Real Estate

Principal Asset Management℠

Principal Enhanced Property Fund, L.P.

2024 ANNUAL PERFORMANCE REPORT

BAY AREA BUSINESS PARK Houston, TX

Fund Overview

Fund Objectives*

Principal Enhanced Property Fund, L.P. (the "Fund") is an open-end real estate investment vehicle for U.S. and non-U.S. investors sponsored and managed by Principal Real Estate Investors, LLC.

The Fund is pursuing an "enhanced" strategy that seeks to invest in a nationally diversified portfolio of stabilized, income-producing assets, plus value-added and development projects that the General Partner believes are capable of generating higher, risk-adjusted returns.

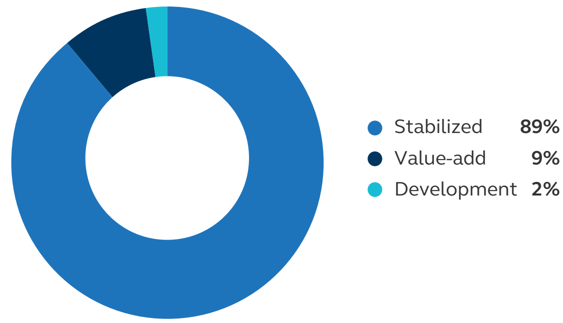
The Fund currently seeks to provide investors with a 4% to 6% annual dividend yield and an 11% to 13% total net return (IRR)[1] over a long-term investment period.

Fund Profile as of December 31, 2024

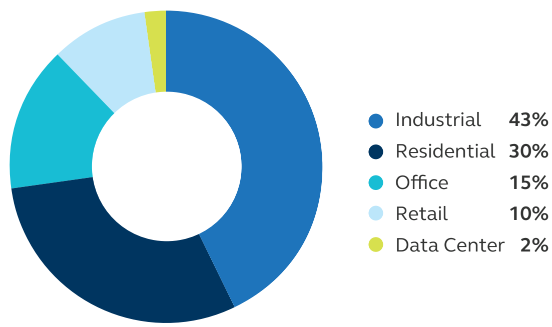
Inception Date	May 18, 2004
Gross Asset Value	$4.74 billion
Net Asset Value	$2.95 billion
Shares Outstanding	230,722,163
Share Price	$12.77
Investors	166
Fund Investments	55
MSA Markets	23
Portfolio Occupancy	88.4%
Stabilized Portfolio Leased % (≥ 80% leased)	98.1%
Cash to Gross Assets	6.6%
Leverage Ratio	31.9%

Portfolio Diversification* as of December 31, 2024

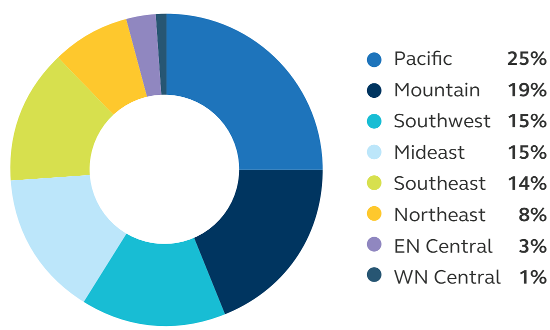
RISK PROFILE



PROPERTY TYPE



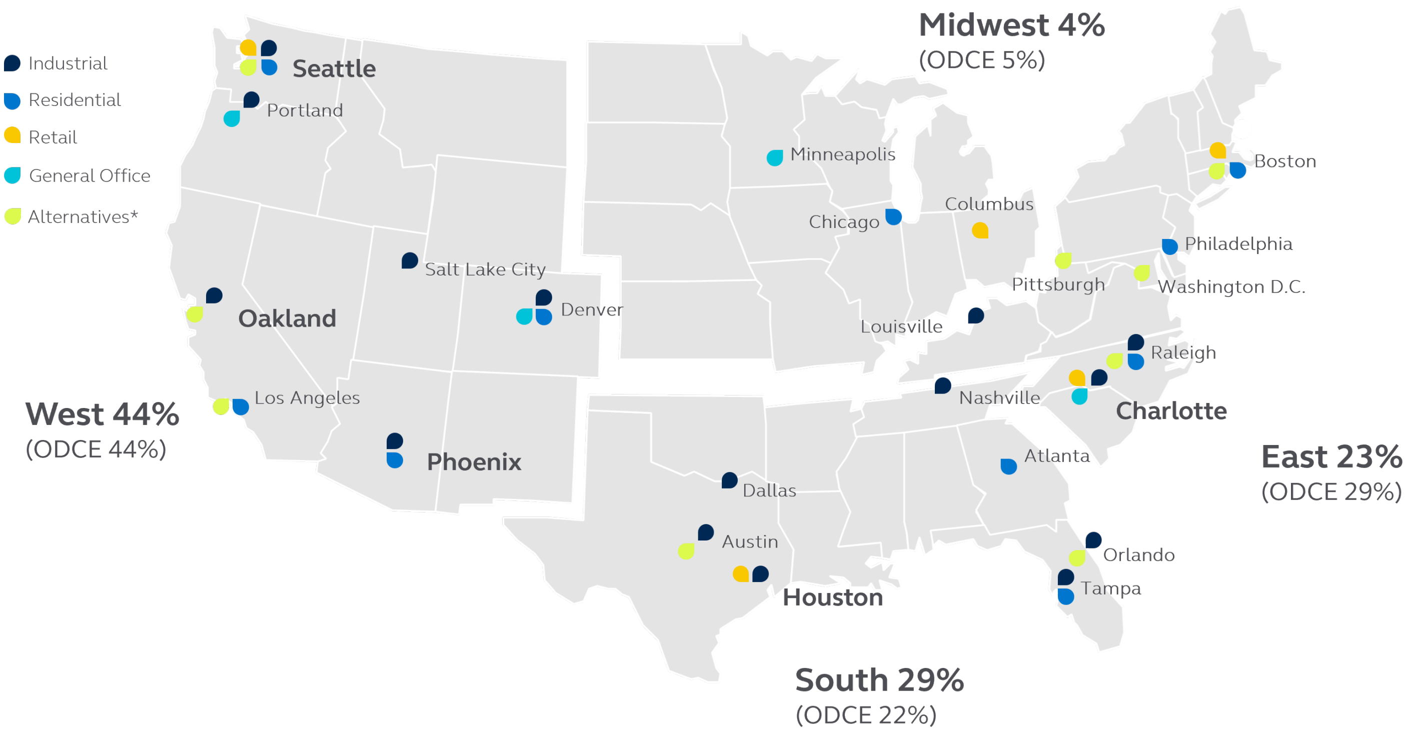
NCREIF DIVISION



*Refer to End Notes on pages 30-31. Cover Photograph: Vivo on Harbor, Los Angeles, CA

[1]As with all investments, past performance is not necessarily indicative, or a guarantee, of future results of the Fund. The ultimate returns realized by the Fund will depend on numerous factors, which are subject to uncertainty. Opinions and predictions are the views of the General Partner, are subject to change and are not intended as a forecast or guarantee of future events or a prediction of future performance. The return target of the Fund is not intended to predict the Fund's performance; instead, it is shown to help explain how the Fund seeks to construct its portfolio. Valuations of the Fund's current portfolio, which are conducted monthly, may also provide a basis of support for the Fund's objectives. There is no assurance that these targets will be achieved. Investors may lose investment capital. See "Certain Investment Considerations and Risk Factors" in the Memorandum.

Performance figures presented as of December 31, 2024, and do not reflect any subsequent events.



Market Diversification

Top Markets		
1	Phoenix	12.4%
2	Houston	11.5%
3	Seattle	11.1%
4	Oakland	8.2%
5	Charlotte	6.6%
6	Raleigh	5.4%
7	Nashville	5.4%
8	Denver	5.0%
9	Boston	4.9%
10	Portland	3.9%

OPTIMA KIERLAND Phoenix, AZ

Portfolio Commentary

2024 Review

In 2024, the U.S. economy grew steadily, with GDP expanding by 2.8% year-over-year, reflecting moderate growth driven by consumer spending and fixed investment. The Federal Reserve cut interest rates by 0.5% in both Q3 and Q4 as inflation moved toward, but did not reach, the Fed's 2% target. Despite lower short-term interest rates, the 10-year Treasury yield ended the year at 4.58%, up from 3.88% a year earlier. This resulted in a relatively flat but upward sloping yield curve as opposed to the inverted yield curve that had prevailed for nearly two years.

Commercial real estate markets behaved largely as we expected in 2024 with values seeming to find a bottom in the first half of the year. Higher for longer interest rates and softening real estate fundamentals kept the recovery from igniting quickly but the Fund was able to post slightly positive total return in 2Q, 3Q, 4Q and the full year while the Fund benchmark (NFI-ODCE Index) turned positive in 3Q and 4Q. For the year, the NFI-ODCE Index posted a gross total return of -1.43%, consisting of 4.13% income and -5.39% appreciation. 2024 was only the sixth calendar year out of 47 that the NFI-ODCE Index has posted negative total return. These six years of negative returns have always occurred in back-to-back years (1990-91, 2008-09, 2023-24), hopefully signaling that 2025 will return to positive territory. The Fund outperformed the NFI-ODCE Index by 340 basis points in 2024, posting a 1.97% gross return. This was the Fund's 14th consecutive calendar year of outperforming the NFI-ODCE Index. The Fund's higher than the NFI-ODCE Index income return accounted for 112 basis points of the outperformance. Retail was the best performing sector for the second consecutive year, generating strong income return with little value change. Residential was the second-best sector for the Fund with three asset sales and a stabilized development helping to offset soft fundamentals and higher cap rates that drove slight value decline in the rest of the residential portfolio. Industrial was close behind, with essentially an income return, as income growth largely offset a slight expansion in cap rates. Office continued to be the laggard with headwinds from both space and capital markets contributing to continued write-downs.

Operations were more challenging in 2024 after exceeding expectations the three previous years. Occupancy and net operating income both finished the year behind plan. High levels of new supply and tenant indecision in the face of interest rate and election uncertainty for much of the year contributed to the underperformance. Despite these challenges, same-property net operating income grew 5.8% across the portfolio. All property types contributed positive growth with retail growth at 8.0% leading the way. Occupancy finished the year at 88% and the stabilized portfolio enjoyed 98% occupancy. The majority of vacancy in the portfolio is in recently delivered multifamily and industrial properties undergoing initial lease-up. The five remaining traditional office assets in the portfolio, representing just 3.3% of NAV, are 96% leased.

Recalling the lessons learned during the Global Financial Crisis ("GFC"), the Fund continues to prioritize debt management as a critical part of the overall Fund strategy. The Fund retired $246.0 million of debt in 2024 reducing Fund leverage to 31.9% LTV at year end. Selecting many of the highest interest rate loans to retire along with the aforementioned Fed rate cuts enabled the Fund to reduce its average borrowing cost to 4.1% at year-end. With an average cap rate of 5.3% across the portfolio, the leverage is accretive on an income basis.

2024 Highlights

Fund Return (gross)	1.97%
Fund Return (net)	0.85%
Dividend Yield	4.01%
Net Absorption	362,576 sf
Same property NOI Growth	5.8%
Investor Contributions	$499.0 million
Investor Redemptions	$255.8 million
Acquisitions/Development Starts	$188.1 million
Dispositions	$451.9 million

Past performance is not necessarily indicative, or a guarantee, of future results of the Fund. Opinions and predictions are the views of the General Partner, are subject to change and are not intended as a forecast or guarantee of future events or a prediction of future performance. Investors may lose investment capital. See page 11 "Performance Summary" and related End Notes on pages 30-31 for additional information regarding the Fund's performance. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.

Market wide transaction activity improved in 2024 with some sources reporting transaction volume up 8% from 2023. The Fund was successful in closing eight dispositions totaling $452 million (Fund's share of gross sales price) and closed on five new investments totaling $188 million. The dispositions were generally focused on leaving a stronger go-forward portfolio along with a couple of opportunistic sales to maximize near term value. New investments were focused on higher yielding opportunities with limited downside in sectors enjoying tailwinds.

During 2024, the Fund called $499 million of capital and paid out $256 million of redemption payments. The withdrawal queue ended the year at $164 million and was fully satisfied in January 2025 with $121 million paid and $44 million rescinded. The inbound queue ended 2024 at $315 million. New redemption requests were greatly diminished with only $72 million received in 2024, including just $0.3 million in fourth quarter that will become eligible for payment March 31, 2025.

2025 Outlook

Optimism for continued U.S. economic growth in 2025 is the general consensus as the year begins though we see several risks to that outlook. With the new Trump administration moving at rapid speed on a number of policy issues including tariffs, immigration, and reducing government spending, a policy misstep or unintended consequence represent one risk to the outlook. Another risk would be a mistake by the Fed with interest rate policy. This could be in the form of cutting rates too soon and allowing inflation to reignite or at least linger at higher levels. Or it could be in the form of holding rates too high because of lingering inflation and thus causing greater economic slowing in the interest rate sensitive sectors. Fine tuning the inflation rate and unemployment rate of a large economy by using short-term borrowing rates that typically have a long lag time to economic impact and where many other factors outside of the Fed's control have significant influence as well is an unenviable task.

Optimism for the commercial real estate recovery to continue is also the general consensus among those in the industry as the year begins though there is risk here as well. The December PREA Consensus Survey revealed expectations for a 6.6% unlevered return across the four main property types in 2025. We believe these return expectations are likely based on a 10- year treasury rate in the 3.75% to 4.25% range that would have been in place when respondents were surveyed. We believe sustained higher interest rates seem to be the biggest risk for commercial real estate values. The Fed's latest dot plot from December 2024 continues to show expectations for 50 basis points of short-term interest rate cuts in 2025 followed by another 50 basis points in 2026. Different than most previous rate cutting cycles however, the long end of the yield curve has gone up roughly 100 basis points since the Fed announced its first rate cut in September 2024. If additional Fed rate cuts in 2025 pull the entire yield curve down (as has often happened historically), we believe it would be supportive of current or even slightly higher real estate values. If long rates stay in the upper 4's or higher, we believe real estate values may need to adjust lower.

We expect the significant drop in commercial real estate construction starts over the past 12 months to be supportive of improving fundamentals as new deliveries decline each quarter of 2025. Industrial demand could benefit from increased onshoring and continued growth in ecommerce. Domestically focused industrial markets seem less exposed to potential tariff impacts than coastal port markets. We expect that some residential markets will continue to see high deliveries in 2025 while others will begin to heal with a sharp drop in supply. Immigration policy presents some risk to residential demand and lower interest rates could trigger a release of pent-up demand for home ownership but if mortgage rates persist near 7%, we believe tenant retention is likely to remain elevated. Retail has the lowest vacancy rate of the main property types with very little speculative construction underway giving landlords the upper hand in negotiations though a few large box tenants in bankruptcy could bring some space back to market. Office continues to struggle although vacancy may have peaked around 19% nationally in 2024. Green shoots of demand are emerging in the office sector though we expect recovery to take many years. Data Center fundamentals remain very much in landlord's favor with national vacancy still below 2% despite incredible levels of new supply (nearly all pre-leased).

We believe 2025 will be an excellent time to make new investments in commercial real estate. The previous two periods the NFI-ODCE Index has experienced negative total return (1991-92 and 2008-09), it was followed by extended periods (15 and 13 years, respectively) of positive returns that averaged 11.3% annualized*. Retail and alternative sectors like data centers and senior/active adult housing will be at the top of our buy list. Development starts are still difficult to underwrite to appropriate risk-return metrics from an equity perspective but select transactions could make sense in addition to attractive construction lending opportunities.

Leasing and NOI growth remain top priorities for the Fund. Same property income growth is expected to increase 3% to 5% in 2025 driven primarily by occupancy gains at residential and industrial properties that were delivered in 2024.

The 2025 Business Plan calls for 1.0 to 1.3 million square feet of net absorption and a 93% to 94% average occupancy rate at year end. Completing the lease-up of our recent deliveries (Dallas and Nashville industrial, Orlando and Los Angeles apartments) will be critical to achieving the absorption and occupancy targets.

We share the general market optimism for a healthy economy and improving commercial real estate fundamentals in 2025 and look forward to continuing to beat our benchmark for a 15th consecutive year by continuing to focus on the things we can control with heightened awareness of potential impacts from things we cannot. On behalf of the Portfolio Team, Fund Management Committee and the entire staff of Principal Real Estate Investors, we appreciate your continued support.

