

Principal Real Estate

Why REITs, why Principal

WHY LISTED REITS

- Historically a long-term total return enhancer relative to stocks and bonds
- Diversification through low correlations to other asset classes, while providing exposure to real estate across geographies and property types
- Potential inflation hedge, with dividends from a durable and often growing income-stream, plus capital appreciation tied to real asset ownership
- Liquid asset class, with immediate exposure to real estate

WHY PRINCIPAL

- Portfolios that strive for consistent and attractive risk adjusted returns
- Disciplined stock selection focused on quality at the right price: Rigorous, fundamental analysis identifies quality businesses we believe are undervalued
- Portfolio construction process that seeks to deliver consistent excess returns through a large number of medium-sized active weights

Since their establishment in the U.S. decades ago, publicly traded REITs have offered investors the combined benefit of commercial real estate investment along with the advantages of investing in publicly traded stocks. REITs have grown in size, impact, and market acceptance around the world. REITs, REOCs, and other real estate stocks own or operate trillions in real estate assets across all major global markets.

REITs are a total return investment, typically providing current income with the potential for long-term capital appreciation. REIT dividends and earnings are generated by a steady stream of contractual rents paid by tenants of their properties. The historical track record of REITs has demonstrated low correlations to stocks and bonds, and competitive long-term total returns. This is why investors should appreciate the differentiated behavior of REITs and the benefits they can offer their portfolio.

Increase total return potential

Most investors seek a well-diversified portfolio that maximizes risk-adjusted total-return potential. It's clear public REITs have a long-term track record of enhancing returns (evidenced by chart below). Public REITs offer numerous opportunities to invest in physical real estate operated by quality management teams with strong balance sheets. These companies can take advantage of opportunities in private real estate markets and some can provide access to unique areas of the real estate market.

