

AUDITED FINANCIAL STATEMENTS

PRINCIPAL LIFE INSURANCE COMPANY
 U.S. PROPERTY SEPARATE ACCOUNT
 CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
 AS OF DECEMBER 31, 2013 AND 2012

| | 2013 | 2012 |
|--|-------------------------|-------------------------|
| ASSETS: | | |
| Investments — at fair value: | | |
| Real estate | | |
| (cost: 2013 — \$5,342,426,549; 2012 — \$4,974,236,959) | \$ 5,723,475,000 | \$ 5,049,530,000 |
| Unconsolidated real estate joint venture | | |
| (cost: 2013 — \$73,577,988; 2012 — \$55,869,427) | 71,132,660 | 40,651,332 |
| Short-term investments | | |
| (cost: 2013 — \$123,927,969; 2012 — \$155,869,467) | 123,927,969 | 155,869,467 |
| Total investments | | |
| (cost: 2013 — \$5,539,932,506; 2012 — \$5,185,975,853) | 5,918,535,629 | 5,246,050,799 |
| Cash | 31,399,207 | 12,417,526 |
| Accrued investment income and other assets | 61,852,528 | 46,402,650 |
| Deposits on investment commitments | 32,864,862 | 68,052,740 |
| Total assets | <u>6,044,652,226</u> | <u>5,372,923,715</u> |
| LIABILITIES: | | |
| Debt — at fair value | | |
| (cost: 2013 — \$954,814,625; 2012 — \$1,031,472,733) | 950,049,958 | 1,049,196,166 |
| Accounts payable and accrued expenses | 90,271,128 | 80,155,953 |
| Accrued property taxes | 17,198,610 | 18,871,273 |
| Security deposits | 16,466,745 | 15,279,391 |
| Unrealized loss on investment commitments | 59,677,079 | 75,830,950 |
| Total liabilities | <u>1,133,663,520</u> | <u>1,239,333,733</u> |
| NET ASSETS: | | |
| U.S. Property Separate Account | 4,795,458,280 | 4,066,402,830 |
| Noncontrolling interests | 115,530,426 | 67,187,152 |
| Net assets | <u>\$ 4,910,988,706</u> | <u>\$ 4,133,589,982</u> |

See notes to consolidated financial statements.