Todd White

Todd White
Portfolio Manager

Mark Scholz

Mark Scholz
Portfolio Manager

Brent Heemskerk

Brent Heemskerk
Portfolio Manager

Becky Klein

Becky Klein
Portfolio Analyst

OSCEOLA LOGISTICS Orlando, FL

*Past performance is not necessarily indicative, or a guarantee, of future results of the Fund. Opinions and predictions are the views of the General Partner, are subject to change and are not intended as a forecast or guarantee of future events or a prediction of future performance. Investors may lose investment capital. See page 11 "Performance Summary" and related End Notes on pages 30-31 for additional information regarding the Fund's performance. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.

Transaction Activity

Acquisition activity	MSA	Type	Size	Occupancy	Purchase price[1]	Risk profile
Osceola Logistics	Orlando	Cold Storage	280,800 SF	100%	$54.8 M	Stabilized
Two Palms Commerce	Tampa	Industrial	251,200 SF	0%	$48.1 M	Development
Runway Logistics	Nashville	Industrial	146,076 SF	0%	$20.7 M	Construction Loan
Tuttle Crossing	Columbus	Retail	226,718 SF	98%	$19.3 M	Stabilized
Taylor Square	Columbus	Retail	378,102 SF	98%	$45.2 M	Stabilized
Total					**$188.1 M**	

Disposition activity	MSA	Type	Size	Occupancy	Sale price[1]
Academy at Frisco	Fayetteville	Student Housing	640 Beds	100%	$63.9 M
1760 3rd Ave	New York	Student Housing	1,122 Beds	100%	$116.3 M
The Beacon	Oakland	Residential	275 Units	83%	$119.7 M
Dash at Downers Grove	Chicago	Residential	167 Units	87%	$58.5 M
Monument III	Washington D.C	Office	195,044 SF	85%	$34.9 M
Parkridge Four	Denver	Office	192,694 SF	84%	$18.7 M
Carlyle Overlook	Washington D.C.	Office	126,465 SF	57%	$31.0 M
Coliseum	Seattle	Retail	16,200 SF	100%	$8.9 M
Total					**$451.9 M**

As of 31 December 2024.
[1] Represents the Fund's share of the purchase price/estimated development costs for acquisitions

Fund Management

Fund Management Committee

Name	Role	Industry experience
Todd Everett	Global Head of Private Markets	39 years
John Berg	Global Head of Private Real Estate	30 years
Devin Chen	Portfolio Management	28 years
Chris Duey	Portfolio Management	31 years
Erin Kerr	Real Estate Marketing	24 years
Sandra Heilman	Counsel	17 years
Brian Sandfort	Asset Management	28 years
Sara Hoffman	Financial Management and Reporting	24 years
Cara Underwood	Project Finance and Capital Markets	30 years
Rod Vogel	Acquisitions and Dispositions	38 years
Todd White	Portfolio Management	30 years

Management Committee

The Management Committee, comprised of senior management of Principal, provides oversight of the Fund. The Management Committee reviews and, if appropriate, approves all acquisitions, dispositions, development, and financing activities (collectively, the "Major Decisions"). It also reviews compliance with Investment Guidelines and monitors investment performance. The current composition of the Management Committee is shown to the left. Devin Chen joined the organization in 2024 and was added to the Fund Management Committee.

Past performance is not necessarily indicative, or a guarantee, of future results of the Fund. Opinions and predictions are the views of the General Partner, are subject to change and are not intended as a forecast or guarantee of future events or a prediction of future performance. Investors may lose investment capital. See page 11 "Performance Summary" and related End Notes on pages 30-31 for additional information regarding the Fund's performance. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.


THE MAXWELL Orlando, FL

Leasing & Operating Activity

2024 Business Plan

	Target	Actual
Portfolio occupancy	91-93%	88%
Portfolio occupancy of stabilized assets (≥80% leased)	94%-97%	98%
Net absorption	900,000 - 1,300,000 SF	362,576 SF
Same-property income growth	8%-10%	6%

Leasing & Operating Activity

Property Type	4Q 2024 Occupancy	YTD Net Absorption	YTD Same-Property NOI Growth
Industrial	88%	71,535	6%
Residential	88%	241,185	7%
Office	90%	25,322	4%
Retail	96%	45,682	8%
Data Center	62%	(21,148)	N/A
Total	**88%**	**362,576**	**6%**

Leasing Expiration Schedule (by square feet)

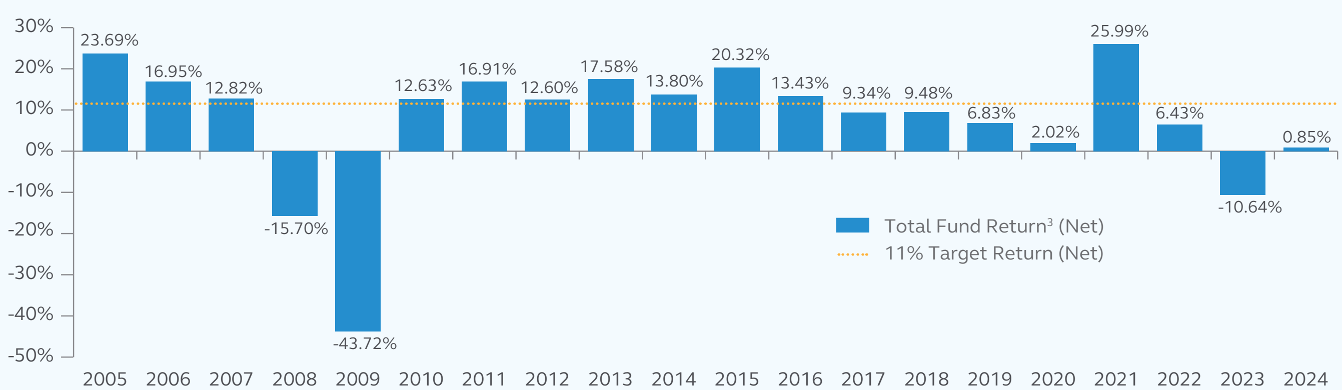
Property Type	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029
Office	12%	5%	5%	20%	5%
Retail	10%	8%	9%	10%	10%
Industrial	4%	14%	14%	14%	6%
Data Center	3%	0%	27%	3%	0%
Total	**5%**	**12%**	**12%**	**14%**	**7%**

Past performance is not necessarily indicative, or a guarantee, of future results of the Fund. Opinions and predictions are the views of the General Partner, are subject to change and are not intended as a forecast or guarantee of future events or a prediction of future performance. Investors may lose investment capital. See page 11 "Performance Summary" and related End Notes on pages 30-31 for additional information regarding the Fund's performance.

Performance Summary

Fund Returns*	4Q 2024	1 Year	3 Year	5 Year	10 Year	Since Inception[7]
Income (Gross)	1.21%	5.25%	4.34%	4.30%	4.87%	4.91%
Appreciation (Gross)	0.30%	-3.15%	-4.31%	1.06%	4.28%	2.99%
Total Fund Return (Gross)[2]	**1.52%**	**1.97%**	**-0.11%**	**5.38%**	**9.30%**	**8.00%**
Income Return (Net)	0.94%	4.10%	3.18%	3.12%	3.63%	3.69%
Appreciation Return (Net)	0.30%	-3.15%	-4.45%	0.88%	4.10%	2.58%
Total Fund Return (Net)[3]	**1.24%**	**0.85%**	**-1.38%**	**4.02%**	**7.83%**	**6.33%**
Dividend Yield[4]	**1.00%**	**4.01%**	**4.00%**	**4.40%**	**5.56%**	**5.06%**
Property Returns[1]						
Income	1.18%	5.18%	4.51%	4.32%	4.52%	4.97%
Appreciation	-0.01%	-1.64%	-3.04%	0.94%	3.04%	2.74%
Total Property Return	**1.17%**	**3.48%**	**1.37%**	**5.29%**	**7.67%**	**7.81%**
Comparative Returns						
NFI-ODCE[5]	1.16%	-1.43%	-2.32%	2.87%	5.88%	6.76%
NCREIF Property Index[6]	0.94%	0.59%	-0.58%	3.27%	5.77%	7.43%

Annual Performance Summary*



*Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. The return target of the Fund is not intended to predict the Fund's performance; instead, it is shown to help explain how the Fund seeks to construct its portfolio. The target returns included herein are aspirational in nature and were not based upon any criteria or assumptions.

Industrial

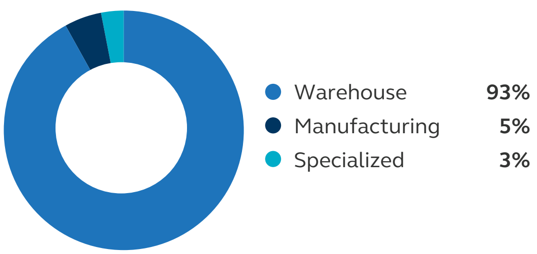
Property Sector Statistics

GAV	$1,781,038,577
NAV	$1,407,191,940
Number of investments	21
Total square feet	12,944,623
Occupancy	88%
Weighted Average Lease Term	4.56 years

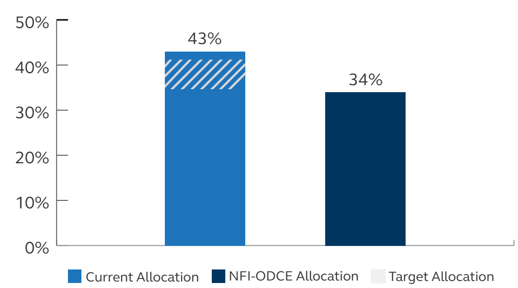
Gross Unlevered Property Returns

Period	Income	Appreciation	Total	Total Fund Return (Net)
Quarter	0.99%	0.48%	1.47%	1.24%
1 Year	4.19%	-0.26%	3.92%	0.85%
3 Years	3.92%	1.36%	5.32%	-1.38%
5 Years	3.90%	7.32%	11.44%	4.02%
10 Years	4.06%	10.31%	14.67%	7.83%

Subsector Allocation



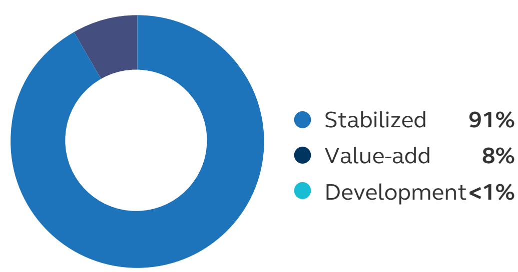
Allocation vs. Target & Benchmark



Industrial Sector Highlights

- The Fund's stabilized industrial portfolio, comprised of 11.2 million square feet, remains extremely well leased achieving 100% occupancy at year-end. Three recent development deliveries, totaling nearly 1.8 million square feet, are in their initial lease-up and bring total industrial occupancy to 88%. The Fund's industrial properties recorded 71,535 square feet of net absorption for the year.
- 2024 industrial same property net operating income increased 6% over prior year. This increase was driven by strong occupancy and rising rents across multiple markets highlighted by projects in Phoenix and Houston.
- During fourth quarter the Fund approved development of a 262,000 square foot industrial project in Tampa, FL with a total projected cost of $48.1 million. The Fund also approved a $20.7 million construction loan on a warehouse in Nashville during the quarter. For the full year the Fund added three new industrial investments and did not dispose of any industrial assets.

Lifecycle by GAV

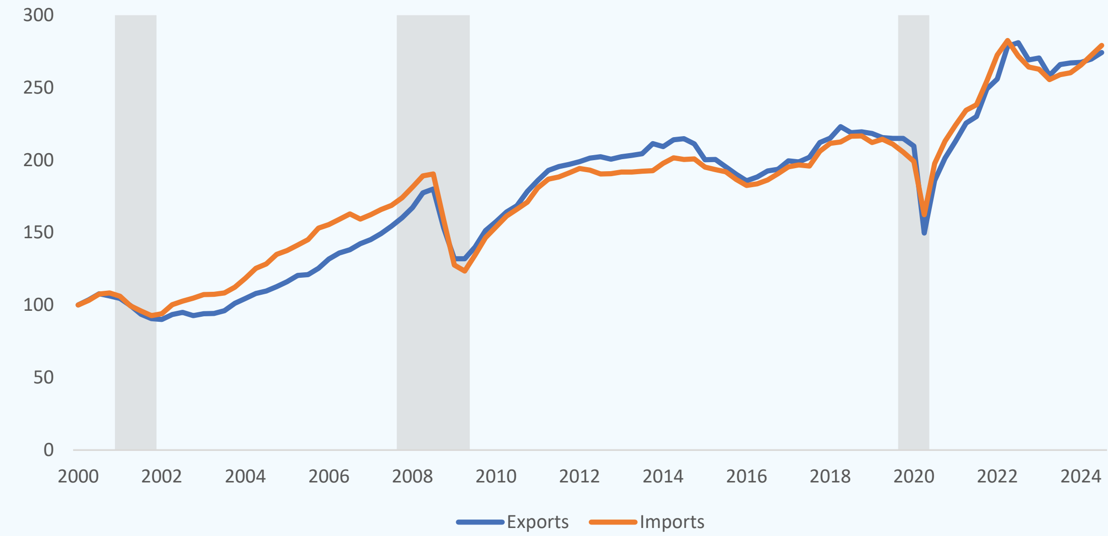


Leasing Expiration Schedule (for the year ending)

2025	2026	2027	2028	2029
4%	14%	14%	14%	6%

Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein. Due to rounding, figures and percentages shown may not add to the totals or equal 100%.

Increasing trade fuels industrial sector: real imports and exports



Source: NIPA, Principal Real Estate, Q3 2024*
*Most recent quarterly data

HITACHI HILLSBORO Portland, OR

Industrial Sector Commentary

- Despite pockets of weakness, demand continues to rebound. We believe supply chain reconfiguration and e-commerce should support long-term demand within the sector.
- Entering 2025, the sector has experienced a decline of over 50% in projects under construction, driven by higher capital costs and a modest reduction in capital values. Leasing activity among large e-commerce firms has also rebounded, helping to stabilize occupancy rates in most regions.
- A stronger dollar means stronger imports for the U.S., which is significant as international trades shift. The U.S. has increasingly globalized where we receive our imports, moving away from China. Currency devaluation may be in the cards for other countries in response to higher U.S. tariffs.
- More importantly, structural demand drivers remain firmly intact, and we believe the sector continues to be well-capitalized, providing a strong foundation for recovery and growth in 2025.

Additional U.S. Industrial Metrics

Vacancy Rate	8.6%
12-month vacancy change	1.5%
12-month net absorption	55.172 msf
NFI-ODCE going in cap rate	3.9%
12-month transaction volume	$79.0 bil.
12-month transaction volume change	-5%

Source: RCA, CBRE EA, NCREIF, Q4 2024

Residential

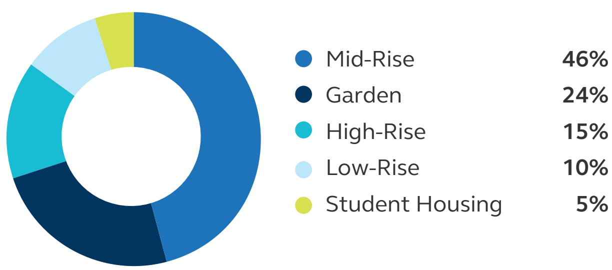
Property Sector Statistics

GAV	$1,267,196,386
NAV	$725,105,906
Number of investments	14
Total units	3,122
Total student beds	374
Occupancy	88%

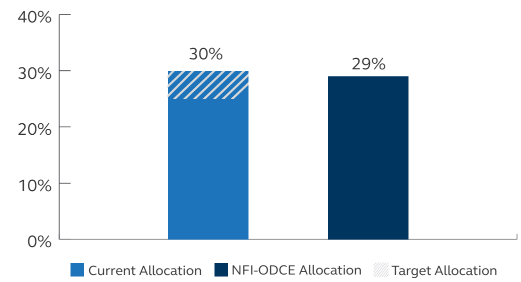
Gross Unlevered Property Returns

Period	Income	Appreciation	Total	Total Fund Return (Net)
Quarter	1.07%	-0.24%	0.84%	1.24%
1 Year	4.81%	-0.04%	4.77%	0.85%
3 Years	4.03%	-2.45%	1.51%	-1.38%
5 Years	3.75%	2.54%	6.36%	4.02%
10 Years	3.77%	4.49%	8.39%	7.83%