EXHIBIT 1: REITs have outperformed since the turn of the century

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Annualized total return (since 2000)
Global REIT 38.79%	Emerging Market 39.82%	Global Inv Grade 4.79%	Emerging Market 79.02%	US REIT 28.48%	Private Real Estate 15.99%	Global REIT 23.73%	US Small Cap 38.82%	US REIT 30.38%	Private Real Estate 15.01%	US Small Cap 21.31%	Emerging Market 37.75%	Private Real Estate 8.35%	US Large Cap 31.49%	US Small Cap 19.96%	US REIT 43.06%	Commodity 25.99%	US Large Cap 26.29%	US Large Cap 25.02%	Emerging Market 34.36%	US REIT 9.49%
US REIT 35.92%	Commodity 32.67%	TIPS -2.35%	Global HY 59.40%	US Small Cap 26.85%	TIPS 13.56%	Global HY 19.60%	US Large Cap 32.39%	Global REIT 22.81%	US REIT 2.52%	Global HY 14.27%	Developed Market 23.07%	Global Inv Grade -1.20%	Developed Market 28.40%	Emerging Market 18.69%	Commodity 40.35%	Private Real Estate 7.46%	Developed Market 24.42%	Developed Market 19.19%	Developed Market 21.6%	Global REIT 8.78%
Emerging Market 32.55%	Private Real Estate 15.96%	Private Real Estate -10.00%	Global REIT 33.68%	Global REIT 23.44%	US REIT 8.69%	Emerging Market 18.63%	Developed Market 27.36%	US Large Cap 13.69%	US Large Cap 1.38%	US Large Cap 11.96%	US Large Cap 21.83%	TIPS -1.26%	US REIT 25.84%	US Large Cap 18.40%	Global REIT 32.50%	TIPS -11.85%	US Small Cap 16.93%	US Small Cap 11.54%	US Large Cap 17.88%	US Large Cap 8.07%
Developed Market 20.65%	TIPS 11.64%	Global HY -26.89%	Developed Market 30.79%	Emerging Market 19.20%	Global Inv Grade 5.64%	US REIT 17.77%	Private Real Estate 13.94%	Private Real Estate 12.49%	Global REIT 0.59%	Emerging Market 11.6%	US Small Cap 14.65%	Global HY -4.06%	US Small Cap 25.52%	Developed Market 16.50%	US Large Cap 28.71%	Global HY -12.71%	Global HY 14.04%	Commodity 9.25%	US Small Cap 12.81%	US Small Cap 7.74%
US Small Cap 18.37%	Developed Market 9.57%	US Small Cap -33.79%	US REIT 28.61%	Private Real Estate 16.36%	Global HY 3.12%	Developed Market 16.54%	Global HY 7.33%	Developed Market 5.5%	Developed Market -0.32%	Commodity 11.37%	Global HY 10.43%	US Large Cap -4.38%	Global REIT 24.49%	TIPS 10.99%	Developed Market 22.35%	Global Inv Grade -16.25%	US REIT 13.74%	Global HY 9.19%	Global HY 12.06%	Global HY 7.17%
Private Real Estate 16.32%	Global Inv Grade 9.48%	US Large Cap -37.00%	US Small Cap 27.17%	US Large Cap 15.06%	US Large Cap 2.11%	US Small Cap 16.35%	Global REIT 2.61%	US Small Cap 4.89%	TIPS -1.44%	Private Real Estate 8.76%	Global REIT 6.63%	US REIT -4.57%	Emerging Market 18.90%	Global Inv Grade 9.20%	Private Real Estate 22.18%	Developed Market -17.73%	Global REIT 11.53%	US REIT 8.75%	Global REIT 8.85%	Emerging Market 6.99%
US Large Cap 15.79%	US Large Cap 5.49%	US REIT -37.97%	US Large Cap 26.46%	Global HY 14.82%	Global REIT 1.70%	US REIT 14.82%	US REIT 2.47%	TIPS 3.64%	Global HY -2.72%	US REIT 8.60%	Private Real Estate 7.61%	Global REIT -4.77%	Commodity 17.63%	Global HY 14.82%	US Small Cap 14.82%	US Large Cap -18.11%	Emerging Market 10.27%	Emerging Market 8.05%	Global Inv Grade 8.17%	Private Real Estate 6.95%
Global HY 13.69%	Global HY 3.18%	Developed Market -40.33%	Commodity 13.48%	Developed Market 12.34%	Commodity -1.18%	Private Real Estate 10.94%	Commodity -1.22%	Global Inv Grade 0.59%	Global Inv Grade -3.15%	Developed Market 8.15%	Global Inv Grade 7.39%	Developed Market -8.20%	Global HY 12.56%	Private Real Estate 1.19%	TIPS 5.96%	Emerging Market -19.74%	Global Inv Grade 5.72%	Global REIT 3.92%	Commodity 7.12%	Developed Market 6.89%
Global Inv Grade 6.64%	US Small Cap -1.57%	Global REIT -45.04%	TIPS 11.41%	Commodity 9.03%	US Small Cap -4.18%	TIPS 6.98%	Emerging Market -2.27%	Global HY 0.01%	US Small Cap -4.41%	Global REIT 6.90%	Commodity 5.77%	US Small Cap -11.01%	TIPS 8.43%	US REIT 0.99%	Global HY -7.57%	US Small Cap -20.44%	TIPS 3.90%	TIPS 1.84%	TIPS 7.01%	TIPS 4.85%
TIPS 0.41%	Global REIT -11.13%	Commodity -46.49%	Global Inv Grade 6.93%	TIPS 6.31%	Developed Market -5.02%	Global Inv Grade 4.32%	Global Inv Grade -2.60%	Emerging Market -1.82%	Emerging Market -14.60%	TIPS 4.68%	US REIT 5.07%	Commodity -13.82%	Global Inv Grade 6.84%	Global REIT -8.11%	Emerging Market -2.22%	US REIT -23.60%	Commodity -4.27%	Private Real Estate -1.44%	Private Real Estate 3.78%	Global Inv Grade 3.33%
Commodity -15.09%	US REIT -16.82%	Emerging Market -53.18%	Private Real Estate -29.76%	Global Inv Grade 5.54%	Emerging Market -18.17%	Commodity 0.08%	TIPS -8.61%	Commodity -33.06%	Commodity -32.86%	Global Inv Grade 2.09%	TIPS 3.01%	Emerging Market -14.25%	Private Real Estate 5.34%	Commodity -23.72%	Global Inv Grade -4.71%	US REIT -24.51%	Private Real Estate -12.02%	Global Inv Grade -1.69%	US REIT 2.95%	Commodity 1.34%

