

Principal Real Estate Investors, LLC

ADV Part 2A

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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 an SEC registered investment adviser. This registration does not imply any certain level of skill or training.

Item 2: Material Changes Summary

The PrinREI Advisory Brochure (Part 2A of Form ADV) (the “Brochure”) date March 30, 2022, is our annual updating amendment to the prior Brochure date March 30, 2021. There have been no material changes since the last amendment date March 30, 2021.

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ITEM 4--ADVISORY BUSINESS

Introduction

PrinREI is a leading real estate investment management firm whose capabilities 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. PrinREI, established in 1998, is an indirect wholly owned subsidiary of Principal Financial Group, Inc. (NASDAQ: PFG).

PrinREI's 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. Advice on these real estate asset classes is provided in both separate account arrangements and commingled funds.

PrinREI generally provides continuous investment advice based on the defined investment strategies, objectives, and policies of its clients. This arrangement is documented through an investment management agreement, which incorporates investment management restrictions and guidelines developed in consultation with each client, as well as any additional services required by the client. These restrictions and guidelines customarily impose limitations on the investments that may be made and the percentage of account assets that may be invested in certain types of instruments. Clients may also choose to restrict investments in specific investments or groups of investments for social, environmental, or other reasons. PrinREI also provides certain non-discretionary services to clients such as model portfolios.

Prospective clients or investors may also purchase our services indirectly by purchasing interests in Principal Funds or other commingled vehicles advised or sub-advised by PrinREI or an affiliate (e.g., private funds, collective investment trusts, exchange-traded funds ("ETFs"), or open-end or closed-end investment companies) rather than establishing a direct relationship through an investment management agreement. Clients or investors should consider the features of these options and their own specific needs and circumstances when determining the most suitable investment and should carefully review the offering documents of these investment vehicles to understand the investment objectives, strategies, and risks of each vehicle.

For our private funds, investment advice is provided directly to the funds subject to the discretion and control of the funds' general partners (or analogous party), and not to investors in the fund based upon their individual needs. Fund investors may have conflicting investment, tax, and other interests with respect to their investments in the fund.

Consequently, conflicts of interest may arise in connection with decisions made by PrinREI that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a private fund, PrinREI and the private fund's general partner (or analogous party) will consider the investment and tax objectives of the applicable private fund, not the investment, tax, or other objectives of any investor individually.

PrinREI from time to time enters into side letter arrangements with certain investors in private funds. Side letters provide such investors with different or preferential rights or terms of the private fund. Such differences and preferences may include but are not limited to, different fund fee structures, and other preferential economic rights, information, waiver of certain confidentiality obligations, co-investment rights, redemption, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, or preferential liquidity or transfer rights. Except as otherwise agreed with an investor or otherwise set out in the private fund's organization documents, PrinREI and their affiliates are not required to disclose the terms of side letter arrangements with other investors in the same private fund.

The organizational documents of a private fund establish complex arrangements among the funds, PrinREI, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the organizational documents, if any, may be broad, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision in the fund's organizational document to the question. While PrinREI will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty to the fund and legal obligations, the interpretations used may not be the most favorable to the private fund investors.

Services required by PrinREI's private funds may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties, in each case in the discretion of PrinREI or their general partners (or analogous parties). PrinREI and its affiliates have an incentive to outsource such services at the expense of the private funds to, among other things, leverage the use of PrinREI's personnel. Such services may include, without limitation, property management, investor reporting, private fund administration and accounting, custodial, valuation, and legal. Outsourcing may not occur universally for all private funds and accordingly, certain costs may be incurred by one private fund for a third-party service provider that is not incurred for comparable services by other private funds.

Generally, each private fund has established an advisory board, consisting of representatives of investors. A conflict of interest exists when some, but not all investors are permitted to designate a member to the advisory board. The advisory board may also have the ability to approve conflicts of interests with respect to PrinREI and the private fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory board. Representatives of the advisory board may have various business and other relationships with the adviser and its partners, employees, and affiliates. These relationships may influence the decisions made by such members of the advisory board.

The private funds from time to time co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the private fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the private fund. There may also be instances where the private fund will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a private fund participating in a transaction with a third party would be equal to and not less favorable as it would have been had such conflict not existed.

Separately Managed Accounts (SMA) / Wrap Fee Programs/Directed Brokerage

PrinREI provides investment advisory services to a variety of managed account programs, including separately managed accounts or wrap fee programs, unified managed account programs, and model portfolio programs (collectively, "Managed Accounts").

There are several different types of Managed Account programs offered by third-party broker-dealers, banks or other investment advisers affiliated with broker-dealers ("Program Sponsors"). In discretionary Managed Account programs, PrinREI is responsible for implementing its investment recommendations. PrinREI may handle the placement of trades for certain accounts with brokers other than the Program Sponsor or its affiliate(s) (e.g., "step outs"), but typically the majority of trades will be directed to the Program Sponsor or its affiliate(s) for execution. In "Model-Delivery" Managed Account programs, PrinREI is retained by the Program Sponsor to provide non-discretionary research and portfolio recommendations that are not tailored to any program participant. The Program Sponsor has discretion to accept, modify or reject PrinREI's recommendations and the responsibility to implement transactions for Managed Accounts. PrinREI generally does not have information regarding participants in Model-Delivery Managed Accounts.

Generally, the services provided by PrinREI to Managed Accounts comprised of ERISA plan clients ordinarily are described in the ERISA plan client's contract with the Program Sponsor and/or in the Program Sponsor's program brochure.

Services Provided to Non-US Clients

PrinREI may also act as an investment adviser and may conduct marketing activity with respect to clients and prospective clients domiciled in foreign jurisdictions in some instances without maintaining regulatory licenses or registrations in those jurisdictions to the extent permitted by applicable law. Clients and prospective clients in these jurisdictions should consider whether the regulatory framework of their own jurisdiction as it applies to them imposes restrictions on hiring an investment adviser that does not hold local regulatory licenses or registrations. Clients and prospective clients should also consider whether the regulatory framework which PrinREI is subject provides sufficient protections given that PrinREI may not be subject to the regulatory framework they are familiar with in their own jurisdiction.

