

# UPAL U.S. REAL ESTATE FUND

December 2009

	YTD	2008	2007	2006	2005*	2004	1 Year	Annualized		Fund Inception
								3 Years	5 Years	
<b>UPAL U.S. Real Estate Fund</b>	<b>-32.8</b>	<b>-10.0</b>	<b>13.3</b>	<b>14.9</b>	<b>7.8</b>	<b>--</b>	<b>-32.8</b>	<b>-12.9</b>	<b>--</b>	
NCREIF-ODCE Index		-10.1	14.9	15.3	9.8					

\*Partial year return comprising 3Q05 and 4Q05 returns.

The UPAL inception date for Principal U.S. Property Account is July 1, 2005. The Benchmark is the NCREIF Open Diversified Core Equity Index which is comprised of actively managed open-end, private real estate funds. There are no current investment options for indexing private real estate. The UPAL U.S. Real Estate Fund is invested in the Principal U.S. Property Account, a commingled separate account started in 1982. It is designed to track the private institutional real estate market and generate current income with potential for capital appreciation. The investment strategy is to own high quality, stable assets in four major property types: apartments, industrial, office and retail. The portfolio is geographically diverse with properties in 46 metropolitan areas. On September 26, 2008, Principal instituted a limitation which delays payment of withdrawal requests on a pro-rata basis as cash becomes available for distribution. The fund is closed to new investments.

### Portfolio Characteristics as of 12/31/09

Number of Investments	Avg. occupancy	Cash to Gross Assets
128	92%	1.98%
Number of Markets	Net Asset Value	Leverage Ratio
41	\$3.4 billion	22.8%

### Property Diversification as of 12/31/09

Property Type (%)	
Apartments	19
Industrial	17
Office	41
Retail	20
Land & Hotel	3
Geographic Region (%)	
E.N. Central	8
W.N. Central	3
Southeast	7
Southwest	13
Mideast	5
Northeast	15
Mountain	11
Pacific	38

### Representative Metropolitan Areas (as of 12/31/09)

New York, NY  
 San Francisco, CA  
 Seattle, WA  
 Phoenix, AZ  
 Chicago, IL  
 Los Angeles, CA  
 San Diego, CA  
 Denver, CO  
 Cambridge, MA  
 Santa Ana, CA

### Statistical Summary for Principal U.S. Property Account (6/30/05 – 12/31/09)

Alpha	Beta	Standard Deviation
-3.13%	0.98	12.16%
Sharpe Ratio	R <sup>2</sup>	Benchmark
-0.61	0.97	NCREIF – ODCE Index

### Quarterly Net Returns of Principal U.S. Property Account

	Q1	Q2	Q3	Q4
2009	-12.6	-11.6	-8.7	-32.8
2008	2.2	1.1	-2.2	-11.0
2007	3.3	3.4	4.7	1.3
2006	3.1	4.6	3.0	3.7
2005	2.9	6.5	4.2	3.9
2004	2.1	2.8	2.8	4.4
2003	3.1	1.2	1.4	2.4
2002	1.4	1.3	0.5	0.5
2001	2.5	2.3	0.8	0.8

For additional information, please contact UPAL at (918) 747-5585