As of 31 December 2025.
 Source: Morningstar. Due to space limitations we have chosen to show annual returns for the past 20 years while annualized total return column begins 01/01/2000. This material has been obtained from sources generally considered reliable. No guarantee can be made as to its accuracy. Not intended to represent the performance of any particular investment. Past performance does not guarantee future results. Index performance information reflects no deduction for fees, expenses, or taxes. Indices are unmanaged and individuals cannot invest directly in an index. Please refer to the important information section for more detailed index information.

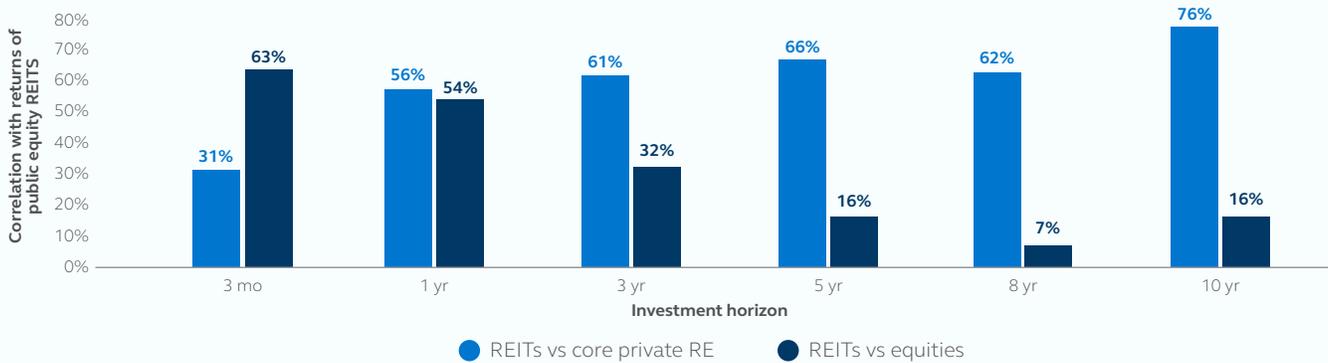
Low correlations to other public equities

The behavior of REIT stocks also leads to important potential diversification benefits through low correlations. Although many investors assume public REIT prices move in tandem with public equities, global and U.S. REITs are not perfectly correlated to equity markets, despite offering the same benefits of liquidity.

In fact, when an investor increases their time horizon for holding REITs, as shown in the chart below, REIT returns behave less like equities and more like underlying private real estate. That type of behavior can add important potential diversification to a portfolio of equities and bonds.

EXHIBIT 2: REITs behave like private real estate, not stocks, over the long term

Over time the correlations of REITs rise with direct real estate and fall with equities



As of 31 December 2025.

Source: Analysis of data from FTSE NAREIT All Equity REITs Index, NCREIF National Property Index, and S&P 500 Index from 1 January 1993 through 31 December 2025. Public REIT returns are lagged 4 quarters relative to private real estate returns to adjust for the return lag private equity funds experience due to less frequent measurement compared to public markets.

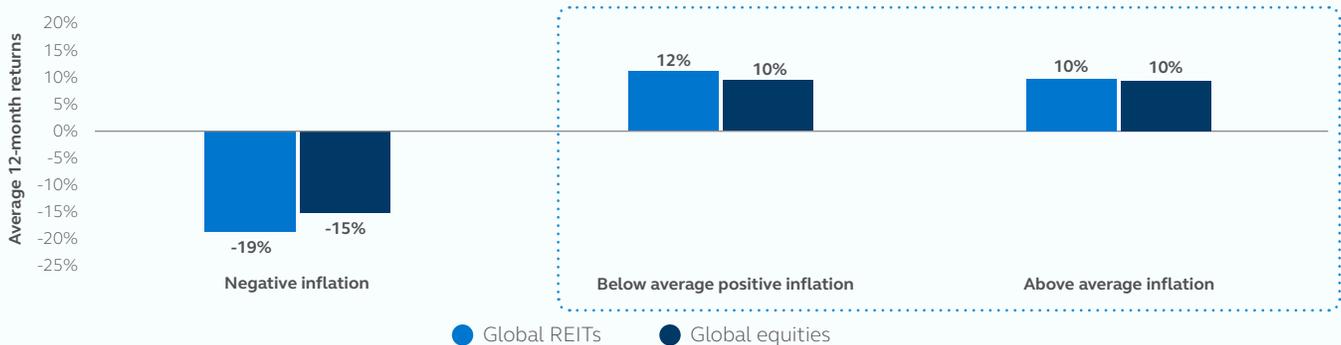
Public REITs have historically offered a hedge against inflation