Subsector Allocation



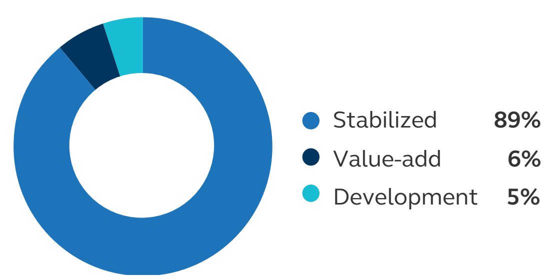
Allocation vs. Target & Benchmark



Residential Sector Highlights

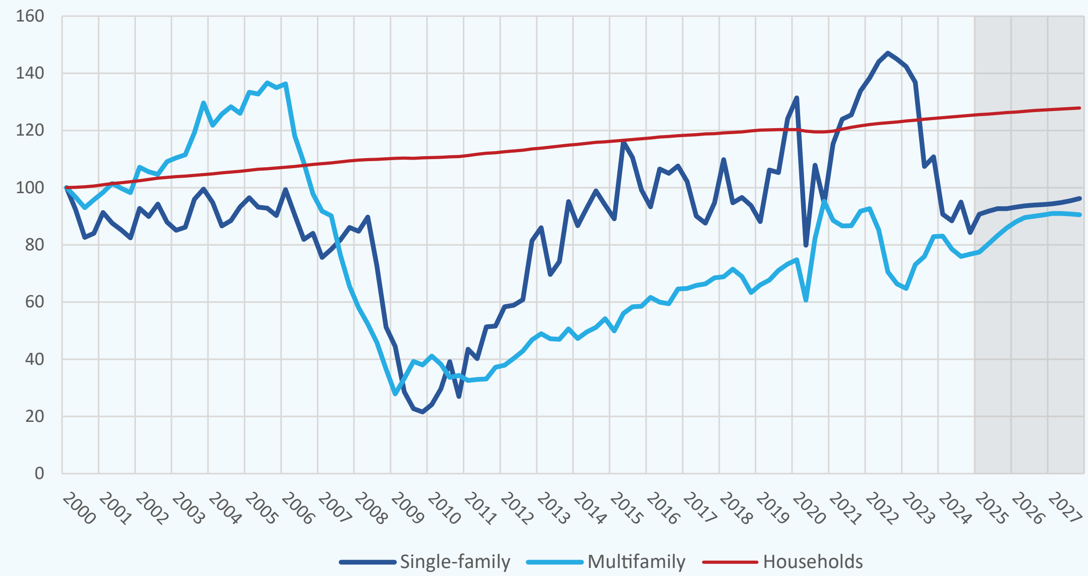
- The residential portfolio saw positive net absorption of 38,612 square feet in 4Q, leading to 241,185 square feet of net absorption for the year. This was driven by continued lease-up activity in Orlando and Phoenix. Overall residential occupancy finished the year at 88%, up slightly from prior quarter due to positive net absorption.
- 2024 residential same property net operating income was up 7% over same period 2023. This includes a large increase in income at 7190 Optima Kierland due to increased occupancy and strong rental growth at Alta Clara at the Fells in Boston.
- The Fund disposed of four residential assets during the year, two traditional apartment assets, and two student housing properties, for a total of $358.4 million. The Fund did not acquire any new residential assets in 2024.

Lifecycle by GAV



Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein. Due to rounding, figures and percentages shown may not add to the totals or equal 100%.

Housing Starts and Household Formation *index (Q1 2000 = 100)*



Source: US Census Bureau, Moody's Analytics, Principal Real Estate, 4Q 2024.

ALTA CLARA AT THE FELLS Boston, MA

Residential Sector Commentary

- Overdevelopment in select markets is slowly being absorbed as demand for rental units has accelerated through 2024.
- Fundamentals are stabilizing. The first drop in vacancies in two years, rent growth ticking up after remaining flat, and strong positive net absorption all show signs of the residential sector turning a corner. As demand regains momentum, we believe distress and depressed pricing have created attractive opportunities for some investors.
- We believe elevated housing costs will continue to drive demand in the multifamily space. Coupled with a smaller construction pipeline, vacancy rates have a strong path forward towards recovery in 2025.
- Student housing fundamentals remain strong, with room rates across institutionally managed properties continuing to rise. However, the sector is becoming increasingly competitive as most demand is now being met. Despite these positive trends, we remain cautious about the sector due to rising investor competition, which is impacting pricing, and a secular stagnation in enrollment at four-year institutions. If these trends persist, they could pose long-term challenges for student housing owners.

Additional U.S. Residential Metrics

Vacancy Rate	4.9%
12-month vacancy change	-0.6%
12-month net absorption	530,628 units
NFI-ODCE going in cap rate	4.7%
12-month transaction volume	$127.5 bil
12-month transaction volume change	7%

Source: RCA, CBRE EA, NCREIF, Q4 2024

Office

Property Sector Statistics

GAV	$608,353,300
NAV	$385,966,931
Number of investments	10
Total square feet	1,850,808
Occupancy	90%
Weighted Average Lease Term	5.42 years

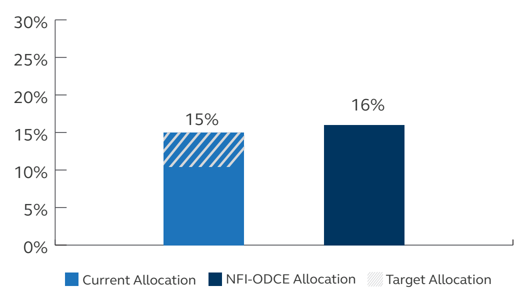
Gross Unlevered Property Returns

Period	Income	Appreciation	Total	Total Fund Return (Net)
Quarter	1.68%	-3.43%	-1.75%	1.24%
1 Year	7.47%	-12.24%	-5.47%	0.85%
3 Years	6.07%	-12.71%	-7.21%	-1.38%
5 Years	5.58%	-8.39%	-3.15%	4.02%
10 Years	5.65%	-4.02%	1.47%	7.83%

Subsector Allocation

- Life Science **30%**
- Suburban **24%**
- Medical Office **20%**
- CBD **15%**
- Urban **11%**
- Secondary Business District **0%**

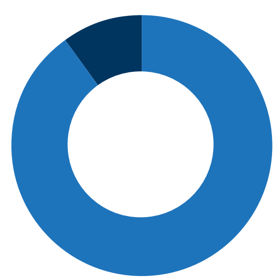
Allocation vs. Target & Benchmark



Office Sector Highlights

- Office occupancy ended the year at 90%, up from 88% at prior quarter. For the quarter the office portfolio saw 19,932 square feet of positive net absorption, bringing the full year total to 25,322. Notably, the Fund's traditional office assets are 96% occupied as of year-end.
- 2024 office same property net operating income finished up 4% over prior year. This increase was driven by a combination of contractual rent bumps, reduced expenses, and new leasing across various assets.
- The Fund disposed of three general office assets during the year continuing its strategic plan to underweight the sector. At year-end the Fund held five general office assets, totaling 7.4% of GAV and 3.3% of NAV. Two additional general office assets are in the market for sale in early 2025. The Fund did not acquire any new office properties during 2024.

Lifecycle by GAV



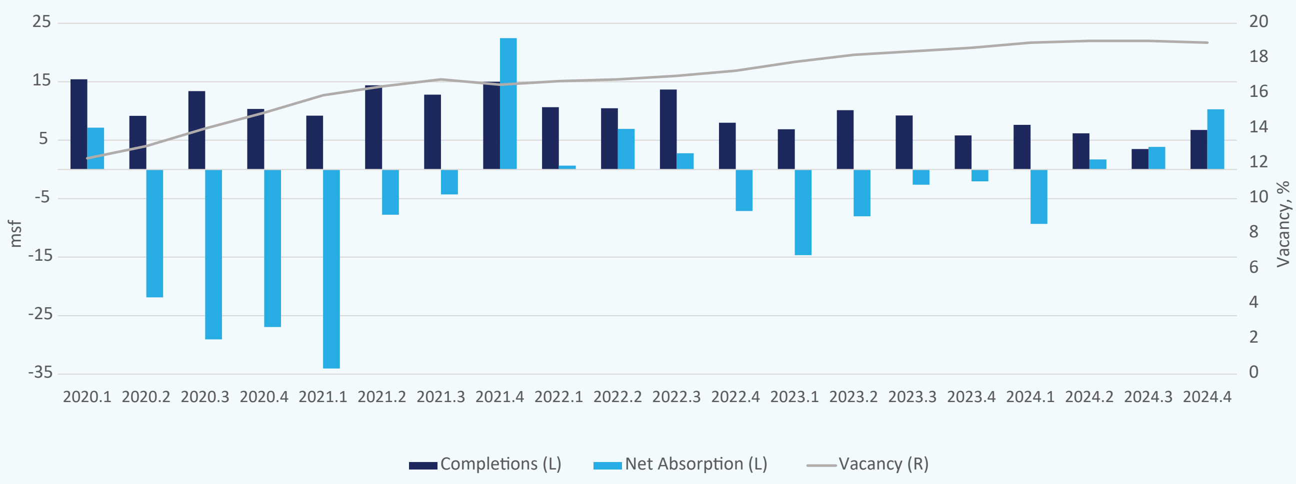
- Stabilized **90%**
- Value-add **10%**
- Development **0%**

Leasing Expiration Schedule (for the year ending)

2025	2026	2027	2028	2029
12%	5%	5%	20%	5%

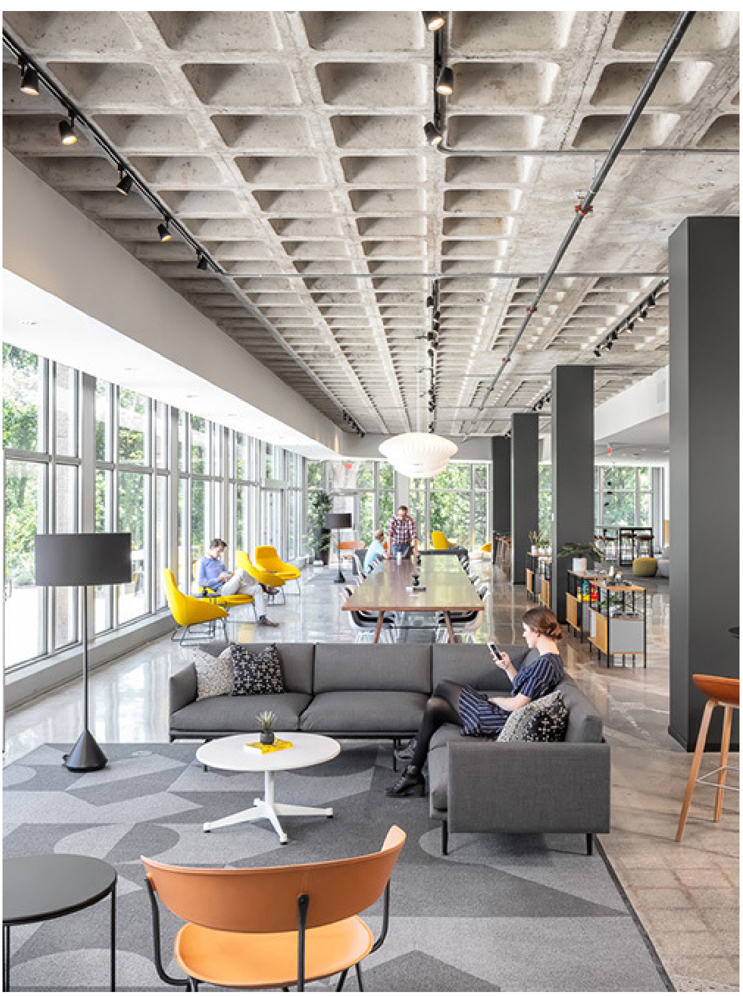
Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.

Post-Covid Office Space Demand



Source: CBRE-EA, Principal Real Estate Investors, Q4 2024.

3701 WAYZATA Minneapolis, MN



Office Sector Commentary

- Early signs of demand recovery and improved liquidity in the office market provide a glimpse of hope for the sector, but a sustained recovery will require much more. The sector has experienced three consecutive quarters of positive net demand. Supply remains limited, and 85% of current pipelines will be completed in the next 18 months. Despite news of RTO mandates, hybrid and remote work arrangements persist as pre and early pandemic leases roll over. National vacancy dropped slightly to 18.9% in Q4 from its peak of 19%. Asking rents remain stagnant, while effective rents continue to decline, putting downward pressure on office operating incomes.
- Prices have fallen enough to pull some investors off the sidelines. Transaction volumes were the highest in the final quarter of 2024, and 2024's transaction volume surpassed 2023 by 30%, largely on the strength of portfolio deals. That said, deal activity remains depressed.
- Quality remains key. Tenant demand has been geared largely toward highly amenitized, top-tier offices. As construction pipelines shrink, with groundbreakings for the past six quarters averaging 10% lower than the previous historical low, occupiers are finding fewer options in new buildings and moving accordingly down the quality spectrum.

Additional U.S. Office Metrics

Vacancy Rate	18.9%
12-month vacancy change	0.3%
12-month net absorption	6.540 msf
NFI-ODCE going in cap rate	5.6%
12-month transaction volume	$65.3 bil.
12-month transaction volume change	30.5%

Source: RCA, CBRE EA, NCREIF, Q4 2024

Retail

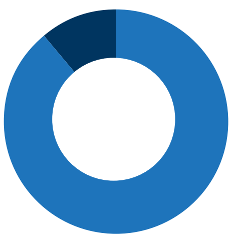
Property Sector Statistics

GAV	$410,033,805
NAV	$324,345,300
Number of investments	8
Total square feet	1,725,780
Occupancy	96%
Weighted Average Lease Term	5.75 years

Gross Unlevered Property Returns

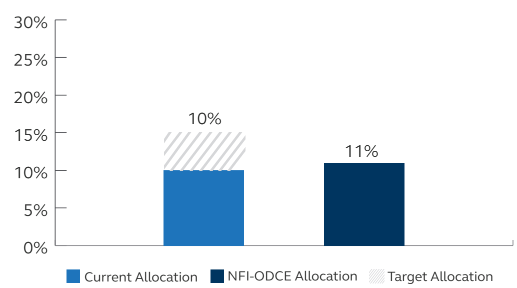
Period	Income	Appreciation	Total	Total Fund Return (Net)
Quarter	1.67%	-0.63%	1.04%	1.24%
1 Year	6.32%	0.47%	6.82%	0.85%
3 Years	5.88%	-3.20%	2.54%	-1.38%
5 Years	5.55%	-4.07%	1.29%	4.02%
10 Years	5.19%	-0.52%	4.64%	7.83%

Subsector Allocation



- Strip **89%**
- Street **11%**
- Mall **0%**

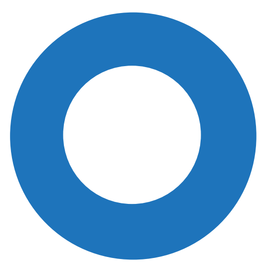
Allocation vs. Target & Benchmark



Retail Sector Highlights

- Retail occupancy ended fourth quarter at 96%, up from 91% at the beginning of the year. The Fund recorded 45,682 square feet of net absorption during 2024 driven by net new leasing in Houston, Seattle and Charlotte.
- 2024 retail same property net operating income increased 8% from prior year 2023, as seven of the eight retail projects saw income growth over prior year driven by a combination of contractual rental increases and increased occupancy across the portfolio.
- The Fund's retail allocation increased to 10% at year-end, as the Fund acquired two grocery anchored retail centers in Columbus totaling 604,820 square feet, for $64.5 million in fourth quarter. The Fund also disposed of one small (16,200 SF) non-strategic retail asset in Seattle earlier in the year. The Fund continues to evaluate grocery-anchored acquisition opportunities.

Lifecycle by GAV



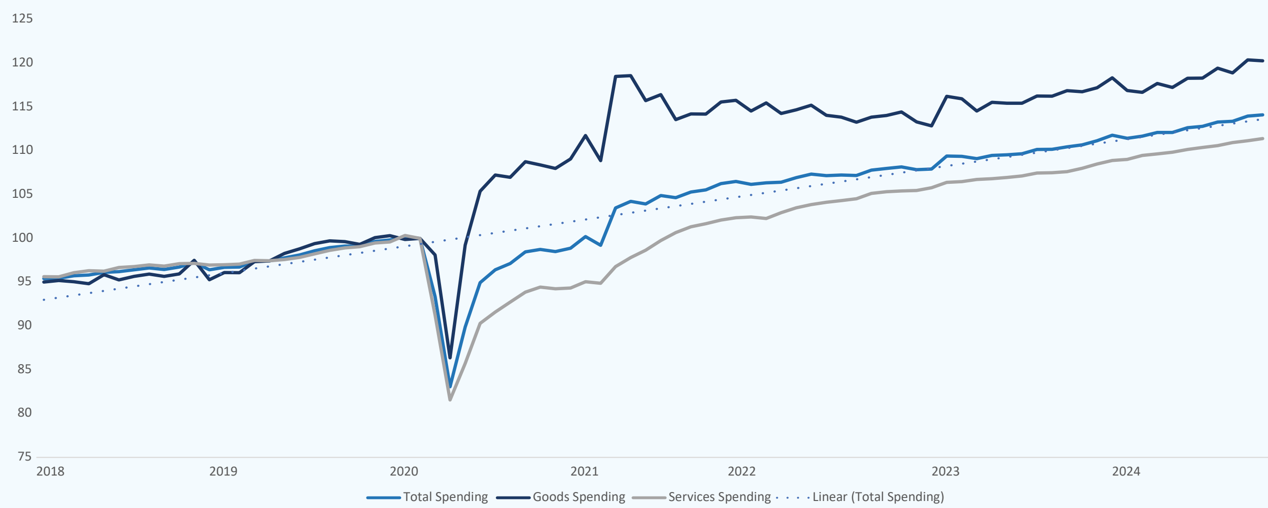
- Stabilized **100%**
- Value-add **0%**
- Development **0%**

Leasing Expiration Schedule (for the year ending)

2025	2026	2027	2028	2029
5%	8%	8%	10%	11%

Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.