Global Asset Management

PrinREI may utilize services from, and provide services to, our U.S. affiliates and non-U.S. affiliates. These services may include investment advisory services, client relations, investment monitoring, accounting administration, investment research and trading. To facilitate this collaboration, PrinREI has entered into sub-advisory agreements, intercompany agreements and "participating affiliate" arrangements with certain of our non-U.S. affiliates. Each U.S. affiliate is registered with the Securities and Exchange Commission and each non-US affiliate is registered with the appropriate respective regulators in their home jurisdictions. Under the participating affiliate arrangements, certain employees of PrinREI's non-U.S. affiliates serve as "associated persons" of PrinREI when providing certain of these services, including placing orders for clients, and in this capacity are subject to PrinREI's oversight and supervision.

Assets Under Management

PrinREI managed \$35,227,199,463 in discretionary assets and \$1,746,106,742 in non-discretionary assets as of December 31, 2021.

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 unless stipulated otherwise.

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; (iii) portfolio management fees; and (iv) other fees specifically negotiated for services provided, including full or limited services associated with managing privately held real estate enterprises/operating company investments. 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, on a percentage of returns generated in excess of a benchmark, 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 may negotiate and charge different fees for different accounts. For example, PrinREI may offer discounted fee schedules to certain clients based on the totality of their (and/or their affiliates) relationship with PrinREI or its affiliates. The number of accounts managed, the size or asset level of the account(s), the nature of services rendered, the country of domicile, and any special requirements of the account(s) managed are factors typically taken into consideration in making this determination. For clients with whom PrinREI has agreed to give the lowest fee rate charged compared to any other similarly situated client, all these factors, including the totality of PrinREI's relationship with a client and/or its affiliates, may be taken into consideration in determining whether a client is similarly situated to another. PrinREI may also consider the impact such arrangements could have on agreements that have previously been entered into with other clients.

When deciding whether to negotiate a particular fee, PrinREI may also consider its capacity to manage assets in a particular strategy. In addition, PrinREI may offer or make available to certain clients a specified asset level or capacity maximum that PrinREI will allow them to invest in each strategy. The amount of capacity offered may impact fee negotiations. The negotiation of fees may result in similarly situated clients paying different fees for comparable advisory services.

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 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 private 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. The fees and compensation for commingled funds are 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 and 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 privately held real estate enterprise/operating company, or a fixed amount and are generally paid in arrears daily, 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, and privately held real estate enterprise/operating company structuring, oversight and management services provided by PrinREI.

PrinREI has different fee arrangements for advisory services relating to securities and separate fees for 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 \$200 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. For commingled funds fees and compensation are 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 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 loan servicing tasks. In addition, revenue can be received and retained from interest charged on escrows and impounds.
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:

PrinREI's standard annual fees for investment management services are based on the fair market value of assets under management as outlined in the table below. Published fee schedules are shown for unaffiliated client portfolios which are individually managed (segregated and discretionary) and subject to the stated minimum accounts sizes. Fees and minimum investment amounts in all categories and ranges can be subject to negotiation as appropriate and may be higher or lower than those described below.

Public Real Estate Debt	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
Public Real Estate Equity	Fee Schedule
Global Real Estate Securities Global Ex-US Real Estate SecuritiesUS Real Estate Securities Global Concentrated Real Estate Securities Global REIT Structural Opportunities	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	0.85% on the first \$25 mm 0.75% on the next \$25 mm 0.65% on all thereafter Minimum account size: \$25 mm

Fees for Commingled Vehicles

Clients may invest in a variety of commingled vehicles. Information regarding advisory fees charged by PrinREI and other expenses payable by investors are set forth in the offering documents for the applicable commingled vehicle.

Fees for Managed Accounts

The annual fees paid to PrinREI for SMA strategies generally range from 0.23% to 0.55% of the relevant SMA account holders respective accounts. Some SMA programs provide for the wrap fee (including the portfolio management portion payable to PrinREI) 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 for information concerning termination and refund conditions and procedures.

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

Certain PrinREI accounts are charged performance fees in accordance with the conditions and requirements of Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Any such performance fees will be negotiated on an individual basis with the client. 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 are included dependent upon contractual provisions.

Performance-based fee arrangements can create an incentive for PrinREI to recommend investments that could be riskier or more speculative than investments that would be recommended under a different fee arrangement. Such fee arrangements also create an incentive for PrinREI to favor client accounts that pay performance-based fees over other accounts in the allocation of investment opportunities, and to aggregate or sequence trades in favor of such accounts.

PrinREI manages investments for a variety of clients including pension funds, retirement plans, mutual funds, large institutional clients, Managed Accounts, and private funds. Potential conflicts of interest can arise from the side-by-side management of these clients based on differential fee structures.

PrinREI seeks to mitigate these conflicts by managing accounts in accordance with applicable laws and its policies and procedures, which are designed to ensure all clients are treated fairly, and to prevent any client or group of clients from being systematically favored or disadvantaged in the allocation of investment opportunities. PrinREI's policies and procedures regarding allocation of investment opportunities and trade executions are described below in "Item 12 - Brokerage Practices."

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. Some of PrinREI's clients are affiliates.

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 the wrap program sponsor, rather than PrinREI.

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

Investing involves risk of loss that clients should be prepared to bear. Each of the investment strategies listed below is subject to certain risks. There is no guarantee that any investment strategy will meet its investment objective.

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, public real estate equity securities issued by real estate investment trusts ("REITs") 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").

