

# Principal Enhanced Property Fund, L.P.

Summary performance report for period ending  
**SEPTEMBER 30, 2023**

## 3Q23 Fund Profile

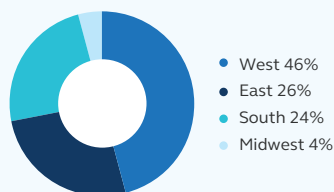
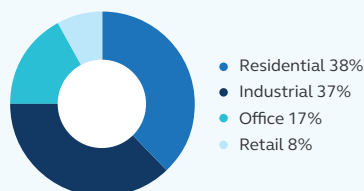
<b>Inception date</b>	May 18, 2004
<b>Gross Asset Value</b>	\$4,992.7 m
<b>Net Asset Value</b>	\$2,940.6 m
<b>Shares Outstanding</b>	214,180,870
<b>Share Price</b>	\$13.73
<b>Investors</b>	143
<b>Fund investments</b>	60
<b>MSA markets</b>	26
<b>Portfolio Occupancy<sup>1</sup></b>	93.6%
<b>Cash to Gross Asset Value</b>	2.5%
<b>Leverage Ratio<sup>2</sup></b>	36.5%

Please refer to the Memorandum for a discussion of the appraisal process and the mark-to-market policy with respect to debt (and the risks related thereto).

<sup>1</sup>Occupancy of stabilized properties (≥80% leased) is 97%.

<sup>2</sup>Leverage Ratio reflects Fund T1 Leverage Percentage as defined in the NCREIF PREA Reporting Standards.

## Portfolio Diversification



## Third Quarter Highlights

- Third quarter portfolio performance of the Principal Enhanced Property Fund (the “Fund”) was -2.37% Total Return (gross), comprised of income of 1.23% and appreciation of -3.60%. Third quarter Total Return (net) was -2.66%, comprised of income of 0.94% and appreciation of -3.60%, bringing one-year Total Return (net) to -14.00%.
- Gross unlevered property returns totaled -1.24% in third quarter, consisting of 1.24% income and -2.48% appreciation. All property types saw negative appreciation for the quarter. One-year gross unlevered property returns totaled -6.82%.
- The Fund disposed of three assets during the quarter, resulting in gross proceeds of \$171.6 million, and did not acquire any new assets.
- Occupancy increased to 93.6% as net absorption totaled 331,409 square feet during the quarter.
- The Fund continued its 1.0% quarterly dividend in third quarter (4.0% annualized).
- Fund T1 leverage ended the quarter at 36.5%, while the Fund’s overall borrowing cost increased to 4.79%.
- The Fund’s inbound queue ended third quarter at \$523.6 million.
- The Fund offered a \$15.0 million payment (5.6% of outstanding requests) in third quarter to investors with outstanding Redemption Shares. As of September 30, 2023, there were \$288.9 million of Redemption Shares outstanding (9.8% of Net Asset Value). Additionally, \$16.3 million of redemption requests were received in third quarter that will become Redemption Shares on December 31.
- Following quarter-end the Fund offered a \$60.0 million payment (\$49.6 million accepted) to investors with outstanding redemption requests and carried over \$239.3 million in redemption requests to the fourth quarter 2023 redemption period.

Returns	3Q23	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>FUND RETURNS</b>							
Income (Gross)	1.23%	2.97%	3.79%	4.11%	4.18%	4.92%	4.89%
Appreciation (Gross)	-3.60%	-9.85%	-16.29%	5.28%	3.35%	6.21%	3.56%
<b>Total Fund Return (Gross)<sup>1</sup></b>	<b>-2.37%</b>	<b>-7.07%</b>	<b>-12.98%</b>	<b>9.55%</b>	<b>7.63%</b>	<b>11.35%</b>	<b>8.58%</b>
Income (Net)	0.94%	2.10%	2.62%	2.94%	2.97%	3.66%	3.67%
Appreciation (Net)	-3.60%	-9.85%	-16.29%	4.97%	3.17%	5.97%	3.12%
<b>Total Fund Return (Net)<sup>2</sup></b>	<b>-2.66%</b>	<b>-7.89%</b>	<b>-14.00%</b>	<b>8.01%</b>	<b>6.20%</b>	<b>9.78%</b>	<b>6.87%</b>
<b>Dividend Yield<sup>3</sup></b>	<b>1.00%</b>	<b>3.00%</b>	<b>4.00%</b>	<b>4.66%</b>	<b>4.40%</b>	<b>5.68%</b>	<b>5.13%</b>
<b>PROPERTY RETURNS<sup>4</sup></b>							
Income	1.24%	3.29%	4.24%	4.14%	4.15%	4.50%	4.96%
Appreciation	-2.48%	-6.08%	-10.72%	3.55%	2.53%	4.18%	3.11%
<b>Total Property Return<sup>4</sup></b>	<b>-1.24%</b>	<b>-2.92%</b>	<b>-6.82%</b>	<b>7.80%</b>	<b>6.76%</b>	<b>8.82%</b>	<b>8.19%</b>

