my personal information? To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does Principal Global Investors collect my personal information? We collect your personal information, for example, when you

- Open an account or seek advice about your investments
- Direct us to buy securities or make deposits, or withdrawals from your account
- Give us your contact information or show your government issued ID

We also collect your personal information from others, such as affiliates, or other companies.

Why can't I limit all sharing? Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Our affiliates include companies with the Principal Global Investor name as listed below.

Nonaffiliates Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- Principal Global Investors does not share with nonaffiliates so they can market to you.

Joint marketing A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- Principal Global Investors doesn't jointly market.

Other important information

Who is providing this notice: Principal Global Investors companies, including the following: Principal Global Investors, LLC, Principal Global Investors Trust, Principal Real Estate Investors, LLC, Principal Commercial Acceptance, LLC, Principal Commercial Funding, LLC, Principal Green Property Fund Employees II, LLC, Spectrum Asset Management, Inc., Principal Funds Distributor, Inc.