Laws, Regulations and Taxation Risk

Many different regulatory bodies govern our company. We are required to comply with federal securities laws; insurance regulations; employee benefit plan regulation; financial services regulation; U.S. and international tax regulations; environmental, social and governance ("ESG") requirements; and cybersecurity and privacy regulations. Complying with the various regulations can increase our cost of doing business. We would also face potential fines or reputational risk if we do not comply. In addition, changes in tax laws can reduce sales of certain tax-advantaged products or increase our operating expenses. Changes in accounting standards may adversely impact reported results of operations and financial condition. Litigation and tax audits can increase costs and create adverse publicity for us.

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, management, and oversight of privately held real estate enterprises/operating companies, 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/or develop direct investments in U.S. commercial real estate properties and enterprises/operating companies. 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 discretion to make investment decisions subject to certain investment guidelines and restrictions.

PrinREI's investment products and strategies, whether at the property level or real estate enterprise/operating company level, 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 can magnify 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. In addition to joint ventures with operating companies, PrinREI also has real estate strategies that involve direct and indirect ownership interests in privately held real estate enterprises/operating companies.

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 market 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 plan 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 in investments 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's 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. The 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 management 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 management 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 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 management teams, appropriate investment or management committee and/or third-party consultants.

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 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 in 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. The strategy's investment objective is to provide excess total returns relative to an index.

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. The strategy's investment objective is to provide excess total returns relative to an index.

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. The strategy's investment objective is to provide excess total returns relative to an index.

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. The strategy's investment objective is to provide both excess total returns and income relative to an index.

Global Concentrated Real Estate Securities

The Global Concentrated Real Estate Securities strategy seeks to invest in securities of companies invested in the real estate industry around the world. The strategy's investment objective is to provide excess total returns relative to an index. The strategy seeks to achieve its performance objective with a concentrated level of holdings and less emphasis on diversification.

Global REIT Structural Opportunities

The Global REIT Structural Opportunities strategy seeks to invest in securities of companies invested in the real estate industry around the world that are primarily benefitting from positive secular demand drivers. This the Matic strategy provides concentrated exposure to certain sectors within the public REIT industry. The strategy's investment objective is to provide excess total returns relative to an index.

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 portfolio management team 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 the 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 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. and/or 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. Certain political or economic events could impose governmental sanctions and cause certain securities to be ineligible for trading at certain times. 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.

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.

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, participation loans 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's management of private debt portfolios includes 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 portfolio 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 market information regarding leasing activity, sales prices, and other relevant information on real estate equities 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 are included in 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 teams. 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 valuable tool to help the underwriter assess the risk of the transaction and determine 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 investment 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.

Public Real Estate Debt Securities

PrinREI offers actively managed strategies utilizing publicly traded real estate debt securities. PrinREI primarily invests in commercial mortgage-backed securities ("CMBS") for those strategies. CMBS investing at PrinREI involves buying securities from Conduit, Single-Asset/Single-Borrower (SASB) and Agency securitizations PrinREI offers the following publicly traded real estate debt securities strategies:

CMBS Total Return

This strategy invests in investment grade CMBS securities focusing on total return relative to the Bloomberg Barclays ERISA Eligible Investment Grade CMBS Index

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.

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 to outperform over a full market cycle the BBB- component of the 2.0 Bloomberg Barclays Investment Grade CMBS Index.

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 A- component of the 2.0 Bloomberg 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 strong risk-adjusted returns. PrinREI performs fundamental analysis utilizing its internal investment analysts, advanced modeling techniques and a wide variety of market 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 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, 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 a 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 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.

General Risks

In addition to the above-stated risks associated with the investment strategies we offer; the following represents a general summary of other material risks. If applicable, please refer to the risks in the offering documents for a more detailed discussion of the risks involved in an investment in any pooled vehicle. Not all material risks will be applicable to each strategy.

Concentration Risk: A strategy that concentrates investments in a particular industry or group has greater exposure than other strategies to market, economic and other factors affecting the industry or group.

Counterparty Risk: Under certain conditions, a counterparty to a transaction, including derivative instruments, could fail to honor the terms of the agreement, default and the market for certain securities or financial instruments in which the counterparty deals may become illiquid.

Cybersecurity and Operational Risk: 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 are not limited to gaining unauthorized access to digital systems, and misappropriating assets or sensitive information, corrupting data, or causing operational disruption, including the denial-of-service attacks on websites.

Cybersecurity 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 could 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. Markets can be volatile in response to a number of factors, as well as broader economic, political, and regulatory conditions.

Some of these conditions may prevent PrinREI from executing a particular strategy successfully.

For example, an epidemic and reactions there could cause uncertainty in financial markets and the operation of businesses, including PrinREI's business, and may adversely affect the performance of the global economy, induce market volatility, and cause market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. It is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. Leverage and most types of derivatives create exposure in an amount exceeding the initial investment, which can increase volatility by magnifying gains or losses. The value of a client portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical, and other considerations. A client portfolio will not always achieve its objective and/or could decrease in value.

PrinREI has developed a Business Continuity Program (the "Program") that is designed to minimize the disruption of normal business operations in the event of an adverse incident impacting PrinREI or its affiliates. While PrinREI believes that the Program is comprehensive and should enable it to reestablish normal business operations in a timely manner in the event of an adverse incident, there are inherent limitations in such programs (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, PrinREI and its affiliates, any vendors used by PrinREI or its affiliates or any service providers to the portfolios PrinREI manages could be prevented or hindered from providing services to the portfolio for extended periods of time. These circumstances may include, without limitation, acts of God, acts of governments, any act of declared or undeclared war or of a public enemy (including acts of terrorism), power shortages or failures, utility or communication failure or delays, labor disputes, strikes, epidemics, shortages, supply shortages, and system failures or malfunctions. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's operations, potentially including impediments to trading portfolio securities.

A portfolio's ability to recover any losses or expenses it incurs as a result of a disruption of business operations may be limited by the liability, standard of care and related provisions in its contractual arrangements with PrinREI and other service providers.