<sup>1</sup>Total Return (Gross) is levered, after Fund expenses and cash, but before fees. <sup>2</sup>Total Return (Net) is levered, after fees, Fund expenses and cash. Fees include asset management fees (which are billed outside the Fund), financing and incentive fees (which are expensed), and development fees (which are capitalized). The net figure expressed here was calculated by charging the actual annual asset management fee. Please see important information on page 2 for the net total Fund return at the highest investment management fee level of 150 basis points. <sup>3</sup>Dividend Yield for the quarter is the sum of all dividends paid per Share during the quarter divided by the beginning of quarter Share Price. One-Year Dividend Yield is the sum of quarterly Dividend Yields for the period. Three-Year, Five-Year, Ten-Year and Since Inception Dividend Yield is the average quarterly Dividend Yield for the period times four. <sup>4</sup>Property Returns and Total Return are unlevered, before fees, Fund expenses and cash. Returns over one year are annualized.

As with all investments, past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose invested capital. See “Certain Investment Considerations and Risk Factors” in the Memorandum. Performance figures presented as of September 30, 2023. Global events, including the impact of COVID-19, have resulted in a material deterioration of overall economic and market conditions and are likely to adversely affect future performance.

## Supplement to the Confidential Private Placement Memorandum: October 13, 2023

Net Total Fund Return	3Q 2023	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Actual Annual Asset Management Fee</b>	<b>-2.66%</b>	<b>-7.89%</b>	<b>-14.00%</b>	<b>8.01%</b>	<b>6.20%</b>	<b>9.78%</b>	<b>6.87%</b>
80bps	-2.58%	-7.68%	-13.74%	8.33%	6.53%	10.20%	7.25%
85bps	-2.60%	-7.72%	-13.79%	8.27%	6.48%	10.14%	7.20%
100bps	-2.63%	-7.82%	-13.92%	8.11%	6.32%	9.98%	7.04%
110bps	-2.66%	-7.89%	-14.01%	8.01%	6.21%	9.87%	6.94%
120bps	-2.68%	-7.97%	-14.10%	7.90%	6.11%	9.77%	6.83%
130bps	-2.71%	-8.04%	-14.19%	7.79%	6.00%	9.66%	6.73%
140bps	-2.73%	-8.11%	-14.28%	7.69%	5.90%	9.55%	6.62%
150bps	-2.76%	-8.18%	-14.37%	7.58%	5.79%	9.44%	6.52%

*Net total fund returns include leverage and are shown after deduction of expenses including asset management fees which range from 0.80% to 1.50% annually. Actual asset management fees incurred by clients may vary and are subject to change. For comparison, the net total fund return at the highest asset management fee level of 150 basis points is shown above. As with all investments, past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose invested capital. See "Certain Investment Considerations and Risk Factors" in the Memorandum. Performance figures presented as of September 30, 2023. Global events, including the impact of COVID-19, have resulted in a material deterioration of overall economic and market conditions and are likely to adversely affect future performance.*

This document supplements the Amended and Restated Confidential Private Placement Memorandum dated January 2020 (collectively, with all such supplements and amendments thereto, the "Memorandum"), of Principal Enhanced Property Fund, L.P. (the "Fund") with the information in the quarterly performance report of the Fund attached hereto. Such report, which is made a part of the Memorandum by this supplement, updates certain information in the Memorandum with respect to the performance, operation and activities of the Fund for the 3rd calendar quarter of 2023. To the extent there is any inconsistency between the information in such report and the information in the Memorandum, the information in such report shall control. Capitalized words and phrases used but not defined in this supplement shall have the meanings set forth in the Memorandum.