Real Consumer Spending, Feb 2020=100



Source: BEA, Moody's Analytics, Principal Real Estate, Q4 2024.

TAYLOR SQUARE Columbus, OH

Retail Sector Commentary

- The retail sector continues to outperform most others, with stabilized valuations and healthy occupancy levels due to limited new supply. The sector is benefiting from strong consumer spending trends supported by healthy economic growth. While household balance sheets have moderated post-pandemic, consumers remain resolute. In our opinion, the potential for slower economic growth and a retracing of inflation would threaten the sector's robust performance, but a focus on necessity and value-oriented retail can provide stability to portfolios with retail exposure.
- The retail availability rate remained unchanged for the fifth quarter in a row in Q4 at 4.7%, a low for the sector since CBRE started tracking retail history in 2005. This was driven by a lack of available space. Limited supply pipelines are a tailwind, and completions reached a record low of 25 msf for the year.
- Transaction volumes were down across retail, declining by 12% from 2023 to 2024. Excluding entity-level deals, however, transaction volumes increased from 2023 to 2024 across portfolio and individual asset sales. Retail property prices also increased, ending a slide that began in Q1 2023.

Additional U.S. Retail Metrics

Vacancy Rate	6.5%
12-month vacancy change	0%
12-month net absorption	5.024 msf
NFI-ODCE going in cap rate	5.5%
12-month transaction volume	$43.0 bil.
12-month transaction volume change	-12%

Source: RCA, CBRE EA, NCREIF, Q4 2024

Data Center

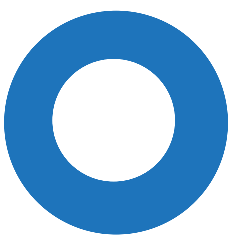
Property Sector Statistics

GAV	$84,913,102
NAV	$84,913,102
Number of investments	1
Total square feet	145,409
Occupancy	62%
Weighted Average Lease Term	7.09 years

Gross Unlevered Property Returns

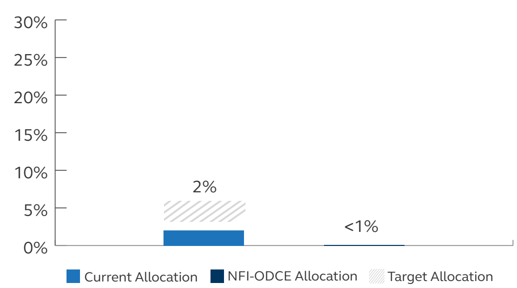
Period	Income	Appreciation	Total	Total Fund Return (Net)
Quarter	1.45%	31.18%	32.63%	1.24%
1 Year	9.87%	31.44%	43.90%	0.85%
3 Years	N/A	N/A	N/A	-1.38%
5 Years	N/A	N/A	N/A	4.02%
10 Years	N/A	N/A	N/A	7.83%

Subsector Allocation



Data Center **100%**

Allocation vs. Target & Benchmark



Data Center Sector Highlights

- The Fund's data center investment, a 145,409 square foot, three-building project located in Chantilly, VA (Washington D.C. MSA), continued its redevelopment and power expansion during the year. Space market fundamentals remain tight in the world's largest data center market, with Northern Virginia vacancy below 1%.
- The business plan is underway with planned power expansion, doubling the critical power available from 8MW to 16MW, and upgrading the asset with enhanced physical equipment and transmission infrastructure all expected to be completed by fourth quarter 2025.
- In 2024 the Fund signed a lease with an investment-grade cloud computing provider for 4.8 MW. Rental rates in the market are strongly exceeding original underwriting and renovation and building equipment costs are in-line with expectations to date.

Lifecycle by GAV

Value-add	**100%**
Stabilized	**0%**
Development	**0%**

Leasing Expiration Schedule (for the year ending)

2025	2026	2027	2028	2029
3%	0%	27%	3%	0%

Refer to End Notes on pages 30-31. Returns shown over one year are annualized. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments. There can be no assurance that any potential investments will be consummated by the Fund or, if such potential investments are consummated, that such investments will be made on the terms described herein.

Other Sector Commentary

- **Data Centers**: The data center sector continues to experience significant demand driven primarily by the expansion of AI applications, with vacancy rates in top North American markets below 2% and double-digit rent growth. Institutional investors are increasingly attracted to data centers, which are among the few sectors showing positive capital appreciation. Power scarcity, power transmission bottlenecks, high development costs, and lengthy construction timelines limit supply, but we believe development finance will present opportunities for exposure to the sector.
- **Life Sciences**: A weak phase in the VC cycle following the pandemic coupled with over-supply is creating stress for the sector. Cashflow problems and overdevelopment continue to plague the sector. Increased costs of capital over the past year have stymied growth for many life sciences companies. Relief from the capital markets cannot come fast enough as balance sheets are stretched thin by expensive R&D costs. We believe metros with strong ties to prestigious universities may continue performing well due to research costs being paid at the school level.
- **Medical Office**: An aging population is fueling demand for outpatient services, resulting in rising occupancy rates in MOB's while construction pipelines remain muted. The sector is also benefiting from a transition from inpatient to outpatient care, driven by cost reduction and patient convenience, with hospital admissions declining by 15% over the past decade while outpatient admissions have increased by 10%. Transaction volume rose by 66% year over year and by 40% from Q3 to Q4, bringing the total for 2024 to $3.1 billion.

CHANTILLY DATA CENTER Washington, D.C. (rendering)

Financial Highlights

Earnings Summary*	4Q2024	Year-to-Date
Net Operating Income	$52,337	$236,897
Funds From Operations[1]	$35,533	$144,948
Dividend Distribution[2]	$29,500	$113,413
Dividend Per Share[3]	$0.128	$0.517
Dividend Yield[4]	1.00%	4.01%

Total Global Expense Ratio (TGER) for the Rolling Four Quarters Ended December 31, 2024	
Investment Management and Performance Fees[5]	$31,447,129
Vehicle-related costs charged by third parties[6]	$3,204,962
Average Gross Asset Value[7] Gross Asset Value TGER	$4,416,433,538 0.78%
Weighted Average Net Asset Value[8] Net Asset Value TGER	$2,829,942,625 1.22%

Fund T1 Total Leverage (as of December 31, 2024)[9]	
Fund's economic share of operating model debt	$654,951,866
Wholly owned property level debt	776,525,233
Total T1 Leverage	**$1,431,477,099**

Total Gross Assets	
Total balance sheet assets	$4,742,090,195
Joint venture partner economic share of total assets	(291,803,690)
Fund's economic share of unconsolidated joint venture liabilities	39,904,191
Total Gross Assets	**$4,490,190,696**
Fund T1 Leverage Percentage	**31.88%**

[1]Funds From Operations is defined as Net Operating Income less interest expense and Fund expenses (excluding fees).
[2]Dividend Distribution is the net amount distributed to investors after payment of fees.
[3]Dividend Per Share is the average, net of fee, dividend per share. Each investor's dividend per share will be different depending on their respective fee structure. Year-to-Date Dividend Per Share is the sum of the Fund's quarterly Dividend Per Share.
[4]Dividend Yield for the quarter is based on the quarterly Dividend Per Share divided by the beginning of quarter Share Price. Year-to-Date Dividend Yield is the sum of quarterly dividend yields in the current year. Dividend yield of the Fund is only one component of expected performance and is not and should not be viewed as a statement of the future performance of the Fund. See page 5 for the gross and net performance of the Fund.
[5]Investment management and performance fees include all fees earned by Principal for ongoing management of the Fund.
[6]Vehicle-related costs charged by third parties include audit, valuation, legal, bank, professional and debt arrangement fees.
[7]Gross asset value is the average of the quarterly assets as of 12/31/2023 through 12/31/2024. Gross asset value is calculated as follows: total balance sheet assets less joint venture partner economic share of total assets plus the Fund's economic share of unconsolidated joint venture liabilities.
[8]Net asset value is the averaged of the quarterly weighted average net assets for the quarters ending 03/31/2024 through 12/31/2024.
[9]As of December 31, 2024, the Fund Tier 1 (T1) leverage percentage is being presented for informational purposes only. Please note that the calculation of such figure is different from the methodologies used to calculate the amount of the Fund's indebtedness for purpose of the leverage limitations in the Investment Guidelines (as set forth in the limited partnership agreement of the Fund), as well as the calculation of the Net Asset Value (as set forth in the limited partnership agreement of the Fund) and the preparation of the Fund's financial statements. Additional information regarding the assumptions, calculations and estimates used with respect to the T1 leverage percentage calculation is available upon request. In addition, the NCREIF PREA Reporting Standards, which were used as the basis for this calculation, are available at the following website: http://www.reportingstandards.info/.

*Amounts in $000s except shares outstanding, share price, dividend per share, dividend yield and Fund T1 Total Leverage figures. Past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital. See page 11 "Performance Summary" and related End Notes on pages 30-31 for additional information regarding the Fund's performance. See the Portfolio Summary on pages 24-27 for a complete list of the Fund's investments.

Investment Strategy

Property Sector Allocations

Property Sector	Current Allocation	NFI-ODCE Allocation	Y/E Target Allocation	2025 Tactical Plan
Industrial	43%	34%	35% to 40%	Reduce overweight
Residential	30%	29%	25% to 30%	Maintain neutral
Office	15%	16%	10% to 15%	Maintain underweight
Retail	10%	11%	10% to 15%	Increase allocation
Other	2%	10%	3%-9%	Increase allocation

2025 Business Plan

	2024 Actual	2025 Forecast[1]
Portfolio occupancy[1]	88%	93%–94%
Portfolio occupancy of stabilized assets (≥ 80% leased)	98%	95%–98%
Net absorption	362,576 SF	1,000,000 to 1,300,000 sf
Same-property income growth	6%	3%–5%

As of 31 December 2024
[1]There is no assurance any forecasts will be achieved

Regional Diversification

Region	Current PEPF Allocation	NFI-ODCE Allocation	2025 Tactical Plan
West	44%	44%	Maintain neutral
South	29%	22%	Maintain overweight
East	23%	29%	Reduce underweight
Midwest	4%	5%	Maintain underweight

Portfolio Summary

Property	MSA	Structure	Acquisition Date	Area SF/Units	12/31/2024 Occupancy	Value[1] ($ MM)
Mid-South Logistics Center	Nashville	Wholly Owned	10/17/2006	1,531,016	100%	$157.3
Oakesdale Bldg. D	Seattle	Wholly Owned	01/16/2007	59,234	100%	$16.1
Oakesdale	Seattle	Wholly Owned	01/16/2007	534,106	100%	$121.5
Bay Area Business Park (Phase I)	Houston	Wholly Owned	01/17/2007	1,179,960	100%	$134.1
Bay Area Business Park (Phase II)	Houston	Wholly Owned	01/17/2007	829,415	100%	$107.1
Bay Area Business Park (Phase III)	Houston	Wholly Owned	02/11/2019	1,333,120	100%	$162.3
Cascade Distribution Center	Portland	Wholly Owned	12/14/2007	303,626	100%	$46.0
East Valley Commerce Center (Phase I)	Phoenix	Joint Venture	07/09/2015	349,049	100%	$55.4
East Valley Commerce Center (Phase II)	Phoenix	Joint Venture	08/29/2018	363,600	100%	$56.0
East Valley Commerce Center (Phase III)	Phoenix	Joint Venture	12/22/2020	406,575	100%	$74.1
Tech Distribution Center	Raleigh	Wholly Owned	07/08/2016	245,000	100%	$38.6
Tricenter North V	Raleigh	Wholly Owned	07/08/2016	203,385	100%	$32.6
San Leandro Business Center	Oakland	Wholly Owned	12/16/2016	552,636	100%	$162.5
Westpark 85 (Phase I)	Charlotte	Wholly Owned	01/25/2017	460,520	100%	$69.8
Westpark 85 (Phase II)	Charlotte	Wholly Owned	01/25/2017	566,800	100%	$68.5
Power Secure	Raleigh	Wholly Owned	11/01/2017	258,060	100%	$41.3
XR1 International	Salt Lake City	Wholly Owned	08/03/2021	457,320	100%	$62.7
Whisper Hills West	Austin	Joint Venture	08/19/2021	208,387	24%	$22.5
Denton ICC 35	Dallas	Joint Venture	09/02/2021	1,193,276	0%	$83.1
Hitachi Hillsboro	Portland	Wholly Owned	12/09/2021	195,546	100%	$45.2
I-76 Commerce Center	Denver	Joint Venture	01/14/2022	618,480	100%	$51.6
Hillview	Louisville	Wholly Owned	07/01/2022	443,822	100%	$43.5
Creekside Logistics	Nashville	Joint Venture	08/26/2022	370,890	31%	$65.7
Osceola Logistics	Orlando	Wholly Owned	09/17/2024	280,800	100%	$55.3
Two Palms[2]	Tampa	Joint Venture	10/17/2024	0	N/A	$8.2
Industrial Subtotal				**12,944,623 sf**	**87.6%**	**$1,781.0**

[1]Value reflects the Fund's ownership interest; [2]Development asset
Due to rounding, some totals may not correspond with the sum of the separate figures.

Property	MSA	Structure	Acquisition Date	Area SF/Units	12/31/2024 Occupancy	Value[1] ($ MM)
Coda	Denver	Joint Venture	04/18/2013	182	90%	$66.5
Shortbread Lofts	Raleigh	Wholly Owned	08/05/2015	85	99%	$59.9
The Courts at Spring Mill Station	Philadelphia	Wholly Owned	10/07/2015	385	91%	$121.3
Solaris Key	Tampa	Wholly Owned	05/12/2016	426	95%	$130.9
The Marke of Elmhurst	Chicago	Wholly Owned	11/20/2017	164	93%	$61.5
Elan City Center	Raleigh	Wholly Owned	09/18/2018	213	93%	$53.9
Alta Clara at the Fells	Boston	Wholly Owned	11/01/2018	261	94%	$126.5
7140 Optima Kierland	Phoenix	Joint Venture	02/13/2019	213	90%	$124.4
7160 Optima Kierland	Phoenix	Joint Venture	02/13/2019	150	91%	$51.3
7190 Optima Kierland	Phoenix	Joint Venture	08/06/2021	216	91%	$154.6
Spectator	Atlanta	Wholly Owned	06/12/2019	281	95%	$81.6
Bella Terra	Seattle	Joint Venture	01/21/2022	235	96%	$97.0
Vivo on Harbor[2]	Los Angeles	Joint Venture	03/04/2022	0	N/A	$58.9
The Maxwell	Orlando	Joint Venture	08/16/2022	311	39%	$79.0
Residential Subtotal				**3,122 units**	**87.8%**	**$1,267.2**

[1]Value reflects the Fund's ownership interest; [2]Development asset
Due to rounding, some totals may not correspond with the sum of the separate figures.

Portfolio Summary continued

Property	MSA	Structure	Acquisition Date	Area SF/Units	12/31/2024 Occupancy	Value[1] ($ MM)
1290 Broadway	Denver	Wholly Owned	08/22/2005	252,230	84%	$23.1
Bay Center	Oakland	Joint Venture	06/01/2007	330,279	60%	$179.8
Piedmont Office	Charlotte	Wholly Owned	10/18/2007	416,233	98%	$111.1
100 St. Paul	Denver	Joint Venture	07/14/2016	147,939	100%	$67.9
3701 Wayzata	Minneapolis	Joint Venture	12/13/2018	308,681	99%	$35.4
Broadway Tower	Portland	Wholly Owned	03/03/2020	171,207	100%	$69.7
Bellevue South Medical Office	Seattle	Wholly Owned	08/18/2009	45,495	100%	$40.9
UCLA Health	Los Angeles	Wholly Owned	10/04/2021	32,418	100%	$26.0
313 Speen	Boston	Wholly Owned	12/28/2021	59,554	100%	$20.3
Wexford Medical	Pittsburgh	Wholly Owned	12/21/2021	44,772	100%	$14.1
Bee Cave	Austin	Joint Venture	06/15/2022	42,000	95%	$20.1
Office Subtotal				**1,850,808 sf**	**89.9%**	**$608.4**

[1]Value reflects the Fund's ownership interest
Due to rounding, some totals may not correspond with the sum of the separate figures.