Derivatives Risk: A small investment in derivatives could have a potentially large impact on a strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value and there is the risk that changes in the value of a derivative held by a strategy will not correlate with the underlying instruments or the strategy's other investments. Transactions in derivatives (such as options, futures, and swaps) have the potential to increase volatility, cause liquidation of portfolio positions when not advantageous to do so and produce disproportionate losses. All derivatives used for hedging purposes involve basis risk. This occurs when the value of underlying hedging instrument moves differently (not perfectly correlated) than the corresponding item being hedged.

Economic and Market Events Risk: Markets can be volatile in response to a number of factors, as well as broader economic, political, and regulatory conditions. Some of these conditions may prevent PrinREI from executing a particular strategy successfully. For example, a pandemic and reactions there could cause uncertainty in financial markets and the operation of businesses, including PrinREI's business, and may adversely affect the performance of the global economy, induce market volatility, and cause market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. It is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. Leverage and most types of derivatives create exposure in an amount exceeding the initial investment, which can increase volatility by magnifying gains or losses. The value of a client portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical, and other considerations. A client portfolio will not always achieve its objective and/or could decrease in value.

Foreign Investment Risk: To the extent that PrinREI invests in companies based outside the US, it faces the risks inherent in foreign investing, which includes the loss of value as a result of political or economic instability; nationalization, expropriation, or confiscatory taxation; changes in foreign exchange rates and restrictions; settlement delays and limited government regulation. Adverse political, economic, or social developments could undermine the value of PrinREI's investments or prevent PrinREI from realizing their full value. Financial reporting standards for companies based in foreign markets differ from those in the US. Additionally, foreign securities markets generally are smaller and less liquid than US markets. To the extent that PrinREI invests in non-US dollar denominated foreign securities, changes in currency exchange rates may affect the US dollar value of foreign securities or the income or gain received on these securities.

Foreign governments may restrict investment by foreigners, limit withdrawal of trading profit or currency from the country, restrict currency exchange or seize foreign investments. Investments may also be subject to foreign withholding taxes. Foreign transactions and custody of assets may involve delays in payment, delivery or recovery of money or investments. In addition, there is significant market uncertainty regarding Brexit's ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict. This uncertainty may affect other countries in the EU (European Union) and elsewhere, and may cause volatility within the EU, triggering prolonged economic downturns in certain countries within the EU.

Inflation and Deflation Risk: Inflation risk is the risk that the present value of assets or income will be worth less in the future as inflation decreases the present value of money. Deflation risk is the risk that prices throughout the economy decline over time creating an economic recession, which could make issuer default more likely and may result in a decline in the value of a strategy's assets.

Tax Risk: Changes to tax laws can result in various risks.

Volatility Risk: The market value of the investments made on behalf of advisory clients may decline unexpectedly due to changes in market rates of interest, general economic or political conditions, industry specific developments, or the condition of financial markets.

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. To the best of PrinREI's knowledge, PrinREI has no information applicable to this item.

ITEM 10-OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Affiliated Entities

PrinREI utilizes personnel or other resources or services of its non-US affiliates, Principal Global Investors (Europe) Ltd, Principal Global Investors (EU) Ltd, Principal Global Investors (Singapore) Ltd, Principal Global Investors (Australia) Ltd, Principal Global Investors (Hong Kong) Ltd, Principal Global Investors (Ireland) Ltd, Principal Global Investors (Switzerland) Ltd and Principal Global Investors (Japan) Ltd to assist PrinREI in the performance of investment advisory services. Those advisory affiliates 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 render portfolio management, research, or trading services to PrinREI's clients, including registered investment companies.

Principal Global Investors, LLC ("PGI"), is an investment adviser registered with the SEC. PGI offers portfolio management services for fixed income, equities, and asset allocation products to affiliated and non-affiliated persons. 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.

The Principal Real Estate Europe Group (the "PrinREE Group"), which was acquired by Principal in April 2018, manages alternative investment funds and separate account mandates investing in European real estate on behalf of investors and clients.

The PrinREE Group includes five authorized Alternative Investment Fund Managers ("AIFMs"): Principal Real Estate Limited- authorized in the UK by the FCA, Principal Real Estate SAS- authorized in France by the AMF, Principal Real Estates.A R.L.- authorized in Luxembourg by the CSSF, Principal Real Estate Kapitalverwaltungsgesellschaft mbH and Principal Real Estate Spezialfondsgesellschaft mbH- each of which are registered in Germany by BaFin. PrinREI has a Participating Affiliate Arrangement with the PrinREE Group that allows the PrinREE Group to provide advisory services to PrinREI clients.

Principal Enterprise Capital, LLC ("PEC") is an investment adviser registered with the SEC. PEC invests in Real Estate Operating Companies ("REOCs").

Principal Advised Services, LLC ("PAS") is an investment adviser registered with the SEC. PAS provides asset allocation advice implemented with assistance of proprietary algorithms.

Post Advisory Group, LLC ("Post") is an investment adviser registered with the SEC. Post offers services in managing client funds invested in high yield debt securities and distressed securities.

Origin Asset Management, LLP ("Origin"), an investment adviser registered with the SEC. Origin offers services in managing client funds invested in global (ex U.S.) equity securities.

RobustWealth, Inc. ("RobustWealth"), an investment adviser registered with the SEC, offers a digital wealth management platform utilized by advisers.

Claritas Investments Ltd. ("Claritas"), an investment adviser in Brazil, specializes in alternative investments and hedge funds in local markets and abroad.

Spectrum Asset Management, Inc. ("Spectrum") an investment adviser registered with the SEC. Spectrum is also a member of the National Futures Association and registered with the Commodity Futures Trading Commission. Spectrum offers services managing client funds invested in preferred securities.

SAMI Brokerage, LLC ("SAMI"), is a registered broker-dealer and a FINRA member.

Principal Securities, Inc. ("PSI"), is an investment adviser registered with the SEC and a FINRA registered broker-dealer that markets a variety of proprietary and non-proprietary mutual funds, unit investment trusts and limited partnerships. PrinREI currently does not execute security transactions with PSI. PSI is an introducing broker-dealer for retail funds business.

