

# Audited Financial Statements

PRINCIPAL LIFE INSURANCE COMPANY  
 U.S. PROPERTY SEPARATE ACCOUNT  
 CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:</b>		
Net investment income	\$204,295,660	\$200,693,583
Net loss recognized from real estate investment sales	(204,489,328)	(24,104,203)
Unrealized loss on investments and debt	(1,613,752,252)	(946,168,470)
Less: Portion attributable to noncontrolling interests	57,258,301	29,792,091
Net decrease in net assets resulting from operations	(1,556,687,619)	(739,786,999)
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM CAPITAL TRANSACTIONS:</b>		
Total contributions	224,397,243	1,288,341,437
Total distributions	(157,882,616)	(2,045,435,255)
Less: Portion attributable to noncontrolling interests	29,119,005	27,000,824
Net increase (decrease) in net assets resulting from capital transactions	95,633,632	(730,092,994)
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO U.S. PROPERTY SEPARATE ACCOUNT</b>	<b>(1,461,053,987)</b>	<b>(1,469,879,993)</b>
<b>NET ASSETS ATTRIBUTABLE TO U.S. PROPERTY SEPARATE ACCOUNT:</b>		
Beginning of year	4,877,678,537	6,347,558,530
End of year	\$3,416,624,550	\$4,877,678,537

See notes to consolidated financial statements.