Property	MSA	Structure	Acquisition Date	Area SF/Units	12/31/2024 Occupancy	Value[1] ($ MM)
Baybrook Square	Houston	Wholly Owned	06/17/2005	310,135	98%	$75.7
Ballard Blocks I	Seattle	Joint Venture	07/02/2009	131,965	98%	$23.9
Ballard Blocks II	Seattle	Joint Venture	03/31/2009	116,430	99%	$32.8
Best Buy	Seattle	Wholly Owned	07/03/2007	45,000	100%	$20.1
Piedmont Retail	Charlotte	Wholly Owned	10/18/2007	73,258	93%	$25.2
Bellevue North	Seattle	Wholly Owned	08/18/2009	74,087	100%	$40.0
Bellevue South Retail	Seattle	Wholly Owned	08/18/2009	137,938	98%	$71.0
The Launch	Boston	Joint Venture	06/09/2015	232,147	83%	$56.8
Tuttle Crossing	Columbus	Joint Venture	11/21/2024	226,718	98%	$19.4
Taylor Square	Columbus	Joint Venture	11/21/2024	378,102	98%	$45.2
Retail Subtotal				**1,725,780 sf**	**96.0%**	**$410.0**
Chantilly Data Center	Washington, D.C.	Joint Venture	12/24/2023	145,409 sf	62%	$84.9
Data Center Subtotal				**145,409 sf**	**62.2%**	**$84.9**
Bell Yard Old Settlers	Austin	Joint Venture	06/09/2022	19		$7.4
Land Subtotal				**19 acres**		**$7.4**
Total Portfolio				**16,666,620 sf** **3,122 units** **19 acres**	**88.4%**	**$4,158.9**

Wholly Owned	**61.0%**
Joint Venture	**39.0%**

[1]Value reflects the Fund's ownership interest

Due to rounding, some totals may not correspond with the sum of the separate figures.

Sustainability

Principal Asset Management believes that sustainability considerations and their impact on investment performance is a critical area of focus for both investment and operational factors of the Fund. This commitment to sustainability is a continuation of a firm wide effort through Principal Asset Management's participation as a signatory to the Principles for Responsible Investment. The firm has also been recognized as an ENERGY STAR® Partner of the Year, including a sixth Sustained Excellence award in 2024[1]. Further, Principal Real Estate developed a proprietary Pillars of Responsible Property Investing (PRPI) platform that outlines asset management and fiduciary governance designed to facilitate return generation and more environmentally sustainable investment and operational practices. The results of these efforts for the Fund are outlined in the chart shown on this page. In 2024, the Fund was evaluated for the 15th time by The Global Real Estate Sustainability Benchmark (GRESB), an industry association that analyzes sustainability performance. The Fund received its 11th consecutive Green Star rating and placed 38th in a field of 61 U.S. diversified, non-listed property strategies, with a total score of 80. The Fund continues to focus on progress towards its 2035 sustainability targets; including a 40% reduction in GHG emissions (includes scope 1 and 2; and 3 where available) and a 20% reduction in energy use intensity, water use intesity, and waste diversion. In addition, the Fund is pursuing a 50% data coverage goal for Energy, Water, and Waste (utility data per square foot). The Fund will continue to pursue more sustainable investment practices where it believes those efforts are economically feasible and consistent with our fiduciary obligation to investors.

Ongoing Commitment to Sustainability

PILLARS OF RESPONSIBLE PROPERTY INVESTING

Pillars of Responsible Property Investing (PRPI) platform outlines asset management and fiduciary governance to facilitate return generation and environmentally sustainable investment and operational practices.

20
Assets LEED Certified

42
IREM Certified Sustainable Properties

9
Assets ENERGY STAR Certified[2]

3
CALGreen Certified

3
BREEAM Certified

Sustainability Performance

80/100 **2024 GRESB score[3]**
GRESB average: 78
Peer average: 76

In order to receive the certifications and ranking, the Firm paid an application fee to be evaluated and for the rights to use the ranking.

As of December 31 2024.
[1]Each year, the EPA honors organizations that have made outstanding contributions to protecting the environment through energy efficiency. April 2023, U.S. Environmental Protection Agency. [2]Certifications specific to assets held by the Principal Enhanced Property Fund as of 31 December 2024. [3]2024 GRESB assessment for the Principal Enhanced Property Fund, data as of 31 December 2024. For information on the GRESB Green Star Rating please visit: https://www.gresb.com/nl-en/faq/what-is-a-green-star/.

ALTA CLARA AT THE FELLS Boston, MA

End Notes

Certain information contained in this report constitutes “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “continue,” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this report, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements, discussions of the business environment and investment strategy of the Fund and investment performance (if any) included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to the effects of pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19. The ultimate impact of any such health emergency is impossible to predict, therefore such forward-looking statements generally do not reflect their potential impact, which may substantially and adversely impact the Fund’s execution of its investment strategy. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of Principal Real Estate Investors, LLC and its affiliates. In addition, certain information contained in this report discusses the past performance of the Fund. As with all investments, past performance is not necessarily indicative, or a guarantee, of future returns of the Fund. Investors may lose investment capital.

Unless otherwise specified, performance figures reported herein are as of December 31, 2024. Certain information included in this supplement was derived from third-party materials or other sources believed to be accurate, but no independent verification has been made of such material or other sources. The inclusion of any third-party firm and/or company names, brands and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies have endorsed the firm, the Fund or any associated entities or personnel.

The valuations presented herein were performed based upon various inputs, which potentially include, to the extent applicable, market quotations for comparable assets, discounted cash flow analysis, multiples of specific financial measurement (such as earnings) at which comparable assets have traded and the prices at which public and private transactions in comparable assets have been consummated. Many of these inputs have declined in recent periods. In addition, due to the substantial volatility experienced by 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 December 31, 2024) is likely to differ as a result.

Capitalized terms used but not defined herein have the meanings given to them in the Fund’s limited partnership agreement, as amended, and the Fund’s Amended and Restated Confidential Private Placement Memorandum dated September 2024, as supplemented from time to time (the “Memorandum”). As used in this report, “year-to-date” and “YTD” refer to the period beginning on the first date of the calendar year and ending on the last day of the applicable calendar quarter.

The financial information contained within this report reflects the Fund’s proportional ownership. While not consistent with United States generally accepted accounting principles (“U.S. GAAP”), we believe the proportional method of accounting better reflects the economics of the Fund’s investments and transactions. In compliance with REIS, quarterly financial statements presented in accordance with U.S. GAAP are available on the Fund’s website or upon request.

This report has been prepared and presented in compliance with NCREIF PREA Reporting Standards. Real estate investments are valued in accordance with the NCREIF PREA Reporting Standards Property Valuation Standards.

Page 2 – Fund Objectives, Fund Profile, and Fund Diversification

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).

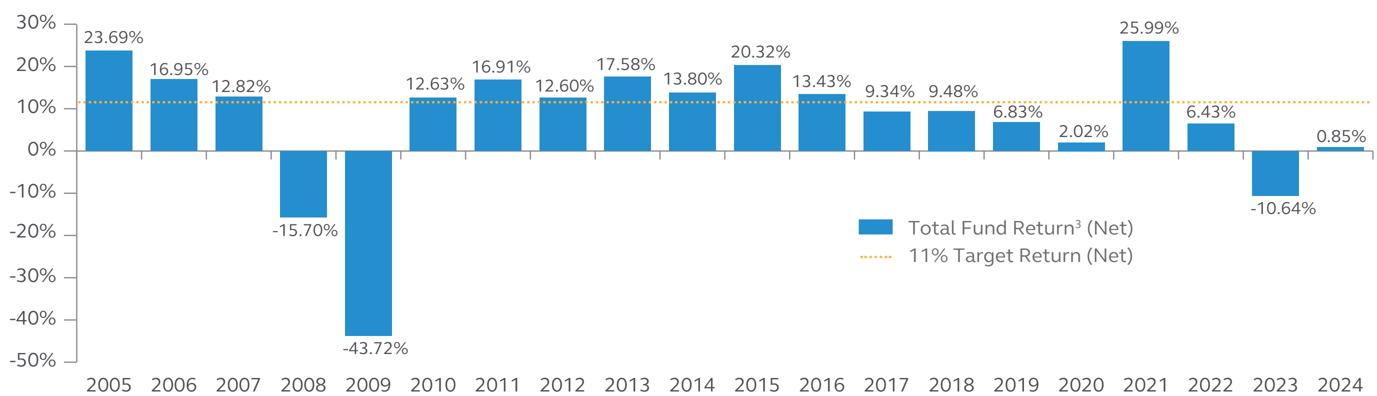
Fund Investment Guidelines limit property type allocations to a ± 75% variance from the current NCREIF allocation at the time an investment is made.

Page 11 – Performance Summary and Annual Performance Summary

1. Property Returns and Total Property Return are unlevered, before fees, Fund expenses and cash, and calculated in accordance with NCREIF property return methodology.
2. Total Fund Return (Gross) is levered and after Fund expenses and cash, but before fees.
3. Total Fund Return (Net) is levered, after fees, Fund expenses and cash. Fees include asset management fees which range from 80-150 basis points and are billed outside the Fund, financing and incentive fees which are expensed, and development fees which are expensed. Net of fee returns shown on page 11 reflects the actual fee level for investors in the Fund. Actual asset management fees incurred by clients may vary and are subject to change. For comparison the net return at

Total Fund Return (Net)	4Q 2024	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Actual Annual Asset Management Fee	**1.24%**	**0.85%**	**0.85%**	**-1.38%**	**4.02%**	**7.83%**	**6.33%**
80bps	1.31%	1.14%	1.14%	-1.09%	4.33%	8.06%	6.70%
85bps	1.30%	1.09%	1.09%	-1.14%	4.28%	8.16%	6.65%
100bps	1.26%	0.94%	0.94%	-1.29%	4.12%	8.00%	6.49%
110bps	1.24%	0.84%	0.84%	-1.39%	4.02%	7.90%	6.39%
120bps	1.21%	0.74%	0.74%	-1.49%	3.91%	7.79%	6.28%
130bps	1.19%	0.64%	0.64%	-1.59%	3.81%	7.69%	6.18%
140bps	1.16%	0.54%	0.54%	-1.68%	3.71%	7.58%	6.07%
150bps	1.14%	0.44%	0.44%	-1.78%	3.61%	7.47%	5.97%

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 December 31, 2024.



each fee tier is shown below.

4. Dividend Yield for the quarter is the quarterly Dividend Per Share divided by the beginning of quarter Share Price. YTD and One-Year Dividend Yield is the sum of quarterly Dividend Yields for the period. Three-Year, Five-Year and Since Inception Dividend Yield is the average quarterly Dividend Yield for the period times four. Dividend yield of the Fund is only one component of expected performance and is not and should not be viewed as a statement of the future performance of the Fund. See page 5 for the gross and net performance of the Fund.
5. The NFI-ODCE (NCREIF Fund Index - Open-end Diversified Core Equity) is unmanaged and not available for direct investment. It is a gross fund-level capitalization weighted, time weighted return index. The Fund does not seek to construct its portfolio to match the composition of the index or to equal or exceed the performance of the index. As a result, the performance of the index may materially differ from the Fund.
6. The Expanded NCREIF Property Index is unmanaged and not available for direct investment. The index includes operating properties only (no development projects); only investment grade, non-agricultural, income producing assets, including residential, office, industrial, retail, hotel, self-storage, seniors housing, and other. Properties which have leverage are included in the NPI on an unleveraged basis. The Fund does not seek to construct its portfolio to match the composition of the index or to equal or exceed the performance of the index. As a result, the performance of the index may materially differ from the Fund.
7. Since Inception Returns from May 18, 2004.

Independent Auditor's Report

TO PRINCIPAL ENHANCED PROPERTY FUND, L.P.

Opinion

We have audited the consolidated financial statements of Principal Enhanced Property Fund, L.P. and subsidiaries (PEPF), which comprise the consolidated statements of assets and liabilities, including the condensed consolidated schedules of investments, as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PEPF as of December 31, 2024 and 2023, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PEPF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PEPF's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PEPF’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PEPF’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

Des Moines, Iowa
February 21, 2025

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS:		
Investments - at fair value:		
Real estate		
(cost: 2024 - $3,663,149,742; 2023 - $4,052,460,583)	$ 4,320,739,000	$ 4,635,049,000
Unconsolidated real estate joint ventures		
(cost: 2024 - $116,800,302; 2023 - $123,089,881)	84,800,816	96,378,751
Total investments		
(cost: 2024 - $3,779,950,044; 2023 - $4,175,550,464)	4,405,539,816	4,731,427,751
Cash and cash equivalents	312,047,782	73,778,108
Restricted cash	4,689,878	11,742,993
Accrued investment income and other assets	19,812,719	19,309,278
Total assets	4,742,090,195	4,836,258,130
LIABILITIES:		
Debt - at fair value		
(cost: 2024 - $1,529,446,908; 2023 - $1,836,805,407)	1,459,973,032	1,753,009,557
Accounts payable and accrued expenses	154,388,463	109,753,005
Accrued property taxes	20,188,625	18,108,192
Security deposits	7,382,888	7,663,772
Total liabilities	1,641,933,008	1,888,534,526
NET ASSETS:		
Principal Enhanced Property Fund, L.P.	2,946,356,701	2,789,930,670
Noncontrolling interests	153,800,486	157,792,934
Total net assets	$ 3,100,157,187	$ 2,947,723,604

See notes to consolidated financial statements.

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONDENSED CONSOLIDATED SCHEDULES OF INVESTMENTS
AS OF DECEMBER 31, 2024 AND 2023

	Fair Value 2024	Fair Value 2023
REAL ESTATE — 98.1% in 2024 and 98.0% in 2023:		
United States:		
Office — 12.6% in 2024 and 15.1% in 2023:		
Bay Center, Oakland, CA	$ 183,800,000	$ 213,200,000
Other office	371,700,000	499,700,000
Total office (cost: 2024 — $770,622,425; 2023 — $924,297,616)	555,500,000	712,900,000
Retail — 8.5% in 2024 and 6.4% in 2023:	373,339,000	304,639,000
Total retail (cost: 2024 — $414,880,586; 2023 — $354,342,680)	373,339,000	304,639,000
Industrial — 41.8% in 2024 and 37.1% in 2023:		
San Leandro Business Center, Oakland, CA	162,500,000	159,200,000
Bay Area Business Park (Phase III), Houston, TX	162,300,000	160,800,000
Mid-South Logistics Center, Nashville, TN	157,300,000	162,400,000
Other industrial	1,357,800,000	1,272,410,000
Total industrial (cost: 2024 — $1,242,584,601; 2023 — $1,154,094,555)	1,839,900,000	1,754,810,000
Residential — 32.5% in 2024 and 37.9% in 2023:		
7140 Optima Kierland, Phoenix, AZ	182,300,000	201,400,000
7190 Optima Kierland, Phoenix, AZ	194,000,000	160,900,000
Other residential	1,057,200,000	1,429,400,000
Total residential (cost: 2024 — $1,134,804,697; 2023 — $1,548,204,268)	1,433,500,000	1,791,700,000
Data Center — 2.2% in 2024:	97,200,000	-
Total data center (cost: 2024 — $75,221,891)	97,200,000	-
Land — 0.2% in 2024 and 2023:	7,500,000	7,500,000
Total land (cost: 2024 — $8,035,542; 2023 — $8,034,996)	7,500,000	7,500,000
Other — 0.3% in 2024 and 1.3% in 2023: *	13,800,000	63,500,000
Total other (cost: 2024 — $17,000,000; 2023 — $63,486,468)	13,800,000	63,500,000
Total real estate (cost: 2024 — $3,663,149,742; 2023 — $4,052,460,583)	4,320,739,000	4,635,049,000
UNCONSOLIDATED REAL ESTATE JOINT VENTURES — 1.9% in 2024 and 2.0% in 2023:		
United States:		
Office — 0.6% in 2024 and 0.8% in 2023 (cost: 2024 — $32,489,928; 2023 — $33,177,560)	28,434,743	37,612,587
Retail — 1.3% in 2024 and 1.2% in 2023 (cost: 2024 — $84,310,374; 2023 — $89,912,321)	56,366,073	58,766,164
Total unconsolidated real estate joint ventures (cost: 2024 — $116,800,302; 2023 — $123,089,881)	84,800,816	96,378,751
TOTAL INVESTMENTS — 100% (cost: 2024 —$3,779,950,044; 2023 —$4,175,550,464)	$ 4,405,539,816	$ 4,731,427,751

* Data Center was reclassified from Other category during 2024.