Principal Funds Distributor, Inc. ("PFD"), is a registered broker-dealer and a FINRA member. PFD is the principal underwriter for an investment company, Principal Funds, Inc. PrinREI acts as sub-adviser to certain of the Principal Funds. PrinREI does not execute security transactions with PFD.

Principal Global Investors Trust Company ("PGI Trust") is an Oregon banking and a trustee of collective investment trusts.

Principal Trust Company is a Delaware trust company providing trust, custodial and administrative services.

Principal Bank is an FDIC-insured bank specializing in Individual Retirement Accounts.

Principal Life Insurance Company ("Principal Life") is a licensed insurance company in all SO states and the District of Columbia.

Principal International, Inc. ("PI") is an affiliate of PrinREI, as both PI and PrinREI are direct or indirect wholly owned subsidiaries of Principal Financial Services, Inc.

Other Financial Industry Activities

Some members of PrinREI's staff act as registered representatives of PFD or PSI. The staff, in their capacity as registered representatives of PFD and PSI, solicit investment in Principal Funds or in unregistered private investment funds sponsored or managed by PrinREI or its affiliates. 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.

Some Separately Managed Account/Wrap Fee Programs include investment styles with respect to which one or more of PrinREI's affiliated investment advisory firms has particular expertise and experience. Where that is the case, both PrinREI and the affiliated advisory firm(s) will be involved in the provision of investment advisory services to program participants electing the investment style, with (i) the affiliated advisory firm responsible for providing model portfolio creation and maintenance services for the style, and (ii) PrinREI responsible for placing client account trades, proxy voting (for those clients electing to authorize the investment

adviser to vote proxies), implementing reasonable client-imposed investment restrictions, establishing and implementing procedures used to select securities to be liquidated when a client requests partial liquidation of the client's account, and all other responsibilities imposed upon the investment adviser in the particular wrap fee program. In some wrap fee programs, the affiliated advisory firm is also granted authority to handle larger trades, typically those associated with changes to the model portfolio, where appropriate, in order to seek best execution.

In those situations, in which one of PrinREI's affiliated advisory firms provides model portfolio creation and maintenance services, the affiliated advisory firm ordinarily provides those services as a sub-adviser to PrinREI, and the client's direct agreement ordinarily is with PrinREI as the investment adviser. In those situations, PrinREI is responsible to the client for the actions and decisions of PrinREI's affiliated sub-adviser and PrinREI is responsible for paying its affiliated sub-adviser out of the fees PrinREI receives as the client's investment adviser.

PrinREI is 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 enters into arrangements, as needed, to provide services or otherwise enter into some form of business relationship with these foreign and/or domestic 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

Code of Ethics

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

Employee Personal Trading

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 PrinREI does for the accounts of 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 a 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.

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 are subject to procedures designed to assure fair allocation of available transactions. PrinREI can also advise clients to participate in investment vehicles 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 for eligible accounts initial offerings or on the secondary market CMBS with respect to which PrinREI or an affiliate (i) contributed loans to a CMBS pool, (ii) acts 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 Interests in Client Transactions

From time to time, PrinREI may invest seed money in an account (e.g., a private fund or separately managed account) for the purposes of creating or maintaining a track record that will later be used to market an investment strategy. When seed money is no longer deemed necessary, the seed money may be withdrawn. PrinREI will attempt to do so without impairing its ability to manage the investment strategy or causing harm to any clients or shareholders.

PrinREI furnishes investment advice with respect to various portfolios of its affiliate company, Principal Life. In fulfilling its responsibilities, PrinREI buys and/or sells for Principal Life securities or other investment products that it also recommends to its clients who are not related persons of PrinREI.

ITEM 12 - BROKERAGE PRACTICES

Regarding public real estate products in which securities are bought and sold PrinREI, as discretionary adviser, determines which securities or other instruments are bought or sold for an account, the amount of such securities or other instruments and the timing of the purchases and sales, the broker, dealer, underwriter through which transactions are affected and the commission rates or spreads paid, except as specifically directed by the client.

Our discretion in those matters, however, is governed by our responsibility to act in the best interest of our clients in fulfilling their investment objectives.

Selection of Brokers and Dealers

PrinREI's principal objective in selecting broker-dealers and entering client trades is to seek best execution for clients' transactions. In general, best execution means executing trades at the best net price considering all relevant circumstances. While best execution is our objective for all transactions, it can be evaluated over time through several transactions rather than through a single transaction. In seeking best execution, the key factor is not necessarily the highest bid or the lowest offer, but whether the transaction represents the best qualitative execution for the client. This assessment will be influenced by many factors including current market conditions and the type of instrument in question and the markets in which it trades. In selecting brokers and dealers, PrinREI considers a variety of factors including, but not limited to:

- Financial strength and stability
- Best price for the trade
- Reasonableness of their commission, spreads, or markups
- Ability to execute and clear a trade in a prompt and orderly manner
- Quality of executions in the past and existing relationship to date
- Confidentiality provided by the broker or dealer
- Execution capabilities and any related risks in trading a block of securities
- Broad market coverage resulting in a continuous flow of information concerning bids and offerings
- Consistent quality of service, including the quality of any investment-related services provided
- Recordkeeping practices (e.g., timely and accurate confirmations); and
- Cooperation in resolving differences

PrinREI reviews a variety of internal and external trading reports and forensic tests to evaluate the quality of execution of certain transactions over time. In some instances, PrinREI will pay broker commissions that are higher than the commissions another broker might have charged for the same transaction. 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; our traders are required to direct trades only through these approved counterparties. New counterparty arrangements must be reviewed and approved by PrinREI's Counterparty Team before trading can begin through the new counterparty. Alternative trading systems that meet the Counterparty Team's guidelines are also eligible for consideration.

Once a broker or dealer is approved, it is added to the Counterparty Authorization List and communicated to traders. Counterparties are regularly monitored by the Counterparty Team for signs of deterioration in business operations, creditworthiness, and rating changes.