Offers and sales of limited partnership interests in the Fund will not be registered under the laws of any jurisdiction (including the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), the laws of any state of the United States of America or the laws of any non-U.S. jurisdiction) and may not be sold or transferred without compliance with applicable securities laws. Neither the U.S. Securities and Exchange Commission ("SEC") nor any other agency of any other jurisdiction has reviewed or passed upon the merits of this offering. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this supplement or the report attached hereto. Any representation to the contrary is a criminal offense. Persons interested in investing in the Fund are required to complete and return to the General Partner the subscription documents for the Fund, a copy of which will be made available to each prospective investor. Subscriptions may be rejected in whole or in part in the General Partner's sole discretion. All persons interested in investing in the Fund must attest that they are "qualified purchasers" under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, to the extent the Fund is relying, or intends to rely, on

Section 3(c)(7) thereof, "accredited investors" or "non-U.S. persons" under the Securities Act and "qualified clients" under the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder. The Fund will not be registered as an investment company under the Investment Company Act. Consequently, investors will not be afforded the protections of the Investment Company Act.

The information set forth in this supplement is qualified in its entirety by reference to the limited partnership agreement of the Fund and by all of the information set forth in the Memorandum, including without limitation all of the cautionary statements set forth in the front of the Memorandum and the "Certain Investment Considerations and Risk Factors" and "Certain Conflicts of Interest" sections of the Memorandum. Certain of the information contained in this supplement represents or is based upon forward-looking statements or information, including descriptions of anticipated market changes, net asset values, projected returns from unrealized investments and expectations of future Fund activity. The Fund and its affiliates believe that such statements and information are based upon reasonable estimates and assumptions. However, forward-looking statements and information are inherently uncertain and actual events or results may differ materially from those projected. Therefore, undue reliance should not be placed on such forward-looking statements and information. Forward-looking statements, discussions of the business environment, investment strategy and investment performance of the Fund included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to the ongoing novel coronavirus outbreak ("COVID-19"). The ultimate and lasting impact of COVID-19 is particularly uncertain and difficult to predict; therefore, such forward-looking statements do not reflect its ultimate potential effects, which may substantially and adversely impact the Fund's execution of its investment strategy. See "Section VII - Certain Investment Considerations and Risk Factors - Public Health Emergencies; COVID-19"

Recipients of this supplement are invited to ask questions of, and receive answers from, the General Partner concerning the terms and conditions of the offering and to obtain any additional information, to the extent that it possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information furnished herein.

The information included herein identifies a number of benefits inherent in Principal's services and operations on behalf of the Fund, although the Fund is also subject to a number of material risks associated with these benefits, as further identified in the Fund's definitive documents. Although Principal believes that Principal and its personnel will have competitive advantages in identifying, diligencing, monitoring, consulting, improving and ultimately selling investments on behalf of the Fund, there can be no guarantee that Principal will be able to maintain such advantages over time, outperform third parties or the financial markets generally, implement its investment strategy or achieve its investment objectives for the Fund or any investment, or avoid losses. For additional information regarding risks and potential conflicts of interest regarding an investment in the Fund, please see the risk factors and conflicts of interest disclosures in the Memorandum.

The Fund is an open-end limited partnership sponsored and managed by Principal Real Estate Investors, LLC. The general partner of the Fund is Principal Enhanced Property Fund GP, LLC (the "General Partner"). Principal Real Estate Investors is a dedicated real estate investment group of Principal Global Investors. Interests in the Fund are offered to U.S. investors through Principal Funds Distributor, Inc. ("PFD"). PFD, Principal Real Estate Investors, and Principal Global Investors are members of the Principal Financial Group®. As with all investments, past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. The ultimate returns realized by the Fund will depend on numerous factors, including factors beyond the control of the General Partner, which are subject to uncertainty. Accordingly, there can be no assurance that any return objectives will be realized. Investors may lose invested capital.