See notes to consolidated financial statements.

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
INVESTMENT INCOME:		
Revenue from real estate	$ 360,699,870	$ 349,497,711
Equity in income from unconsolidated real estate joint ventures	6,848,400	7,667,410
Total investment income	367,548,270	357,175,121
EXPENSES:		
Real estate operating expenses and taxes	129,250,071	129,210,879
Interest expense	79,708,116	89,297,768
Professional and other fees	6,799,169	11,148,818
Total expenses	215,757,356	229,657,465
NET INVESTMENT INCOME	151,790,914	127,517,656
REALIZED AND UNREALIZED GAIN (LOSS):		
Realized loss from sales of real estate	(130,116,383)	(57,822,968)
Less previously recorded unrealized loss on real estate sold	169,252,328	27,310,564
Realized gain from debt	7,936,494	-
Realized loss on sale of investments in unconsolidated real estate joint ventures	-	(4,959,720)
Less previously recorded unrealized loss on unconsolidated real estate joint ventures	-	2,347,253
Net gain (loss) recognized from sales	47,072,439	(33,124,871)
Unrealized loss on real estate	(94,154,650)	(369,891,708)
Unrealized loss on unconsolidated real estate joint ventures	(10,239,704)	(13,790,344)
Unrealized loss on debt	(14,321,975)	(38,831,522)
Net unrealized loss	(118,716,329)	(422,513,574)
Net realized and unrealized loss	(71,643,890)	(455,638,445)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	80,147,024	(328,120,789)
LESS PORTION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	22,782,772	(18,192,952)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO PRINCIPAL ENHANCED PROPERTY FUND, L.P.	$ 57,364,252	$ (309,927,837)
AMOUNTS ATTRIBUTABLE TO PRINCIPAL ENHANCED PROPERTY FUND, L.P.:		
Net investment income	$ 144,947,975	$ 122,713,173
Net realized and unrealized loss	(87,583,723)	(432,641,010)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO PRINCIPAL ENHANCED PROPERTY FUND, L.P.	$ 57,364,252	$ (309,927,837)

See notes to consolidated financial statements.

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Principal Enhanced Property Fund, L.P.	Noncontrolling Interests	Total
NET ASSETS - January 1, 2023	$ 3,261,704,744	$ 175,663,737	$ 3,437,368,481
FROM OPERATIONS:			
Net investment income	122,713,173	4,804,483	127,517,656
Net realized and unrealized loss	(432,641,010)	(22,997,435)	(455,638,445)
Net decrease in net assets resulting from operations	(309,927,837)	(18,192,952)	(328,120,789)
FROM CAPITAL TRANSACTIONS:			
Contributions	72,941,575	20,060,700	93,002,275
Distributions	(158,073,451)	(19,551,551)	(177,625,002)
Redemptions	(76,714,361)	(187,000)	(76,901,361)
Net increase (decrease) in net assets resulting from capital transactions	(161,846,237)	322,149	(161,524,088)
NET DECREASE IN NET ASSETS	(471,774,074)	(17,870,803)	(489,644,877)
NET ASSETS - December 31, 2023	2,789,930,670	157,792,934	2,947,723,604
FROM OPERATIONS:			
Net investment income	144,947,975	6,842,939	151,790,914
Net realized and unrealized gain (loss)	(87,583,723)	15,939,833	(71,643,890)
Net increase in net assets resulting from operations	57,364,252	22,782,772	80,147,024
FROM CAPITAL TRANSACTIONS:			
Contributions	498,957,561	4,742,696	503,700,257
Distributions	(144,136,594)	(31,108,416)	(175,245,010)
Redemptions	(255,759,188)	(409,500)	(256,168,688)
Net increase (decrease) in net assets resulting from capital transactions	99,061,779	(26,775,220)	72,286,559
NET INCREASE (DECREASE) IN NET ASSETS	156,426,031	(3,992,448)	152,433,583
NET ASSETS - December 31, 2024	$ 2,946,356,701	$ 153,800,486	$ 3,100,157,187

See notes to consolidated financial statements.

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	$ 80,147,024	$ (328,120,789)
Adjustments to reconcile to net cash flows from operating activities:		
Net realized and unrealized loss	71,643,890	455,638,445
Equity in income of unconsolidated real estate joint ventures	(6,848,400)	(7,677,410)
Income distributions from unconsolidated real estate joint ventures	7,647,150	7,287,988
Changes in:		
Accrued investment income and other assets	1,334,286	5,648,602
Accounts payable and accrued expenses	(8,897,790)	10,218,384
Accrued property taxes	2,080,433	1,207,756
Security deposits	(280,884)	(324,198)
Total adjustments	66,678,685	471,999,567
Net cash flows from operating activities	146,825,709	143,878,778
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from real estate investment sales	491,693,761	205,132,688
Purchases of real estate investments	(134,760,815)	(63,486,468)
Purchases of real estate improvements	(154,718,296)	(277,139,679)
Contributions to unconsolidated real estate joint ventures	(38,438)	(2,728,798)
Capital distributions from unconsolidated real estate joint ventures	577,919	8,368,682
Purchase of mortgage backed securities	(1,498,664)	-
Net cash flows from investing activities	201,255,467	(129,853,575)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of financing costs	(373,153)	(223,140)
Proceeds from borrowings of debt	187,787,168	361,658,035
Repayments of debt	(455,290,540)	(290,004,342)
Partner contributions	523,850,000	-
Partner distributions	(90,303,684)	(92,233,630)
Partner redemptions	(255,759,188)	(76,714,361)
Noncontrolling interests contributions	4,742,696	20,060,700
Noncontrolling interests distributions	(31,108,416)	(19,551,551)
Noncontrolling interests redemptions	(409,500)	(187,000)
Net cash flows from financing activities	(116,864,617)	(97,195,289)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	231,216,559	(83,170,086)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of year	85,521,101	168,691,187
End of year	$ 316,737,660	$ 85,521,101

(Continued)

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH:		
Cash and cash equivalents	$ 312,047,782	$ 73,778,108
Restricted cash	4,689,878	11,742,993
Cash and cash equivalents and restricted cash	$ 316,737,660	$ 85,521,101
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	$ 90,565,932	$ 79,388,388

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

PEPF had accrued but not paid purchases of real estate improvements of $38,179,260 and $55,434,867 as of December 31, 2024 and 2023, respectively.

As a result of the dividend reinvestment plan (DRIP), accounts payable and accrued expenses includes $13,871,010 and $14,145,661 of noncash distributions as of December 31, 2024 and 2023, respectively. Additionally, partner contributions and distributions include noncash DRIP activity of $54,107,561 and $53,832,910 for the year ended December 31, 2024, and $72,941,575 and $65,839,821, respectively, for the year ended December 31, 2023.

PEPF disposed of office assets with mortgage note payables of $39,855,128 and $43,000,000 through uncontested foreclosures with the lenders in 2024 and 2023, respectively.

PEPF received air rights of $17,000,000 in addition to cash consideration for the sale of a residential asset in 2024.

In connection with real estate investment sales in 2023, the buyer assumed $45,550,000 of mortgage notes payable from PEPF.

See notes to consolidated financial statements. (Concluded)

Audited Financial Statements

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. ORGANIZATION

General — Principal Enhanced Property Fund, L.P. (PEPF) is an open-end, commingled fund organized as a Delaware limited partnership. PEPF invests in a diversified portfolio of stabilized income producing properties, plus value-added and development projects in the United States of America. The investment adviser is Principal Real Estate Investors, LLC (PrinREI), a wholly owned subsidiary of Principal Financial Group, Inc. (Principal Financial). Principal Enhanced Property Fund GP, LLC (PEPF GP), a wholly owned subsidiary of PrinREI, is the general partner of PEPF.

REIT Investment Structure — Each income producing real estate investment of PEPF is acquired and held through a domestically controlled real estate investment trust (REIT). PEPF's policy is to continue to comply with requirements so that each investment is taxed as a domestically controlled REIT under the applicable provisions of the Internal Revenue Code.

Termination of Partnership — PEPF has an infinite term. PEPF may be terminated at any time upon the vote of two-thirds in interest of the investors in PEPF (other than Principal Financial and its affiliates). If PEPF is terminated, it will cease accepting investors and will commence an orderly liquidation.

Capital Share Transactions — PEPF is authorized to issue an unlimited number of shares in an unlimited number of classes. The general partner has initiated a dividend reinvestment plan (DRIP) for all investors. For partners who have elected to participate in the DRIP, distributions of net cash flow are reinvested in additional shares of PEPF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements of PEPF have been presented on the fair value basis of accounting in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"). PEPF is an investment company under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, *Financial Services – Investment Companies*. The consolidated financial statements of PEPF include the accounts of its wholly owned and controlled real estate investment entities. All intercompany transactions are eliminated in consolidation.

Consolidation — In accordance with FASB ASC 810, *Consolidation*, PEPF consolidates variable interest entities (VIEs) or entities evaluated under the voting interest equity model ("voting model") in which it has a controlling financial interest. An entity will be a VIE if it meets certain defined characteristics and will be consolidated if the reporting entity has the power to direct the activities that most significantly impact the VIE's economic performance and has the right to receive benefits or has the obligation to absorb losses which could potentially be significant to the VIE. If an entity is not a VIE, it is evaluated under the voting model. Under the voting model, entities are generally consolidated if any one of the following substantive rights exist: 1) the ability to remove the investment manager (i.e. kick-out rights), without cause, with a simple majority vote of the related limited partners. The definition of kick-out rights includes both the removal rights and the ability to liquidate the entity; or 2) participating rights granted to limited partners (rights to block or participate in significant financial and operating decisions that are made in the ordinary course of business).

Use of Estimates — The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The real estate and capital markets are cyclical in nature. Real estate investment and debt values are affected by, among other things, the availability of capital, occupancy rates, rental rates, interest rates, and inflation rates. As a result, determining such values involves many assumptions. Amounts ultimately realized may vary significantly from the fair values presented.

Risks and Uncertainties — PEPF invests in commercial real estate properties located throughout the United States that are bought and sold in private market transactions. PEPF's estimates of fair value are based on the best information available to management as of the date of the valuation. Certain market conditions that impact commercial real estate transaction markets may impact the availability of observable inputs. Should market conditions or management's assumptions change, PEPF may record additional realized and unrealized gains and losses in future periods.

Concentration of Credit Risk — PEPF invests its cash primarily in deposit accounts and short-term investments, including money market funds, with financial institutions. At times, cash balances at financial institutions may exceed the federally insured amounts. PEPF mitigates credit risk by depositing cash in or investing through major financial institutions. In addition, in the normal course of business, PEPF extends credit to its tenants which consist of local, regional, and national-based tenants. PEPF does not believe this represents a material risk of loss with respect to its financial position.

Real Estate — Real estate investments are carried at estimated fair value. Properties owned are initially recorded at the purchase price plus closing costs. Development costs and major renovations are capitalized as a component of cost, and routine maintenance and repairs are charged to expense as incurred. PEPF does not record depreciation or amortization on real estate as fair value estimates take into consideration the effect of physical depreciation.

Unconsolidated Real Estate Joint Ventures — Investments in unconsolidated real estate joint ventures is comprised of joint ventures over which PEPF does not have control, but over which it has significant influence. The investments are included in the consolidated statements of assets and liabilities at PEPF's ratable share of the fair value of the underlying net assets of the joint ventures, adjusted for the terms of the joint venture agreements. Equity in income of unconsolidated real estate joint ventures represents PEPF's share of the current year's joint venture income as provided for under the terms of the joint venture agreements and is included in net investment income in the consolidated statements of operations. PEPF's ratable share of the change in the fair value of the joint ventures is reported in net realized and unrealized gain or loss in the consolidated statements of operations. Contributions to and distributions from the joint ventures are recorded when remitted and received by PEPF, respectively. PEPF utilizes the nature of the distribution approach to classify distributions on the consolidated statements of cash flows. Cost of the joint ventures include PEPF's contributions, distributions, and allocated share of income from the joint ventures.

Cash and Cash Equivalents — Cash includes cash on hand and demand deposit accounts. Cash equivalents includes short-term investments purchased with an original maturity of three months or less and money market funds.

Restricted Cash — Restricted cash includes real estate tax, real estate improvement and insurance escrows that are required as part of debt agreements, and security and utility deposits.

Accrued Investment Income and Other Assets — Accrued investment income and other assets consists of tenant receivables and prepaid expenses. These amounts are recorded at cost, which approximates fair value.

Debt — Debt is carried at estimated fair value.

Other Liabilities — Accounts payable and accrued expenses, accrued property taxes, and security deposits are recorded at cost, which approximates fair value.

Investor Contributions — In accordance with the partnership agreement, contributions from investors are deemed contributions as of the first day of the following quarter. Therefore, contributions received from investors prior to the first day of the quarter are recorded in accounts payable and accrued expenses in the consolidated statements of assets and liabilities and recognized as contributions at the beginning of the following quarter. Contributions received on or prior to December 31, 2024 and deemed contributions on January 1, 2025 were $79,000,000. There were no contributions received on or prior to December 31, 2023.

Noncontrolling Interests — PEPF has entered into joint venture relationships with external partners to acquire and/or develop real estate properties. PEPF has control over decision making; therefore, the underlying assets and liabilities of the projects are consolidated into PEPF's consolidated financial statements, with the external partners' net share of net assets reflected as noncontrolling interests. Net investment income and net realized and unrealized gain or loss attributable to noncontrolling interests, as determined by partnership agreements, are reflected as adjustments to noncontrolling interests. Certain external partners earn additional equity if the estimated rate of return of the real estate property in which they are invested exceeds a contractually determined rate. This additional equity allocation is accrued or reversed at the same time that the underlying real estate property appreciates or depreciates, respectively.

Income and Expense Recognition — Rental income is recognized on an accrual basis in accordance with the terms of the underlying lease agreements. Other lease rental income, such as adjustments based on the Consumer Price Index, charges to tenants for their share of operating expenses and percentage rents based on sales, are recognized when earned. Operating expenses are recognized as incurred.

Income Taxes — PEPF is not subject to federal income tax. As a limited partnership, profits, and losses of the entity flow through to the partners. Accordingly, related income taxes are the responsibility of the partners and are not reflected in the consolidated financial statements. PEPF makes investments through REITs which operate under Sections 856 through 860 of the Internal Revenue Code. To quality as a REIT for federal income tax purposes, a REIT must continually satisfy certain requirements including, but not limited to, distributing at least 90% of its ordinary taxable income. In addition, REITs are required to meet certain asset and income tests.

REITs are generally not subject to corporate level federal income tax on taxable income distributed currently to shareholders. If any entity fails to qualify as a REIT, it would be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent taxable years. Even if an entity qualifies as a REIT, it may be subject to certain state and local taxes on income or property and to federal income and excise taxes on undistributed taxable income and capital gain. PEPF's REITs had no taxable income for the years ended December 31, 2024 and 2023, and therefore no provision for federal income and excise taxes have been made in the consolidated financial statements.

PEPF's REITs hold certain assets and operations in Taxable REIT Subsidiaries (TRS), which are subject to taxation at normal corporate federal and state income tax rates. A provision for income tax expense, which is not significant, has been recorded in real estate operating expenses and taxes in the consolidated statements of operations.

ASC 740, *Income Taxes*, provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. PEPF has evaluated the implications of ASC 740 for all open tax years and has determined there is no impact to the consolidated financial statements as of December 31, 2024. PEPF's federal and state income tax returns, for which the applicable statutes of limitations have not expired (i.e., returns filed in the last 3 or 4 years, depending on jurisdiction), are subject to examination by the Internal Revenue Service and various state departments of revenue.

Leases —

Lessor Accounting

PEPF combines its lease (right to use an underlying asset) and non-lease components (transfer of a good or service that is not a lease such common area maintenance services) that meet the defined criteria and account for the combined lease component under ASC 842, *Leases*. These amounts are reported as revenue from real estate within the consolidated statements of operations.

Lessee Accounting

PEPF has no leases where it is the lessee.

Subsequent Events — PEPF evaluated subsequent events through February 21, 2025, the date the consolidated financial statements were available to be issued. There were no events that require adjustment to, or disclosure in, the consolidated financial statements.

3. FAIR VALUE MEASUREMENTS

In determining fair value, PEPF uses various valuation approaches. ASC 820, *Fair Value Measurement*, establishes a fair value measurement framework and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability in an orderly transaction.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of PEPF. Unobservable inputs are inputs that reflect PEPF's judgments about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that PEPF has the ability to access.