In real estate markets, different property sectors can provide inflation hedge characteristics for a variety of reasons. For example, many net lease and healthcare companies have inflationary escalators, so in theory, these sectors may not be as negatively impacted by rising inflation as may be expected. Additionally, we would expect property sectors with shorter leases and those currently exhibiting pricing power—such as

hotels, residential, self-storage, and industrial—to also be somewhat more immune to rising inflation.

Since 2000, global REITs have exhibited stronger outperformance relative to equities in rolling 12-month time periods of above average inflation, as well as all periods where inflation was positive.

EXHIBIT 3: Historical performance during various inflationary environments



As of 31 December 2025.

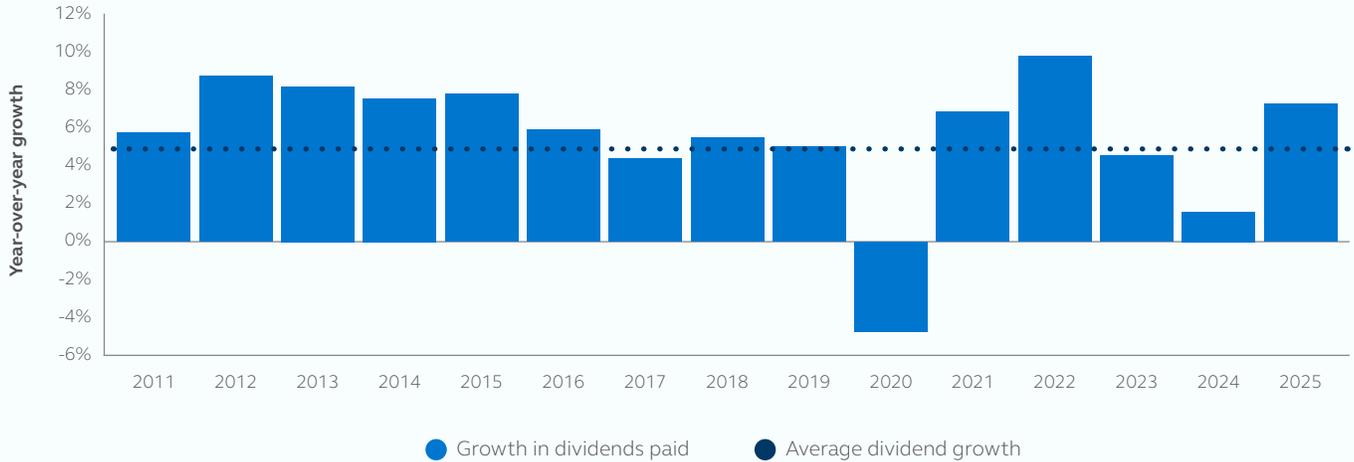
Source: FactSet, U.S. Bureau of Labor Statistics. Indices represented: FTSE EPRA/NAREIT Developed and MSCI World indices. Rolling 12-month time periods from 1 January 2000 – 31 December 2025. Inflation represented by the YoY CPI (with an average of 2.6%). Past performance does not guarantee future results.

Historical trend of rising income stream

Historically, REITs have been sought after for their historically higher dividend yields compared to most equity products. Due to their structure, REITs are not subject to taxes at the corporate level, and they distribute the majority of their taxable income to shareholders as dividends. Importantly, REIT dividends

may provide a source of growing income for investors, with an average growth of 5.6% annually the past fifteen years. These growing cash flows are tied directly to the REIT's physical assets, with steadily improving occupancies and rents from leasing assets.

