

First Quarter 2021

Quarterly Commentary

Inv Manager or Sub-Advisor	Benchmark	Morningstar Category	Investment Objective
Principal Real Estate Inv	NFI-ODCE Equal-Weight	Owned Real Estate	Speciality - Real Estate

Performance Contributors and Detractors

Contributors

During last quarter:

Property value appreciation was the largest contributor, led by properties in the industrial and multifamily sectors. The income return, generated by property cashflow, was a significant contributor, driven by the high occupancy and growth in net operating income. The impact of leverage was a contributor. Leverage positively impacts returns when the current cost of borrowing is below that of the return generated by real estate.

Detractors

During last quarter:

The partner promote accrual was the largest detractor. The accrual is an indication of positive property level performance that exceeds and offsets the negative impact of the partner promote. The impact of holding cash detracted modestly, as the return generated by cash was lower than that of the return generated by real estate assets. The impact of expenses was a slight detractor.

Changes to the investment option's structure or portfolio:

No material changes occurred in the portfolio structure.

Not FDIC or NCUA insured

May lose value • Not a deposit • No bank or credit union guarantee
Not insured by any Federal government agency

U.S. Property Separate Account-Z

Performance

Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so the value, when redeemed, may be worth more or less than original costs. Current performance may be lower or higher than the performance data shown. For more performance information, including most recent month-end performance, visit www.principal.com, contact your representative of the Principal Financial Group®, or contact our participant contact center at 1-800-547-7754.

In situations where the net and gross expense figures are different, the investment manager has contractually agreed to limit the investment option's expense. Differences may also be shown due to the investment manager choosing to pay certain expenses that would normally be payable by the investment option. The gross total investment expense figure does not reflect any waivers or caps on the mutual fund or underlying mutual fund in which a Separate Account invests. Returns displayed are always based on net total investment expense.

Average Annual Total Returns (%) as of 03/31/2021	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	01/01/1982
U.S. Property Separate Account-Z	2.46	2.46	2.84	5.24	6.64	9.97	7.06	Ext. Perf. Inc. Date	12/31/1981
NFI-ODCE Equal-Weight	-	-	-	-	-	-	-	Total Inv. Exp Gross	0.79
Owned Real Estate Category	-	-	-	-	-	-	-	Total Inv Exp Net	0.79
Morningstar Percentile Ranking	-	-	-	-	-	-	-	Waiver Date	-
Total Funds in Category	-	-	-	-	-	-	-	Contractual Cap Date	-

Past performance is no guarantee of future results. Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect fees or expenses. Individuals cannot invest directly in an index.

U.S. Property Separate Account-Z

Top Ten Holdings as of 02/28/2021

Security	Net Assets (%)
Office/Retail/Land Anaheim,CA	4.05
Office Austin,TX	4.02
Office Seattle,WA	3.72
Multifamily Phoenix,AZ	3.12
Office New York,NY	2.86
Multifamily/Retail Cambridge,MA	2.80
Office Oakland,CA	2.54
Retail Los Angeles,CA	2.39
Office San Jose,CA	2.14
Office Washington,D.C.	1.89
Total % in Top 10	29.53

Information is current as of the date noted. Keep in mind that all current and future portfolio holdings are subject to risk.

U.S. Property Separate Account-Z

Manager(s)	Start Date	Degree	Alma Mater
John Berg	12/01/2003	M.B.A.	University of Iowa

Investment Strategy

Effective close of market 03/20/2020, a contractual limitation will delay the payment of most withdrawal or transfer requests from the Principal US Property Separate Account (Separate Account) but for no more than three years from the effective date. In accordance with the terms of your employer's group annuity contract, delayed payment requests will be honored proportionately. This means transactions may be processed in a series of payments until enough cash is available to pay obligations. The Separate Account invests the majority of assets in owned private equity commercial real estate. It focuses on properties anticipated to return both lease income and appreciation of the buildings' marketable value. The property holdings usually contain real estate from the multi-family, office, warehouse/manufacturing, and retail sectors. This Separate Account is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general and local economic conditions. Please log on to the participant website at www.principal.com for more details.