PrinREI generally does not intend to place portfolio trades for any of its equity or fixed income clients with an affiliated broker-dealer.

PrinREI conducts an annual fixed income broker review that gathers input from key investment staff. Portfolio managers, research analysts and traders rate brokers and dealers based on the value they believe they receive from the broker or dealer through reports, meetings, conference calls, management visits and other research. Traders rate brokers and dealers based on factors that include, but are not limited to, execution quality, information flow, volume of trading in PrinREI's orders, willingness to take the other side of the trade in a principal transaction, bids and offers and the broker's execution cost history. Based on their responses, an aggregate score will be calculated for each broker and dealer and a relative ranking determined. In addition to ratings, feedback is gathered on the strengths and weaknesses of each broker and dealer (e.g., research sales, strategy, and trading).

Brokerage Commissions

Transactions on stock exchanges and other agency transactions, as applicable, 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 based on the difficulty and size of the transaction or the means of execution (*i.e.*, program, algorithmic or sales trader), among other things. 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 may not realize the lowest possible commission rates as our determination process considers the additional factors outlined above.

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 cross trades and the regulatory authority governing the client accounts clearly permits the cross trade to occur. PrinREI has implemented policies and procedures regarding the execution of cross trades when appropriate for both clients and permissible under applicable law. Cross trades are only considered in circumstances where the transaction is in the best interests of both parties, the purchase and sale of the security satisfies the investment guidelines for each of the

portfolios involved, and all applicable regulatory requirements are satisfied (e.g., for mutual funds, the cross trade is consistent with the funds' Rule 17a-7 procedures).

When entering cross trades, 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 to seek "best execution" for each party. To the extent required by applicable law, PrinREI will obtain the necessary client consents prior to engaging in a cross trade and/or inform clients of the relevant details of the cross trade. For all cross trades that are executed, a form must be completed and signed by the portfolio managers assigned to the portfolios and submitted to Compliance for review. The form requires that the portfolio managers provide written statements regarding the reasons the transaction is beneficial for both parties involved, and requests information regarding any commissions or fees to be paid, if any, and how the market price was determined.

Transactions that involve an ERISA plan have additional requirements that are outlined in the policies and procedures.

Principal Transactions

PrinREI does not generally engage in principal transactions, as defined by Section 206-3 under the Advisers Act, as part of its trading processes for clients. In the event that PrinREI engages in a principal transaction, the Firm will take action to ensure compliance with the relevant requirements of the Advisers Act. Section 206(3) prohibits any investment adviser from engaging in or effecting a transaction on behalf of a client while acting either as principal for its own account, or as broker for a person other than the client, without disclosing in writing to the client, before the completion of the transaction, the adviser's role in the transaction and obtaining the client's consent. An investment adviser is not "acting as broker" if the adviser receives no compensation (other than its advisory fee) for effecting a particular agency transaction between advisory clients.

New Issues

Newly issued securities (including new securities sold in reliance on Rule 144A) 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 typically involve 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. 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 the Firm's clients. In pursuing this objective, 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.

Foreign Exchange Transactions

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 to the account's base currency when necessary.

However, PrinREI will, when requested by the client and where PrinREI determines that it is cost effective or efficient, arrange for its trade desk or a 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 affected by each client's custodian pursuant to standing instructions and PrinREI will not be in a position to 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, the Firm 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 impact the fees and expenses charged to the client by the custodian.

Trade Errors

PrinREI maintains a system of checks and balances designed to limit the errors it makes in placing trades for client accounts. It is PrinREI's policy that the utmost care be taken in making and implementing investment decisions on behalf of our funds and our 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. With respect to equity securities, 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's policy to accord clients any profitable erroneous trades it identifies after the Time of Settlement, and to net profits and losses of related transactions arising from the same underlying error when calculating client losses.

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 Managed Accounts, the Program Sponsor may have control over the resolution of errors of participating investment managers, including PrinREI.

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

Soft Dollars - Commission Sharing Agreements

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. Except as discussed below with respect to "mixed-use" products and services, services retained via soft dollar arrangements are exclusively used for either research or in connection with brokerage and trading functions within that "safe harbor." PrinREI has implemented procedures intended to track and evaluate the benefits received by PrinREI and how client commissions are used to pay foreligible research.

PrinREI has entered into Commission Sharing Arrangements ("CSA") with selected broker dealers to generate and use commission credits to pay for research from providers regardless of the trading relationship. Transaction commission rates are negotiated at an execution rate and a commission credit rate with an executing broker. Pursuant to the CSA, the research component of the commission is swept to a centralized commission aggregator account maintained by a third-party on behalf of PrinREI.

The centralized commission account is used to pay for approved research consumed to support PrinREI's investment process in accordance with the PrinREI procedures. PrinREI believes the use of CSAs minimizes conflicts of interest inherent in the use of soft dollars as PrinREI directs commissions to the best execution venue and uses accumulated commission credits to pay for research. The use of CSAs allows PrinREI to monitor the cost of the execution relationship as well as the research relationships.

The commission aggregator, under PrinREI supervision, pays for eligible research. This research payment may be made to a provider who is also an executing broker or another third-party research provider. If the broker or third party does not assign a value to the research provided, PrinREI will assign the value based on PrinREI's assessment of the research. PrinREI utilizes a semi-annual research provider evaluation process to assist in this determination of value. PrinREI maintains records of this valuation process.

In isolated soft dollar arrangements, PrinREI could receive products and services that are considered "mixed use." These products and services may be included alongside research but have been deemed administrative or somehow ineligible as research within the "safe harbor." In such cases, PrinREI makes a reasonable allocation of the cost of the product or service according to the use. PrinREI pays for the portion of the product or service that consists of research benefiting PrinREI's investment decision making processes using commission dollars while paying the portion that is ineligible as research using PrinREI's own assets. PrinREI maintains records of this process.