EXHIBIT 4: Over the last 15-years, Global REITs have had an average annual dividend growth rate of 5.6%



As of 31 December 2025.

Source: Factset. Index represented: FTSE EPRA/NAREIT Developed NTR.

Past performance does not guarantee future results. Dividends are not guaranteed.

*Estimates are based on consensus data and are shown for illustrative purposes only. Estimates are not guaranteed and subject to change.

Immediate exposure to real estate

As publicly traded entities, REITs are priced daily and are sometimes perceived as more volatile when compared to private equity real estate investments. However, the lagging appraisal method used by private real estate investments may not reflect large changes in real estate prices as they occur. The publicly traded nature of REITs reflects immediate changes in investor-required returns for real estate. Public REITs

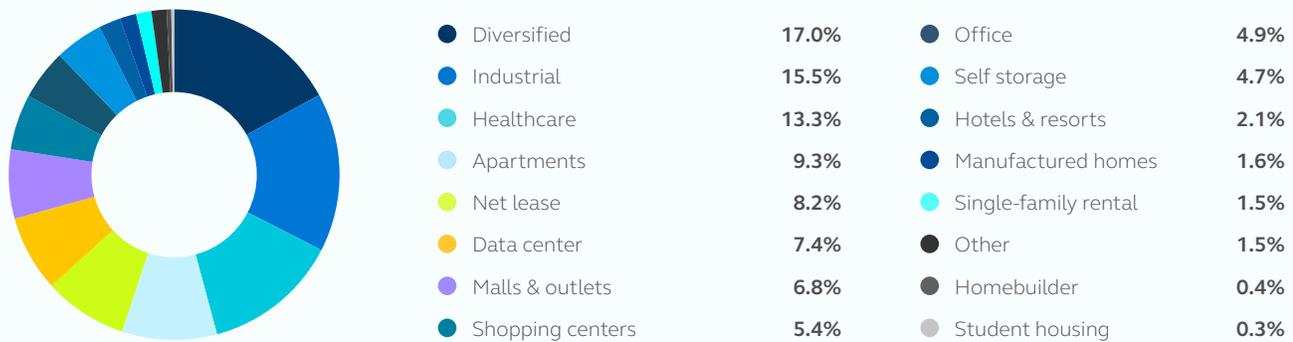
also offer transparency to operations and investor scrutiny of management. REITs provide an alternative to investing in physical real estate, which often requires a large capital and time commitment, by allowing immediate exposure to commercial real estate with a relatively small amount of initial capital investment.

Multiple layers of diversification

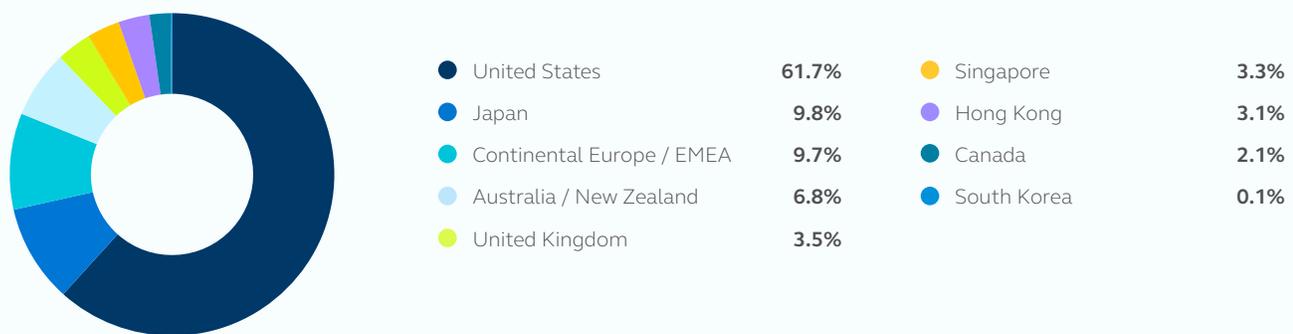
Market volatility illustrates the importance of deep diversification for investors. With REITs, investors have access to a variety of property markets, each market with its own demand and supply profile. Investors can also access property types that are not prominently available in the private commercial market:

hotels, healthcare, data centers, and self-storage. A global REIT strategy offers an additional layer of diversification by providing access to countries with different currencies, monetary policies, and economic cycles.