About Principal Real Estate Inv

Principal Real Estate Investors is the dedicated real estate asset manager for Principal Global Investors. Principal Real Estate Investors' capabilities include commercial mortgage-backed securities, real estate equity securities and a broad range of private market real estate equity and debt alternatives.

Important Notes

Separate Accounts are available through a group annuity contract with Principal Life Insurance Co. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. See the fact sheet for the full name of the Separate Account. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

Before directing retirement funds to a separate account, investors should carefully consider the investment objectives, risks, charges and expenses of the separate account as well as their individual risk tolerance, time horizon and goals. For additional information contact us at 1-800-547-7754 or by visiting principal.com.

The value of the investment options will fluctuate so that when redeemed, shares or units may be worth more or less than the original cost.

Returns shown for periods of less than one year are not annualized. All returns displayed here are after Total Investment Expense of the investment option. Any operating expenses of a mutual fund or underlying mutual fund that are part of net Total Investment Expense are obtained from the mutual fund's most recent prospectus. The operating expenses shown as part of the Total Investment Expense include voluntary expense limits and fee credit.

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The commentary represents the opinions of Principal Global Investors. It should not be considered investment advice. No forecast based on the opinions expressed can be guaranteed and may be subject to change without notice. No investment strategy, such as diversification, can guarantee profit or protect against loss. Principal Global Investors leads global asset management and is a member of the Principal Financial Group®.

The Principal U.S. Property Separate Account invests primarily in the Principal U.S. Property Portfolio, an operating partnership. All rights associated with the partnership are the rights of the Separate Account, not of contract holders investing in the Separate Account. Generally more than five percent (5%) of the Net Asset Value will be in directly held assets consistent with the investment objective and strategy.

About Principal Financial Group



The Principal Financial Group® (The Principal®) is a leading global financial company offering businesses, individuals and institutional clients a wide range of financial products and services. Our range of products and services includes retirement solutions, life and health insurance, wellness programs, and investment and banking products through our diverse family of financial services companies and national network of financial professionals.

Important Notes

If you elect to contribute funds into the Principal US Property Separate Account (Separate Account), you may not be able to immediately withdraw them. This Separate Account is unlike most other retirement plan investment options because it invests primarily in owned private equity commercial real estate rather than securities. Unlike public securities sold on an exchange, commercial real estate assets are usually sold in time-consuming, and often complex, transactions. Due to the nature of these transactions, this Separate Account may be subject to market conditions which may delay or prevent a sale. We may implement a pre-existing contractual limitation in the group annuity contract which will allow us to manage this Separate Account and satisfy withdrawal requests proportionately over time and fairly among all those who request a withdrawal.

Investment manager/sub-advisor means either the Investment Advisor or Sub-Advisor to the investment option or the underlying asset(s). Principal Life Insurance Company is the Investment Manager as defined by ERISA, with regard to the assets of the Separate Accounts. Principal Global Investors is a member of the Principal Financial Group.

NFI-ODCE Equal-Weight is the NCREIF Fund Index - Open End Diversified Core Equity. It is a fund-level equal-weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage. The return series is net of the average fee charged by accounts that make up the index.

Extended Performance Inception Date (Ext. Perf. Inc. Date) - Inception date of the oldest share class of the fund, or underlying fund of the Separate Account.

Total Investment Expense Gross - The current maximum expense ratio, as a percentage of assets that can be applied to this investment option. This does not represent the recordkeeping or individual transactional fees that can be deducted from or reduce the earnings for an investment under your account. However, it does include operating expenses, management fees, including 12b-1 fees, and administrative fees.

Total Investment Expense Net - You will be responsible for this expense and it will be automatically taken prior to calculating performance. Total Investment Expense - Net is the Total Investment Expense - Gross expense ratio less any fee waivers, reimbursements or caps, if applicable. The expenses ratio, as a percentage of net assets, includes operating expenses, management fees, including 12b-1 fees, and administrative fees.

Expense Waiver/Contractual Cap - When gross and net expense ratios differ, the investment adviser may have agreed to waive certain expenses that would normally be payable by the fund or contractually agreed to limit the investment option's expenses.

This report is not complete unless all pages, as noted below, are included.



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