Allocation of Soft Dollar Benefits and Costs

The aggregation of commission credits may unintentionally result in some PrinREI clients paying a lower number of commissions compared to another client. Research obtained through CSAs may be used to benefit any PrinREI client, not limited to the client whose account generated the credits. Research is not allocated to the client accounts in direct proportion to the commission credits that the client account may have earned. PrinREI may also share research across teams such that clients who did not earn commission credits may receive a benefit from such research. PrinREI determines and pays a fair and reasonable amount for research out of its own assets to offset those clients who do not participate in the CSA program and therefore do not earn commission credits.

PrinREI also mutually utilizes research with and/or may sub-advice entities that are subject to the European Union's Markets in Financial Instruments Directive II (MIFID II). While PrinREI may not be directly subject to MIFID II provisions, PrinREI has determined it is appropriate and reasonable to pay for research utilized by those investment professionals employed by PrinREI's affiliated MIFID II subjected entity from PrinREI's own assets. Such payments may benefit those PrinREI clients not directly subject to MIFID II provisions as these accounts utilize investment decision making provided by the affiliated MIFID II entity.

PrinREI public debt, private debt and private equity products do not accept the use of soft dollar credits.

Trade Order Aggregation and Allocation for Equity Accounts

PrinREI acts as investment adviser for a variety of accounts and will place orders to trade 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 may submit the orders to purchase or sell to a broker or 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). In aggregating trade orders and allocating available securities, PrinREI seeks to provide fair and equitable treatment to all clients participating in the "bunched order." The fairness of a given allocation depends on the facts and circumstances involved, including the client's investment criteria and account size and the size of the order.

PrinREI aggregates trades to give clients the benefits of efficient and cost-effective delivery of investment management services. By aggregating trades, it is possible for PrinREI to also obtain more favorable execution for clients.

PrinREI may create several aggregate or "bunched" orders relating to a single security at different times during the same day. On such occasions, when not restricted by the client's investment management agreement, PrinREI generally prepares, 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 generally be allocated among the various accounts on a pro rata basis, subject to rounding to avoid less easily traded lots and individual issuer de minimis limits. Securities purchased for client accounts participating in an aggregate or "bunched" order will be placed into those accounts at a price equal to the average of the weighted prices achieved in the course of filling that aggregate or "bunched" order.

Although PrinREI generally allocates trades pro rata, trades may be allocated on a basis other than strictly pro rata if we believe such allocation is fair and reasonable to all accounts involved in the order. For example, changes in the availability of cash or liquidity needs subsequent to the initial order, a de minimis holding resulting from such an allocation, or a change in the client's needs subsequent to an initial allocation could form the basis of a decision to make a non-pro rata allocation.

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 could increase the price a client pays or receives for a security or reduce the amount of securities purchased or sold for a client account.

Client Directed Brokerage and Managed Accounts

A client may instruct PrinREI to direct trading for their account to a particular broker. If a client directs PrinREI to use a particular broker or dealer, it is possible PrinREI will be unable to negotiate commissions, obtain volume discounts, ensure best execution, or batch trades on the client's behalf. Consequently, clients who direct PrinREI to use a particular broker could possibly 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. In addition, client directed brokerage on behalf of employee benefit plan clients may be subject to special requirements under the Employee Retirement Income Security Act of 1974 ("ERISA").

Managed Accounts occasionally include client directed brokerage provisions. More commonly, these programs pay a fee to the Program Sponsor that covers, among other things, brokerage commissions for trades executed with the Program Sponsor or the Program 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 trades for these clients tend to favor use of the Program Sponsor or the Program Sponsor-designated broker-dealer, and PrinREI will only seek to execute transactions with other broker-dealers when PrinREI believes that the execution benefits of executing with another broker-dealer outweigh the cost of the commission paid.

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 cost to Managed Accounts that pay a single "wrap" fee may or may not exceed the separate costs of such services.

Managed accounts are generally traded less frequently, potentially at different times and pursuant to different triggers than "discretionary trading" accounts. In allocating investments among clients of the same investment strategy (including in what sequence orders for trades are placed), PrinREI will use its best reasonable business judgment and will take into account such factors as the investment objectives and strategies of the clients, position weightings, cash availability, risk tolerance, size of the account, and a client's request for directed brokerage all in order to provide a result that PrinREI in goodfaith believes is fair and equitable to each client over time. Under Managed Account programs, the delivery of trading recommendations and changes in model portfolios occur when accounts with discretionary trading are in the process of implementation, or after similar changes have been implemented. Efforts are taken to communicate model changes and directed trade recommendations within a reasonable time as discretionary trades except for time limitations set forth in client agreements with each platform sponsor. A predetermined trade rotation is utilized to communicate directed trading when changes are required across multiple Managed Accounts.

It should be expected therefore, that accounts receiving directed trade execution through Program Sponsors will be implemented at different points in time, and therefore may have differences in performance compared to other accounts in the rotation and/or accounts with PrinREI discretionary trading. Such differences may be favorable or unfavorable because of market changes arising from differences in timing of final trade implementation. Although the trading processes noted above are consistent, changes to model portfolios and the manner by which they are implemented may differ by strategy or portfolio manager.

ITEM 13 - REVIEW OF ACCOUNTS

Private Debt and Equity Real Estate

PrinREI enters into contracts with each client, which detail the precise nature of the advisory services to be furnished to the client. Contracts include criteria furnished by the client to be used by PrinREI in recommending investments. PrinREI is responsible for maintaining each client's portfolio within the stated criteria. PrinREI reviews each client's portfolio at the time of each investment for compliance with the agreed upon terms. Compliance review is conducted formally on a quarterly basis by the responsible PrinREI portfolio manager. Reviews are provided to PrinREI Management and Compliance.

Public Debt and Equity Real Estate

PrinREI utilizes order management systems that employ robust pre- and post-trade compliance controls that assist in the automated monitoring of portfolios. Many client account investment guidelines can be input into this compliance system. Each trade order is submitted into the system and reviewed electronically for compliance with applicable regulatory requirements and the account's investment guidelines. This is done prior to the trade order being submitted to PrinREI's trade desk. The system blocks trades that would cause an explicit breach of client guidelines. PrinREI generates daily reports identifying exceptions for further analysis.