Level 2 — Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 — Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation techniques used for assets and liabilities measured at fair value:

Real Estate — Real estate values are based upon independent appraisals or internally prepared valuations. An independent consultant (the "Valuation Consultant") selected by PrinREI oversees and administers the appraisal process for PEPF. Real estate investments are stated at fair value as determined by the Valuation Consultant and approved by PEPF management. Appraisals are performed for each investment annually by independent external appraisers with all appraisals being performed in accordance with the Uniform Standard of Professional Appraisal Practice. During the remaining three quarters of the year, the Valuation Consultant issues a restricted appraisal for each investment with value changes greater than 3%. Additionally, with the approval of PEPF management, values are updated on at least a quarterly basis by the Valuation Consultant based on changes in factors such as occupancy levels, lease rates, overall market conditions, and capital improvements. Determination of fair value involves subjective judgment because the actual fair value of real estate can be determined only by negotiation between the parties in a sales transaction.

The values of real estate investments have been estimated giving consideration to one or more of the following valuation approaches: (i) income, (ii) cost, and (iii) sales comparison. The income approach estimates an income stream for a property (typically 10 years) and discounts this income plus a reversion (presumed sale) into a present value at a risk adjusted rate. Significant inputs to the income approach include discount rates, terminal capitalization rates and market rental growth rates, all of which are derived from market transactions, where available, as well as other industry and market data. The cost approach estimates the replacement cost of the building less physical depreciation plus the land value.

Generally, this approach provides a check on the value derived using the income approach. The sales comparison approach compares recent transactions to the appraised property. Adjustments are made for dissimilarities which typically provide a range of value. Generally, the income approach carries the most weight in the value reconciliation.

The fair values of real estate investments undergoing development have been prepared giving consideration to costs incurred to date and key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operating expense risk, credit risk, capital market risk, pricing risk, event risk, and valuation risk. The fair value of investments undergoing development includes the timely recognition of estimated entrepreneurial profit after consideration of these risks.

PEPF's real estate investments are classified within Level 3 of the valuation hierarchy.

Unconsolidated Real Estate Joint Ventures — Unconsolidated real estate joint ventures are stated at the fair value of PEPF's ownership interest of the underlying entities. PEPF's ownership interest is valued based on the fair value of the underlying assets and liabilities including the underlying real estate and any related debt, which are both valued consistently with PEPF's consolidated real estate investments and debt, and other factors, such as ownership percentage, ownership rights, and distribution provisions. Upon the disposition of all real estate investments by an investee entity, PEPF will continue to state its equity in the remaining net assets of the investee entity during the wind down period, if any, that occurs prior to the dissolution of the investee entity. PEPF's unconsolidated real estate joint ventures are classified within Level 3 of the valuation hierarchy.

Debt — The fair value of debt instruments is determined by discounting the future contractual cash flows to the present value using market interest rates. The market interest rate used to discount the future contractual cash flows is determined by giving consideration to one or more of the following criteria as appropriate: (i) interest rates for loans of comparable quality and maturity, (ii) the anticipated equity return a market participant would accept with similar risk and terms, and (iii) the value of the underlying collateral. Significant inputs to debt valuation include loan to value ratios and market interest rates. PEPF's debt is classified within Level 3 of the valuation hierarchy.

The following tables set forth, by level within the fair value hierarchy, a summary of PEPF's assets and liabilities measured at fair value on a recurring basis at December 31, 2024 and 2023.

	2024			
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets — investments:				
Real estate	$ -	$ -	$ 4,320,739,000	$ 4,320,739,000
Unconsolidated real estate joint ventures	-	-	84,800,816	84,800,816
Total assets	$ -	$ -	$ 4,405,539,816	$ 4,405,539,816
Liabilities — debt:				
Credit facility — variable rate with swap	$ -	$ -	$ 194,787,271	$ 194,787,271
Mortgage notes payable — fixed rate	-	-	797,573,384	797,573,384
Mortgage notes payable — variable rate	-	-	123,399,921	123,399,921
Mortgage notes payable — variable rate with swap	-	-	43,945,745	43,945,745
Construction notes payable — variable rate	-	-	300,266,711	300,266,711
Total liabilities	$ -	$ -	$ 1,459,973,032	$ 1,459,973,032

	2023			
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets — investments:				
Real estate	$ -	$ -	$ 4,635,049,000	$ 4,635,049,000
Unconsolidated real estate joint ventures	-	-	96,378,751	96,378,751
Total assets	$ -	$ -	$ 4,731,427,751	$ 4,731,427,751
Liabilities — debt:				
Credit facility — variable rate	$ -	$ -	$ 73,000,000	$ 73,000,000
Credit facility — variable rate with swap	-	-	195,081,159	195,081,159
Mortgage notes payable — fixed rate	-	-	856,379,673	856,379,673
Mortgage notes payable — variable rate	-	-	318,069,767	318,069,767
Mortgage notes payable — variable rate with swap	-	-	13,474,222	13,474,222
Construction notes payable — variable rate	-	-	297,004,736	297,004,736
Total liabilities	$ -	$ -	$ 1,753,009,557	$ 1,753,009,557

For the years ended December 31, 2024 and 2023, there were no significant transfers in or out of Level 3.

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2024 and 2023.

	2024		
	Real Estate	Unconsolidated Real Estate Joint Ventures	Debt
Beginning balance — January 1, 2024	$ 4,635,049,000	$ 96,378,751	$ (1,753,009,557)
Realized and unrealized loss	(54,984,615)	(10,239,704)	(14,321,975)
Real estate acquisitions	134,760,815	-	-
Real estate improvements	137,462,689	-	-
Real estate dispositions	(531,548,889)	-	39,855,128
Equity in income of unconsolidated real estate joint ventures	-	6,848,400	-
Joint venture contributions	-	38,438	-
Joint venture distributions	-	(8,225,069)	-
Proceeds from borrowings and issuance of debt	-	-	(187,787,168)
Repayments of debt	-	-	455,290,540
Ending balance — December 31, 2024	$ 4,320,739,000	$ 84,800,816	$ (1,459,973,032)

	2023		
	Real Estate	Unconsolidated Real Estate Joint Ventures	Debt
Beginning balance — January 1, 2023	$ 4,996,054,000	$ 118,032,024	$ (1,731,074,342)
Realized and unrealized loss	(400,407,028)	(16,402,811)	(38,831,522)
Real estate acquisitions	63,486,468	-	-
Real estate improvements	269,598,248	-	-
Real estate dispositions	(293,682,688)	-	88,550,000
Equity in income of unconsolidated real estate joint ventures	-	7,677,410	-
Joint venture contributions	-	2,728,798	-
Joint venture distributions	-	(15,656,670)	-
Proceeds from borrowings and issuance of debt	-	-	(361,658,035)
Repayments of debt	-	-	290,004,342
Ending balance — December 31, 2023	$ 4,635,049,000	$ 96,378,751	$ (1,753,009,557)

The following tables show quantitative information about significant unobservable inputs related to the Level 3 fair value measurements used at December 31, 2024 and 2023.

	2024				
	Fair Value	Primary Valuation Technique	Significant Unobservable Inputs	Input/ Range of Inputs	Weighted-Average
Assets:					
Real estate:					
Office	$ 555,500,000	Discounted cash flows	Discount rate	7.0% - 10.5%	8.6%
			Terminal capitalization rate	5.8% - 9.0%	7.2%
			Market rent growth rate	2.1% - 3.0%	2.6%
Retail	373,339,000	Discounted cash flows	Discount rate	6.3% - 10.5%	7.7%
			Terminal capitalization rate	5.8% - 9.5%	6.9%
			Market rent growth rate	2.9% - 3.0%	3.0%
Industrial	1,839,900,000	Discounted cash flows	Discount rate	7.0% - 7.8%	7.1%
			Terminal capitalization rate	5.5% - 6.0%	5.7%
			Market rent growth rate	3.0% - 3.3%	3.1%
Residential	1,433,500,000	Discounted cash flows	Discount rate	6.8% - 7.5%	7.0%
			Terminal capitalization rate	5.3% - 5.8%	5.5%
			Market rent growth rate	2.9% - 3.1%	3.0%
Data Center	97,200,000	Discounted cash flows	Discount rate	9.5%	9.5%
			Terminal capitalization rate	7.3%	7.3%
			Market rent growth rate	3.0%	3.0%
Land	7,500,000	Sales comparison	Value per square foot	$9.10	$9.10
Other	13,800,000	Sales comparison	Value per square foot	$162.35	$162.35
Unconsolidated real estate joint ventures:					
Office	28,434,743	Discounted cash flows	Discount rate	8.8%	8.8%
			Terminal capitalization rate	7.5%	7.5%
			Market rent growth rate	3.0%	3.0%
			Loan to value ratio	57.5%	57.5%
			Market interest rate	7.7%	7.7%
Retail	56,366,073	Discounted cash flows	Discount rate	7.0%	7.0%
			Terminal capitalization rate	6.0%	6.0%
			Market rent growth rate	3.0%	3.0%
Liabilities:					
Debt:					
Credit facility — variable rate swapped to fixed	194,787,271	Discounted cash flows	Market interest rate	5.7%	5.7%
Mortgage notes payable — fixed rate	797,573,384	Discounted cash flows	Loan to value ratio	24.5% - 123.6%	54.6%
			Market interest rate	5.8% - 7.9%	5.9%
Mortgage notes payable — variable rate	123,399,921	Discounted cash flows	Loan to value ratio	63.5% - 75.9%	68.6%
			Market interest rate	5.8% - 7.2%	6.1%
Mortgage notes payable — variable rate swapped to fixed	43,945,745	Discounted cash flows	Loan to value ratio	59.8% - 62.1%	60.5%
			Market interest rate	6.5% - 7.4%	6.8%
Construction notes payable — variable rate	300,266,711	Discounted cash flows	Loan to value ratio	37.3% - 75.8%	50.3%
			Market interest rate	6.8% - 8.2%	7.1%

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2023				
	Fair Value	Primary Valuation Technique	Significant Unobservable Inputs	Input/ Range of Inputs	Weighted-Average
Assets:					
Real estate:					
Office	$ 712,900,000	Discounted cash flows	Discount rate	6.5% - 9.5%	8.2%
			Terminal capitalization rate	5.5% - 8.5%	7.0%
			Market rent growth rate	2.4% - 3.0%	2.7%
Retail	304,639,000	Discounted cash flows	Discount rate	6.8% - 8.3%	7.4%
			Terminal capitalization rate	5.8% - 7.0%	6.4%
			Market rent growth rate	2.9% - 3.0%	3.0%
Industrial	1,754,810,000	Discounted cash flows	Discount rate	6.8% - 7.8%	7.0%
			Terminal capitalization rate	5.5% - 6.0%	5.6%
			Market rent growth rate	2.4% - 3.4%	3.0%
Residential	1,791,700,000	Discounted cash flows	Discount rate	6.5% - 8.4%	7.0%
			Terminal capitalization rate	5.0% - 5.8%	5.4%
			Market rent growth rate	2.6% - 4.2%	3.0%
Other	63,500,000	Discounted cash flows	Discount rate	10.0%	10.0%
			Terminal capitalization rate	6.8%	6.8%
			Market rent growth rate	3.0%	3.0%
Land	7,500,000	Sales comparison	Value per square foot	$9.10	$9.10
Unconsolidated real estate joint ventures:					
Office	37,612,587	Discounted cash flows	Discount rate	7.8%	7.8%
			Terminal capitalization rate	7.0%	7.0%
			Market rent growth rate	2.7%	2.7%
			Loan to value ratio	51.1%	51.1%
			Market interest rate	7.2%	7.2%
Retail	58,766,164	Discounted cash flows	Discount rate	7.0%	7.0%
			Terminal capitalization rate	6.0%	6.0%
			Market rent growth rate	3.0%	3.0%
Liabilities:					
Debt:					
Credit facility — variable rate	73,000,000	Discounted cash flows	Market interest rate	6.7%	6.7%
Credit facility — variable rate swapped to fixed	195,081,159	Discounted cash flows	Market interest rate	6.6%	6.6%
Mortgage notes payable — fixed rate	856,379,673	Discounted cash flows	Loan to value ratio	25.8% - 101.0%	52.2%
			Market interest rate	5.6% - 9.7%	6.2%
Mortgage notes payable — variable rate	318,069,767	Discounted cash flows	Loan to value ratio	62.9% - 121.7%	87.0%
			Market interest rate	7.8% - 13.7%	10.3%
Mortgage notes payable — variable rate swapped to fixed	13,474,222	Discounted cash flows	Loan to value ratio	63.0%	63.0%
			Market interest rate	8.1%	8.1%
Construction notes payable — variable rate	297,004,736	Discounted cash flows	Loan to value ratio	27.8% - 67.8%	45.7%
			Market interest rate	7.6% - 9.0%	8.2%

4. INVESTMENT MANAGEMENT AND INCENTIVE FEES

Each partner is obligated to pay certain asset management fees. The general partner has the right to deduct the amount of the asset management fee from any cash distributions to which a partner would otherwise be entitled, quarterly in arrears. If such amount is insufficient to cover the asset management fee in any quarter, the partner will be required to remit the difference to the general partner. Asset management fees totaled $30,723,025 and $33,879,472, for the years ended December 31, 2024 and 2023, respectively, and are not reflected in the consolidated statements of operations as they are paid directly by the partners.

In accordance with the terms of the partnership agreement, the general partner is entitled to an incentive fee if PEPF's performance over a three-year period exceeds certain levels of investment returns (the "hurdle"). Portions of this fee are payable every three years starting on the third anniversary of PEPF's inception in May 2004. Specifically, half of any fee earned during a three-year period is payable at the end of the three-year period with the other half payable at the end of the next three-year period if PEPF has continued to achieve the required investment return.

PEPF determined that the required level of investment return was not achieved for the periods ended December 31, 2024 and 2023 in the three-year incentive fee period ending June 30, 2025; and therefore, PEPF did not recognize additional incentive fee expense or an incentive fee payable as of and for the years ended December 31, 2024 and 2023.

The value of the general partner's investment in PEPF is $1,607,938 and $1,659,735 as of December 31, 2024 and 2023.

5. RELATED PARTY FEES

PrinREI, as investment adviser, provides development, construction management and financing services to PEPF. PrinREI receives a fee equal to a specified (or agreed upon) percent of the PEPF's share of defined property development costs. These fees totaled $606,248 and $1,603,528 for the years ended December 31, 2024 and 2023, respectively. The development fees are paid quarterly in arrears and are recorded as an expense in the quarter in which they are incurred. Development fees are included in professional and other fees on the consolidated statements of operations.

PrinREI receives financing fees on PEPF's credit facility and property level financing. These fees are based on a specified (or agreed upon) percent of the amount of the loan commitment or loan amount, subject to certain other parameters. These fees totaled $117,855 for the year ended December 31, 2024. There were no fees for the year ended December 31, 2023. Financing fees are paid upon closing and initial funding of the loan proceeds and are included in the interest expense on the consolidated statements of operations.

6. DEBT

Unsecured Credit Facility — PEPF maintains an unsecured revolving credit facility (the "revolver") with $160,000,000 maximum availability, of which no amount was outstanding as of December 31, 2024. There was $73,000,000 outstanding as of December 31, 2023. The facility expires in July 2026.

Interest on outstanding borrowings accrues at a variable rate based on Secured Overnight Financing Rate (SOFR), plus the applicable margin which can range between 1.20% and 1.60%, based on the leverage ratio of PEPF, as defined in the credit agreement (1.35% as of December 31, 2024 and 2023). The revolver had a variable interest rate of 5.7% and 6.7% as of December 31, 2024 and 2023, respectively. Additionally, PEPF pays a quarterly fee equal to 0.15% to 0.20% per year on the unused portion of the revolver.

In addition, PEPF also maintains an unsecured term loan with the same bank group as the revolver which matures July 12, 2027. This unsecured term loan has a $200,000,000 commitment from the banks in which $200,000,000 was funded as of December 31, 2024 and 2023. Interest on the outstanding borrowing accrues at a variable rate based on SOFR, plus the applicable margin which can range between 1.15% and 1.55%, based on the leverage ratio of PEPF, as defined in the credit agreement (1.30% as of December 31, 2024 and 2023). PEPF entered into swap agreements to fix the rate for the $200,000,000 fundings (see Note 7). The term loan had a variable interest rate of 5.6% and 6.6% as of December 31, 2024 and 2023, respectively.

The combined revolver and term loan credit facility contain financial and nonfinancial covenants, including requirements regarding net book value of assets, investment types, recourse debt, fixed charge coverage, maximum leverage, and minimum net worth.