Global sector allocations



Global country allocations



As of 31 December 2025. Source: FactSet. FTSE EPRA/NAREIT Developed Index country and sector. Due to rounding, percentages may not equal 100%.

Why Principal

- **Active management matters**

Leveraging a 360° view of real estate markets, our specialized investment approach seeks to capitalize on mispriced opportunities.

- **Disciplined stock selection focused on quality at the right price**

Rigorous, fundamental analysis identifies quality businesses we believe are undervalued. We believe bottom-up stock selection is expected to be a reliable and repeatable driver of excess returns.

- **Proven, consistent portfolio management**

Our listed REIT experience spans 25+ years, combined with long tenured leadership and philosophy, backed by one of the largest REIT investment teams. Our portfolio management real estate experience spans the globe, with roles across fund management, research, and commercial lending. We have an established track record across continents and market cycles.

Risk considerations

Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal. Potential investors should be aware of the many risks inherent to investing in real estate, including: value fluctuations, default risk, liquidity risks, leverage, credit risk, occupancy risk, and legal risk. All these risks can lead to a decline in the value of the real estate, a decline in the income produced by the real estate and declines in the value or total loss in value of securities derived from investments in real estate. REIT securities are subject to risk factors associated with the real estate industry and tax factors of REIT registration. International and global investing involves greater risks such as currency fluctuations,

political/social instability, and differing accounting standards. Commercial real estate (CRE) investing carries several inherent risks, including those related to the economy, interest rates, market fluctuations, high upfront costs, and tenant-related issues like defaults or high turnover. Economic downturns can lead to decreased property values and increased vacancy rates, while financing costs, insurance expenses, and potential environmental or structural problems can also pose significant challenges. All these factors and risks can impact rental income and overall investment returns. Asset allocation and diversification do not ensure a profit or protect against a loss. Dividends are not guaranteed.

For public distribution in the U.S., for institutional, professional, qualified and/or wholesale investor use only in other permitted jurisdictions as defined by local laws and regulations.

Index descriptions: The **Russell 2000 Index** (US Small Cap) is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index. **S&P 500 Index** (US Large Cap) tracks 500 publicly traded domestic companies. The **Bloomberg Global High Yield TR USD Index** (Global High Yield) measures the performance of the global high-yield fixed income markets. It represents the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, and Pan-European Emerging Market High-Yield Indices. The index is a component of the Multiverse Index, along with the Global Aggregate Index. The **MSCI US REIT GR USD Index** (US REIT) is a free float-adjusted market capitalization weighted index that is comprised of equity REITs that are included in the MSCI US Investable Market 2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents approximately 85% of the US REIT universe. The **MSCI EM GR USD Index** (Emerging Market) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. **MSCI World GR USD Index** (Developed Market) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed market countries in North America, Europe, and the Asia/Pacific region. **S&P GSCI TR USD Index** (Commodity) measures the performance of general price movements and inflation in the world economy. It is designed to be investable by including the most liquid commodity futures and provides diversification with low correlations to other asset classes. The **Bloomberg Global Aggregate TR USD Index** (Global Investment Grade) measures the performance of global investment grade fixed-rate debt markets, including the U.S. Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, Global Treasury, Eurodollar, Euro-Yen, Canadian, and Investment Grade 144A index-eligible securities. **S&P Global REIT TR USD Index** (Global REIT) is the hedged index. A member of the S&P Global Property Index Series, the S&P Global REIT TR USD Index serves as a comprehensive benchmark of publicly traded equity REITs listed in both developed and emerging markets. The **NCREIF Fund ODCE Index** (Private Real Estate) - Open End Diversified Core Equity (NFI-ODCE), is an index of investment returns of the largest private real estate funds pursuing lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties diversified across regions and property types. **Bloomberg US Treasury Tips TR Index** (TIPS) This index consists of Inflation-Protected Securities, or TIPS, issued by the US Treasury with at least \$250 million par amount outstanding. The **FTSE NAREIT All Equity REITs Index** (REITs) is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