Unless otherwise specified, performance figures reported herein are as of September 30, 2023. There has been an outbreak of the novel and highly contagious COVID-19, which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a world-wide public health emergency, significantly constrained global economic production and activity of all kinds, and contributed to both volatility and a severe decline in all financial markets. As a result, economic and market conditions have significantly deteriorated and are expected to continue to do so. The investment performance presented herein takes into account these events up to and including September 30, 2023; however the General Partner expects subsequent events will continue to be adverse to the aggregate investment performance of the Fund and to certain or all of the individual investments described herein.

The valuations presented herein were performed based upon various inputs, many of which have declined in recent periods. In addition, due to the substantial volatility experienced with respect to many of such inputs in recent periods, the subjective decisions of the General Partner regarding which inputs to select, the measurement dates and the relative weights to assign to such inputs all have a disproportionate impact on the valuations presented herein. The General Partner's determination of any investment's fair value in the future (or the value that would have been determined had such facts been known as of September 30, 2023) is likely to differ as a result.

All information with respect to real estate investments and industry data has been obtained from sources believed to be reliable and current, but has not been independently verified and accuracy cannot be guaranteed. Certain economic and market information contained herein has been obtained from published sources and/or prepared by other parties and in certain cases has not been updated through the date hereof. None of the Fund, the General Partner or their respective affiliates or any of their respective directors, officers, managers, employees, partners, members, shareholders advisers or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein. Any references to indices are made for comparison purposes only and an investment in an open-end real estate private equity fund (e.g., the Fund) is unlike an investment in the indices shown herein. Such indices are shown for informational purposes only.

The Fund has in the past and may in the future trade in instruments regulated by the U.S. Commodity Futures Trading Commission (the "CFTC"), and the General Partner and/or its affiliates intend to qualify, as necessary, for an applicable exemption from registration with the CFTC as a commodity pool operator ("CPO") with respect to the Fund pursuant to CFTC Regulation 4.13(a)(3), which requires filing a notice with National Futures Association. This "Regulation" also generally requires that (i) the limited partner interests are exempt from registration under the Securities Act and are not publicly marketed in the United States and (ii) at the time of the relevant investment, with respect to the Fund's positions in CFTC-regulated instruments: (A) aggregate initial margin and related amounts required to establish such positions, determined at the time the most recent position was established, will not exceed five percent of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such positions; or (B) the aggregate net notional value of such positions, determined at the time the most recent position was established, does not exceed 100% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and unrealized losses on any such positions. Therefore, unlike a registered CPO, the General Partner and/or such affiliates are not required to deliver a CFTC-compliant disclosure document and a certified annual report to investors. Nonetheless, the General Partner does intend to provide investors with annual audited financial statements and the reports described in the Fund's limited partnership agreement. The General Partner

and/or its affiliates may pursue an alternative exemption from CPO registration or else register with the CFTC.

PFD, a registered broker-dealer with the SEC and a member of FINRA, is acting as placement agent for the Fund. PFD is not a current advisory client of Principal Real Estate Investors or an investor in any fund sponsored by Principal Real Estate Investors; however, certain personnel of PFD have invested in prior investment funds sponsored by Principal Real Estate Investors, some of which have beneficial economic terms in connection therewith (e.g., reduced compensation percentages). For providing solicitation and other services with respect to certain investors who invest in the Fund, certain personnel affiliated with PFD will/may receive compensation or compensation credits under their employment contracts that will ultimately be borne directly or indirectly by Principal Real Estate Investors rather than the Fund. As a result, PFD has an incentive and potential conflict of interest to recommend an investment in the Fund. PFD and certain personnel affiliated with PFD also expect, from time to time, to do business with and earn compensation or compensation credits under their employment contracts from affiliates of Principal Real Estate

Investors that may have similar or different investment objectives from the Fund, including the provision of advisory and placement services. Accordingly, potential investors should recognize that PFD's participation as placement agent for interests in the Fund will potentially be influenced by its interest in such compensation, including differentials in compensation are offered by Principal Real Estate Investors or other sponsors for which PFD acts as placement agent.

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