Mortgage Notes Payable — Contractual obligations on mortgage notes payable totaled $1,028,996,564 as of December 31, 2024. These obligations consisted of $860,997,064 in fixed rate mortgage notes, $43,849,500 in variable rate mortgage notes swapped to a fixed rate (see Note 7), and $124,150,000 in variable rate mortgage notes, with interest rates ranging from 2.4% to 4.4% for fixed rates, 3.0% to 6.2% for variable rates swapped to fixed rates, and 5.8% to 7.2 % for variable rates, as of December 31, 2024. These mortgage notes mature between 2025 and 2034. The mortgage notes are collateralized by the underlying real estate assets which have an estimated fair value of $1,831,139,000 as of December 31, 2024.

Contractual obligations on mortgage notes payable totaled $1,266,617,488 as of December 31, 2023. These obligations consisted of $919,019,843 in fixed rate mortgage notes, $13,849,500 in variable rate mortgage notes swapped to a fixed rate (see Note 7), and $333,748,145 in variable rate mortgage notes, with interest rates ranging from 2.4% to 4.4% for fixed rates, 3.0% for variable rates swapped to fixed rates, and 6.5% to 8.8 % for variable rates, as of December 31, 2023. Except for the note at Carlyle Overlook, these mortgage notes mature between 2024 and 2034. The mortgage note payable of $35,417,331 at Carlyle Overlook was in a maturity default as of December 31, 2023. In cooperation with the lender, the asset was sold through a short sale in 2024. The mortgage notes are collateralized by the underlying real estate assets which have an estimated fair value of $2,158,300,000 as of December 31, 2023.

The mortgage note agreements contain financial and non-financial covenants, including requirements regarding net assets, leverage ratio, debt service coverage ratio, and debt yield. For the mortgage note at I-76 Commerce Center, the debt service coverage ratio has not been achieved. As such, all excess cash flow is required to be swept into a restricted cash account which the lender controls.

Construction Notes Payable — Contractual obligations on construction notes payable were $300,450,344 as of December 31, 2024. The construction notes had variable interest rates ranging from 6.5% to 7.7% as of December 31, 2024, and mature between 2025 and 2026. The construction notes were collateralized by the underlying real estate assets which had an estimated fair value of $597,200,000 as of December 31, 2024.

Contractual obligations on construction notes payable were $297,187,919 as of December 31, 2023. The construction notes had variable interest rates ranging from 7.3% to 8.5% as of December 31, 2023, and mature between 2024 and 2026. The construction notes were collateralized by the underlying real estate assets which had an estimated fair value of $650,010,000 as of December 31, 2023.

As of December 31, 2024, aggregate contractual maturities of the debt were as follows:

Years Ending December 31,		
2025	$	271,959,202
2026		141,109,452
2027		288,705,086
2028		248,358,243
2029		201,954,925
Thereafter		377,360,000
Contractual maturities of debt		1,529,446,908
Debt fair value adjustment		(69,473,876)
	$	1,459,973,032

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

7. DERIVATIVES

PEPF has entered into interest rate swaps with multiple counterparties to manage interest rate risk on variable rate mortgage notes and the credit facility. The interest rate swaps are included in debt on the consolidated statements of assets and liabilities. The interest rate swaps are not designated as hedges, and therefore, any changes in fair value are recorded through earnings as unrealized gain or loss on the consolidated statements of operations.

The following table presents the notional amounts and fair values of the interest rate swaps as of December 31, 2024:

Year Acquired	Number of Swaps	Fixed Interest Rate	Maturity Date	Notional Amount	Fair Value Asset (Liability)
2022	1	3.0%	06/14/2025	13,849,500	$ 83,742
2022	2	2.6%	07/12/2027	120,000,000	4,168,317
2022	5	3.8%	07/12/2027	40,000,000	306,619
2023	5	3.3%	07/12/2027	40,000,000	737,793
2024	1	6.2%	01/01/2030	30,000,000	(211,384)
				$ 243,849,500	$ 5,085,087

As of December 31, 2023 PEPF used 13 interest rate swaps to manage interest rate risk on a variable rate mortgage note and the credit facility. The interest rate swaps were with two separate counterparties. The first swap, acquired in 2022, had a notional amount of $13,849,500, matures on July 14, 2025, and pays at a fixed rate of 3.0%. The fair value of this swap was an asset of $291,454 as of December 31, 2023. The second and third swaps, acquired in 2022, had a total notional amount of $120,000,000, mature on July 12, 2027, and pay a fix rate of 2.6%. The fair value of these swaps was an asset of $4,357,900 as of December 31, 2023. Five swaps, acquired in 2023, had a total notional amount of $40,000,000, mature on July 12, 2027, and pay a fix rate of 3.8%. The fair value of these swaps was a liability of $37,954 as of December 31, 2023. The remaining five swaps, acquired in 2023, had a total notional amount of $40,000,000, mature on July 12, 2027, and pay a fix rate of 3.3%. The fair value of these swaps was an asset of $555,589 as of December 31, 2023.

Unrealized gain (loss) on debt included $81,904 of loss and $216,302 of gain for changes in fair value of swaps for the years ended December 31, 2024 and 2023, respectively.

PRINCIPAL ENHANCED PROPERTY FUND, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

8. TENANT LEASES

PEPF leases space to tenants under operating lease agreements. These agreements include renewal options and expire at various dates. As of December 31, 2024, future minimum base rentals under non-cancelable leases having an original term of more than one year are as follows:

Years Ending December 31,		
2025	$	166,581,746
2026		164,504,248
2027		149,763,239
2028		124,151,996
2029		106,278,320
Thereafter		357,540,049
	$	1,068,819,599

The above future minimum base rental payments exclude multifamily lease agreements that accounted for $106,347,521 and $117,739,305 of PEPF's revenue from real estate for the years ended December 31, 2024 and 2023, respectively. Revenue from real estate included $56,540,764 and $48,909,254 for expenses recovered from tenants for common area and other reimbursable costs for the years ended December 31, 2024 and 2023, respectively.

9. REDEMPTIONS

Investors may redeem shares in PEPF at any time after their initial capital contribution to PEPF. Shares are generally redeemed as of the beginning of the first day of each quarter at a share price based on PEPF's net assets as of the most recent quarter-end. The general partner has the right to determine the extent to which liquid assets (defined by the private placement memorandum as cash and short-term investments) are available to satisfy redemption requests and which liquid assets are necessary for ongoing expenses (including debt payments), investments, capital expenditures, or reserves.

If liquid assets are insufficient to satisfy redemption requests, shares subject to outstanding redemption requests will be redeemed on a pro rata basis as liquid assets become available. Neither PEPF nor the general partner will have any obligation to take any action to satisfy redemption requests, except if the shares subject to outstanding redemption requests represent more than 25% of PEPF's net asset value for more than 12 consecutive months. If that occurs, the general partner will not make any new investments and will use its best efforts to dispose of investments or seek financing and use the proceeds from such transactions to satisfy redemption requests until the condition no longer exists.

As of December 31, 2024, PEPF had outstanding redemption shares valued at approximately $164,300,000. In December 2024, PEPF received new redemption requests totaling approximately $254,000. These requests will be added to the outstanding redemption shares on March 31, 2025. PEPF had outstanding redemption shares valued at approximately $242,934,000 as of December 31, 2023.

Non-U.S. investors have the right to redeem their shares in PEPF in certain other limited circumstances.

Notwithstanding the foregoing, no redemption payments will be made by PEPF, if as a result thereof, any subsidiary REIT would cease to qualify as a domestically controlled REIT.

10. VARIABLE INTEREST ENTITIES

PEPF invests in several real estate limited partnerships and limited liability companies which invest in real estate properties. Certain of these entities are VIEs based on the combination of PEPF's significant economic interest and related voting rights. PEPF has determined it is the primary beneficiary as a result of its power to control the entities through its significant ownership.

The table below represents the balances of the VIE entities consolidated within PEPF's consolidated statements of assets and liabilities as of and for the years ended December 31, 2024 and 2023.

	2024	2023
ASSETS:		
Real estate	$ 338,100,000	$ 333,700,000
Cash and cash equivalents	6,825,699	3,822,104
Restricted cash	131,954	237,186
Accrued investment income and other assets	1,855,059	1,145,300
Total assets	346,912,712	338,904,590
LIABILITIES:		
Debt - at fair value	125,781,391	159,370,894
Accounts payable and accrued expenses	17,283,663	8,537,578
Accrued property taxes	599,269	189,165
Security deposits	346,169	445,992
Total liabilities	144,010,492	168,543,629
NET ASSETS:		
Principal Enhanced Property Fund, L.P.	188,830,530	161,799,128
Noncontrolling interests	14,071,690	8,561,833
Total net assets	$ 202,902,220	$ 170,360,961

11. UNCONSOLIDATED REAL ESTATE JOINT VENTURES

As of December 31, 2024 and 2023, PEPF is invested in three real estate joint ventures over which it does not have control, but over which it has significant influence (100 St. Paul, Ballard Blocks I, and Ballard Blocks II). PEPF's ratable share of the fair value of the underlying net assets of the joint ventures is adjusted for the terms of the joint venture agreements. Specifically, the controlling partner in these joint ventures may earn additional equity if the estimated rate of return of the real estate property exceeds a contractually determined rate. This additional equity allocation is accrued or reversed, thereby impacting PEPF's ratable share of the fair value of the underlying net assets of the joint ventures, at the same time that the underlying real estate property appreciates or depreciates, respectively.

As of December 31, 2024 and 2023, PEPF had a 75% interest in an office building purchased in 2016 (100 St. Paul), 50.1% interest in a retail building purchased in 2009 (Ballard Blocks I), and 50.1% interest in a retail property constructed in 2020 (Ballard Blocks II).

The following is a condensed summary of the financial position and operating results of PEPF's investment in unconsolidated real estate joint ventures as of and for the years ended December 31, 2024 and 2023. Assets and liabilities of the unconsolidated joint ventures are recorded at fair value.

	2024	2023
Statements of assets and liabilities:		
Real estate	$ 203,700,000	$ 217,900,000
Other assets	3,689,394	6,785,926
Debt and other liabilities	(55,524,634)	(56,275,620)
Net assets	$ 151,864,760	$ 168,410,306
PEPF's share of net assets	$ 84,800,816	$ 96,378,751
Statements of operations:		
Revenue from real estate	$ 22,353,299	$ 24,933,226
Expenses	(10,875,110)	(12,592,879)
Realized and unrealized loss on real estate and debt	(14,812,268)	(25,360,178)
Net loss	$ (3,334,079)	$ (13,019,832)
PEPF's share of net loss	$ (3,391,304)	$ (8,725,401)

12. FINANCIAL HIGHLIGHTS

Per Share Operating Performance (for a Share Outstanding throughout the Year)	2024	2023
Net asset value — beginning of year	$ 13.18	$ 15.38
Income from investment operations:		
Net investment income	0.66	0.57
Net realized and unrealized loss	(0.42)	(2.03)
Total income (loss) from investment operations	0.24	(1.46)
Distributions to partners	(0.65)	(0.74)
Net asset value for fund pricing purposes — end of year	$ 12.77	$ 13.18
Total return — pre-fee	1.97 %	(9.59)%
Total return — after-fee *	0.85 %	(10.64)%

*There was no impact for incentive fee to Total return - after fee for 2023 or 2024.

SUPPLEMENTAL DATA

	2024	
	(In 000's)	Per Share
Net assets	$ 2,946,357	$ 12.77
Ratio to average net assets:		
Fund level operating expenses		0.14 %
Incentive fee		0.00 %
Total expenses		0.14 %
Net investment income		5.12 %

	2023	
	(In 000's)	Per Share
Net assets	$ 2,789,931	$ 13.18
Ratio to average net assets:		
Fund level operating expenses		0.17 %
Incentive fee		0.00 %
Total expenses		0.17 %
Net investment income		3.96 %

*****

Important Information

Investing involves risk, including possible loss of principal.

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

The information in this document has been derived from sources believed to be accurate. It contains general information only on investment matters and should not be considered as a comprehensive statement on any matter and should not be relied upon as such. The information it contains does not take account of any investor's investment objectives, particular needs or financial situation. You should consider whether an investment fits your investment objectives, particular needs and financial situation before making any investment decision.

This Report includes information on Principal Asset Managements' program for incorporating environmental, social and governance (ESG) considerations for the Fund. Such program is subject to Principal Asset Managements' fiduciary duties and applicable legal, regulatory, and contractual requirements and is expected to change over time. Integration of ESG factors is qualitative and subjective by nature. There is no guarantee that the criteria used, or judgment exercised, will reflect the beliefs or values of any particular investor or market trends. There are a variety of ESG principles, frameworks, methodologies, and tracking tools; Principal Asset Managements' adoption and adherence to those discussed herein or to any others is expected to vary over time as ESG practices evolve. Investment teams have a high degree of investment process autonomy and may consider or weight ESG criteria or factors differently (or not at all). For those teams that consider ESG factors as part of the investment process in strategies that are not explicitly ESG-oriented, those ESG factors are generally no more significant than other factors in the investment selection process, such that ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio. Information regarding responsible practices or other ESG data differs by source and may not be accurate or complete, and Principal Asset Management does not independently verify all ESG information it receives from investments or third-party advisors or data sources, and it may decide in its discretion not to use certain information or accept certain recommendations. Integration of ESG factors may present additional advantages or risks, may not protect against market risk or volatility, and under certain circumstances may detract from investment performance. You should not make any investment assumptions based solely on the information contained herein. Information is provided as additional insight into the relevant investment processes and should not be viewed as a change in an investment team's underlying investment objectives, strategies, risk parameters, or portfolio construction guidelines. There is no assurance that any strategy or integration of ESG factors will be applied to a particular investment, or where applied to an investment, will be successful or profitable.

There is no guarantee that any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by the Fund, and any implementation of such ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of Principal Global Investors at any time and in accordance with relevant sectoral legislation unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088. Any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits referenced are not promoted to investors and do not bind any investment decisions or the management or stewardship of the Fund for the purpose of Regulation (EU) 2019/2088 unless as otherwise specified in the relevant fund documentation or regulatory disclosures.

References to "sustainable", "sustainability" or variations thereof are not intended to reflect the meaning of "sustainable investment" under Regulation (EU) 2019/2088, and references to "environmentally sustainable" or variations thereof are not intended to reflect the meaning of "environmentally sustainable investment" under Regulation (EU) 2020/852. None of the figures included in this report were audited, assured or independently verified by auditors or third-party assurance providers. Principal Asset Management makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness, fitness for use, or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. Where data is obtained directly from an asset, this data may be inaccurate and the collection of such data may be limited due to human error and/or rounding errors when processing the data. In these situations, the quality and/or consistency will vary between assets based on potentially diverging approaches.

This document is issued in The United States by Principal Global Investors, LLC, which is registered as an investment adviser with the U.S. Securities and Exchange Commission. However, such registration does not imply any certain level of skill or training.

Principal Global Investors, LLC (PGI) is registered with the U.S. Commodity Futures Trading Commission (CFTC) as a commodity trading advisor (CTA), a commodity pool operator (CPO) and is a member of the National Futures Association (NFA). PGI advises qualified eligible persons (QEPs) under CFTC Regulation 4.7. Principal Real Estate Investors is committed to operating practices that are environmentally responsible.

Additional information about the Fund and the Portfolio is available to investors on the Fund's secured website. Please contact Betsy Hungerford, 515-283-5520 or hungerford.elizabeth@principal.com, in our Client Service Group if you need assistance or if you have any other questions regarding your investment.

For a listing of our office locations, please visit www.principalam.com

Real Estate

Principal Enhanced Property Fund, L.P.

Supplement 2024-4

Supplement to the Confidential Private Placement Memorandum: February 21, 2025

This document supplements the Amended and Restated Confidential Private Placement Memorandum dated September 2024 (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 4th calendar quarter of 2024. 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" 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 and investment strategy of the Fund and investment performance (if any) included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to the effects of pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19. The ultimate impact of any such health emergency is impossible to predict, therefore such forward-looking statements generally do not reflect their potential impact, which may substantially and adversely impact the Fund's execution of its investment strategy.

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 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, 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 December 31, 2024.

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 December 31, 2024) 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 in the future reserves the right to 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 reserve the right to 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; however, certain personnel of PFD have invested in prior investment funds sponsored by Principal Real Estate, 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 are expected to receive compensation or compensation credits under their employment contracts that will ultimately be borne directly or indirectly by Principal Real Estate 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 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 or other sponsors for which PFD acts as placement agent.

This document is issued in The United States by Principal Global Investors, LLC, which is registered as an investment adviser with the U.S. Securities and Exchange Commission. However, such registration does not imply any certain level of skill or training.

Principal Real Estate is committed to operating practices that are environmentally responsible.

For a listing of our office locations, please visit www.principalam.com

FF5877A-59 | 4244563 - 02212026