Important information

This material covers general information only and does not take account of any investor's investment objectives or financial situation and should not be construed as specific investment advice, a recommendation, or be relied on in any way as a guarantee, promise, forecast or prediction of future events regarding an investment or the markets in general. The opinions and predictions expressed are subject to change without prior notice. The information presented has been derived from sources believed to be accurate; however, we do not independently verify or guarantee its accuracy or validity. Any reference to a specific investment or security does not constitute a recommendation to buy, sell, or hold such investment or security, nor an indication that the investment manager or its affiliates has recommended a specific security for any client account. Subject to any contrary provisions of applicable law, the investment manager and its affiliates, and their officers, directors, employees, agents, disclaim any express or implied warranty of reliability or accuracy and any responsibility arising in any way (including by reason of negligence) for errors or omissions in the information or data provided.

All figures shown in this document are in U.S. dollars unless otherwise noted.

This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.

This document is issued in:

The **United States** by Principal Global Investors, LLC, which is regulated by the U.S. Securities and Exchange Commission.

Europe by Principal Global Investors (Ireland) Limited, 70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland. Principal Global Investors (Ireland) Limited is regulated by the Central Bank of Ireland. Clients that do not directly contract with Principal Global Investors (Europe) Limited ("PGIE") or Principal Global Investors (Ireland) Limited ("PGII") will not benefit from the protections offered by the rules and regulations of the Financial Conduct Authority or the Central Bank of Ireland, including those enacted under MiFID II. Further, where clients do contract with PGIE or PGII, PGIE or PGII may delegate management authority to affiliates that are not authorised and regulated within Europe and in any such case, the client may not benefit from all protections offered by the rules and regulations of the Financial Conduct Authority, or the Central Bank of Ireland. In Europe, this document is directed exclusively at Professional Clients and Eligible Counterparties and should not be relied upon by Retail Clients (all as defined by the MiFID).

United Kingdom by Principal Global Investors (Europe) Limited, Level 1, 1 Wood Street, London, EC2V 7 JB, registered in England, No. 03819986, which is authorized and regulated by the Financial Conduct Authority ("FCA").

United Arab Emirates by Principal Investor Management (DIFC) Limited, an entity registered in the Dubai International Financial Centre and authorized by the Dubai Financial Services Authority as an Authorized Firm, in its capacity as distributor / promoter of the products and services of Principal Asset Management. This document is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization.

Singapore by Principal Global Investors (Singapore) Limited (ACRAREg.No.199603735H), which is regulated by the Monetary Authority of Singapore and is directed exclusively at institutional investors as defined by the Securities and Futures Act 2001. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

Australia by Principal Global Investors (Australia) Limited (ABN 45 102 488 068, AFS Licence No. 225385), which is regulated by the Australian Securities and Investments Commission and is only directed at wholesale clients as defined under Corporations Act 2001.

This document is marketing material and is issued in **Switzerland** by Principal Global Investors (Switzerland) GmbH.

Hong Kong SAR by Principal Asset Management Company (Asia) Limited, which is regulated by the Securities and Futures Commission. This document has not been reviewed by the Securities and Futures Commission. This document may only be distributed, circulated or issued to persons who are Professional Investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by that Ordinance.

Other APAC Countries/ Jurisdictions, this material is issued for Institutional Investors only (or professional/sophisticated/qualified investors, as such term may apply in local jurisdictions) and is delivered on an individual basis to the recipient and should not be passed on, used by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This material is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

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 is a trade name of Principal Real Estate Investors, LLC, an affiliate of Principal Global Investors.

Principal Funds are distributed by Principal Funds Distributor, Inc.

© 2026 Principal Financial Services, Inc. Principal®, Principal Financial Group®, Principal Asset Management, and Principal and the logomark design are registered trademarks and service marks of Principal Financial Services, Inc., a Principal Financial Group company, in various countries around the world and may be used only with the permission of Principal Financial Services, Inc. Principal Asset ManagementSM is a trade name of Principal Global Investors, LLC.