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 include Directors, Managing Directors, or Executive Directors. 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 enters into compensation arrangements with certain related persons who act as solicitors of clients for the Firm. In addition, PrinREI has from time to time entered into arrangements with other persons who act as solicitors of clients when it appears to the Firm that a solicitor could provide access to clients PrinREI might not otherwise have. Such arrangements will, at all times, be maintained in compliance with Rule 206(4)-3 of the Advisers Act. PrinREI may pay any such solicitor (a) a salary, or (b) a percentage of the management fee PrinREI earns from the account a solicitor has introduced, or (c) a one-time fee, or (d) any combination of (a), (b), or (c).

In the event PrinREI utilizes unaffiliated solicitors to procure clients for investment pools they manage, the payments will not be treated as cash solicitation fees per Rule 206(4)-e. The SEC in an Interpretive Letter dated July 28, 2008, to Mayer Brown LLP indicated that Rule 206(4)-3 does not apply to an investment adviser's cash payment to a person solely to compensate that person for soliciting investments in investment pools managed by the investment adviser.

ITEM 15 - CUSTODY

Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines "custody" to include a situation in which an adviser or a related person holds, directly or indirectly, client funds or securities or has any authority to obtain possession of them, in connection with advisory services provided by the adviser. For example, for purposes of the Custody Rule, we may be "deemed" to have custody of certain client assets because we have the ability to deduct fees from client custodial accounts.

Generally, in circumstances where PrinREI is deemed to have "custody," with respect to Managed Accounts: (1) PrinREI will have a reasonable basis, after due inquiry, for believing that the client's custodian sends an account statement, at least quarterly, to such client; and (2) a surprise examination will be conducted annually to verify the existence of assets in the client's account. If PrinREI is deemed to have "custody" solely as a consequence of its authority to deduct its fees from client accounts,

however, it will not be required to obtain a surprise examination. PrinREI urges you to carefully review such custodian account statements and compare such official custodial records with the account statements that PrinREI provides to you.

Where PrinREI is deemed to have custody of private funds or certain other pooled investment vehicles, audited financial statements will be distributed to investors within 120 days of the end of the fiscal year.

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, guidelines and restrictions for the particular client account memorialized in a written agreement.

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

PrinREI may accept accounts for which it has discretionary authority to purchase securities for the account, but not to select broker-dealers for transactions. These are commonly known as "client directed brokerage relationships." PrinREI may also accept non-discretionary arrangements, such as providing a series of securities recommendations by periodically updating a model portfolio or where clients retain investment discretion with respect to transactions in the account. In these situations, PrinREI's lack of investment discretion may cause the client to lose possible advantages that our discretionary clients may derive from our ability to act for those discretionary clients in a timelier fashion, such as the aggregation of orders for several clients as a single transaction.

ITEM 17 - VOTING CLIENT SECURITIES

PrinREI has adopted and implemented written Proxy Voting Policies and Procedures which are designed to reasonably ensure that PrinREI satisfies its fiduciary obligation with respect to voting proxies for clients which have authorized PrinREI to vote proxies. Clients can choose to retain the right to vote proxies. 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 Proxy Voting Policies and Procedures are designed to guide PrinREI in voting proxies, and not necessarily in making investment decisions.

PrinREI uses voting recommendations of third-party research providers ("Guidelines") when developing its Proxy Voting Policies and Procedures. Investment teams may, subject to the requirements of the Proxy Voting Policies and Procedures, diverge from the Guidelines where the investment teams determine that it is in the clients' best interest.

PrinREI believes a company's environmental, social and governance ("ESG") practices may have an effect on the value of the company, and PrinREI takes these factors into consideration when voting.

Where PrinREI is vested with proxy voting authority, it is PrinREI's policy to attempt to vote all proxies on behalf of the client, unless PrinREI determines in accordance with its policies to refrain from voting. Because of the volume and complexity of the proxy voting process, including inherent inefficiencies in the process that are outside PrinREI's control (e.g., delays or incomplete information from intermediaries such as custodians, proxy agents or parties involved in wrap fee programs), not all proxies may be voted.

PrinREI will make reasonable efforts to vote foreign securities on behalf of clients but voting proxies of companies not domiciled in the United States may involve greater effort and cost due to the variety of regulatory schemes and corporate practices. Certain non-U.S. countries require securities to be blocked prior to a vote, which means that the securities to be voted may not be traded within a specified number of days before the shareholder meeting. PrinREI typically will not vote securities in non-U.S. countries that require securities to be blocked as the need for liquidity of the securities in the funds will typically outweigh the benefit of voting. Some clients may participate in securities lending programs. In these situations, where PrinREI is responsible for voting a client's proxies, PrinREI will work with the client to determine whether there will be situations where securities loaned out under these lending arrangements will be recalled for the purpose of exercising voting rights. In certain circumstances securities on loan may not be recalled due to clients' preferences or due to circumstances beyond PrinREI's control.

The administration of PrinREI's proxy voting process is handled by a central point of administration (the "Proxy Team") servicing PrinREI and its affiliates. Among other duties, the Proxy Team coordinates with PrinREI's third party proxy voting and research providers. Investment personnel may also make recommendations about voting on a proposal, which may include a recommendation to vote in a manner contrary to our proxy voting principles, subject to established controls. In addition, while PrinREI ultimately decides how each proxy will be voted, a Proxy Voting Committee reviews policies and procedures and helps ensure quality and objectivity in connection with our proxy voting procedures.

PrinREI maintains proxy voting records and related records designed to meet its obligations under applicable law. Where permitted by and in accordance with applicable law PrinREI may rely on third parties to make and retain, on our behalf, a copy of the relevant records. Clients may obtain a complete copy of our proxy voting policies and other information regarding how their proxies were voted 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.