

AUDITED FINANCIAL STATEMENTS

PRINCIPAL LIFE INSURANCE COMPANY U.S. PROPERTY SEPARATE ACCOUNT
 CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
 AS OF DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS:		
Investments — at fair value:		
Real estate (cost: 2011 — \$4,781,664,311; 2010 — \$4,550,391,976)	\$ 4,575,980,000	\$ 3,984,110,000
Real estate joint ventures (cost: 2011 — \$51,196,816; 2010 — \$51,700,315)	31,252,765	27,496,341
Mortgage loan receivable (cost: 2011 — \$49,379,835; 2010 — \$0)	49,558,723	-
Short-term investments (cost: 2011 — \$262,259,578; 2010 — \$17,666,114)	262,259,578	17,666,114
Total investments (cost: 2011 — \$5,144,500,540; 2010 — \$4,619,758,405)	4,919,051,066	4,029,272,455
Cash	14,605,362	18,266,500
Accrued investment income and other assets	44,091,229	37,388,989
Deposits on investment commitments	68,052,740	70,302,740
Unrealized gain on investment commitments	-	56,820,353
Total assets	5,045,800,397	4,212,051,037
LIABILITIES:		
Line of credit — at fair value (cost: 2011 — \$0; 2010 — \$50,000,000)	-	50,000,000
Debt — at fair value (cost: 2011 — \$1,041,781,482; 2010 — \$938,135,040)	1,036,821,087	921,062,040
Accounts payable and accrued expenses	71,264,209	83,394,213
Accrued property taxes	20,743,877	21,572,614
Security deposits	14,251,628	13,389,294
Unrealized loss on investment commitments	79,890,158	64,351,596
Total liabilities	1,222,970,959	1,153,769,757
NET ASSETS:		
U.S. Property Separate Account	3,755,393,314	3,014,371,214
Noncontrolling interests	67,436,124	43,910,066
Net assets	\$ 3,822,829,438	\$ 3,058,281,280

See notes to consolidated financial statements.