

Principal Real Estate Income Fund (PGZ)

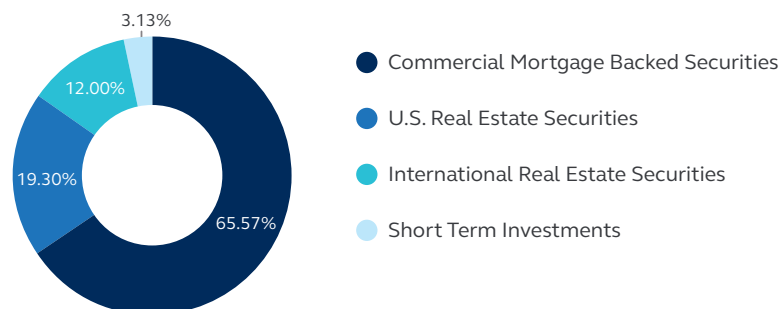
Fund Update

All data as of 3/31/2024

The Principal Real Estate Income Fund seeks to provide high current income, with capital appreciation as a secondary objective, by investing in higher-yielding debt and equity commercial real estate-related investments.

- The Fund will rely on the Sub-advisor's experience in the U.S. Commercial Mortgage-Backed Securities (CMBS) and global real estate-related securities markets to invest in both asset classes
- Potential for attractive current income provided by allocation to debt securities while equity allocation offers income with potential capital appreciation
- Dynamic investment strategy provides flexibility to position the Fund for success based on the market outlook of the Fund's investment sub-adviser

Sector allocations (% of total portfolio)



Monthly performance

Fund	Total returns ¹			Cumulative			Annualized		
	1 mo.	3 mo.	YTD	1 yr.	3 yr.	5 yr.	10 yr.	Since inception ²	
Net Asset Value (NAV) ³	3.81%	9.20%	9.20%	14.53%	-0.61%	-2.57%	3.73%	4.50%	
Market Price ⁴	3.62%	12.72%	12.72%	24.41%	1.20%	-2.34%	3.57%	3.03%	
Bloomberg U.S. Aggregate Bond Index	0.92%	-0.78%	-0.78%	1.70%	-2.46%	0.36%	1.54%	1.72%	
Morningstar Developed Markets Index	3.34%	8.69%	8.69%	24.98%	8.22%	12.04%	9.67%	10.92%	

Performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance data may be higher or lower than actual data quoted. For the most current month-end performance data please call 855.838.9485.

Total annual expense ratio as a percentage of net assets attributable to common shares including interest expense, as of October 31, 2023, 5.32%.

Total annual expense ratio as a percentage of net assets attributable to common shares excluding interest expense, as of October 31, 2023, 2.55%.

¹ Total returns assume reinvestment of all distributions.

² Fund inception date of June 25, 2013.

³ Performance returns are net of management fees and other Fund expenses.

⁴ Market price is the value at which the Fund trades on an exchange. This market price can be more or less than its NAV.

Quarterly manager commentary

(as of 3/31/24)

Uncertainty on the Fed's path for interest rates in 2024 started to creep into the market during the quarter as strong economic and persistent but lower inflation data supported the idea that the Fed may not have to be as aggressive as was thought at the beginning of the year. Market conviction ended the quarter marginally weaker as the Fed projected stronger GDP growth and slightly higher inflation in 2024 from the December projections. This did not change the bid for risk as the S&P 500 index was up over 10% and credit spreads tightened during the quarter even as 10yr interest rates ended the quarter 32bps higher to close at 4.20%.

CMBS spreads ended the quarter tighter and the credit curve flattened with 10yr AAA spreads in 37bps and BBB spreads in 136bps. Year-over-year, CMBS spreads have fully recovered from the dislocation caused by the regional banking crisis in March 2023. Against this backdrop, the portfolio's holdings of Commercial Mortgage-Backed Securities posted a quarterly return of 11.1% while global real estate securities were down 0.24% (return figures reported on a gross, unlevered basis).

Commercial real estate valuations are expected to remain under pressure until later in 2024 as cap rate spreads remain historically tight and NOI growth may be challenged. Office remains stressed but more cyclical property types have generally fared better with retail and lodging seeing improvements in occupancy and income.

Real estate risk premiums remain elevated compared to other asset classes, but excess risk premium associated with a recession in the U.S. have been take out of the CMBS market. REITs tend to perform better against equities in the later stages of the rate hike cycle but the potential for the cycle to be prolonged given the outlook for rate cuts getting pushed back weighed on REIT performance. Volatility is likely to persist given elevated market uncertainty, but longer-term returns may benefit from currently wide risk premiums in REITs.

All data as of 3/31/2024

Top 10 holdings (% of total portfolio)

Commercial Mortgage Trust 2014-UBS5	3.32%
BMO 2022-C1 Mortgage Trust 2022-C1	3.06%
COMM 2012-CCRE3 Mortgage Trust 2012-CR3	2.66%
Commercial Mortgage Trust 2013-CR6	2.59%
Benchmark 2022-B36 Mortgage Trust 2022-B36	2.50%
Citigroup Commercial Mortgage Trust 2022-GC48 2022-GC48	2.48%
Digital Realty Trust, Inc.	2.30%
BBCMS Mortgage Trust 2022-C18 2022-C18	2.29%
Citigroup Commercial Mortgage Trust 2019-GC43 2019-GC43	2.16%
Citigroup Commercial Mortgage Trust 2019-C7 2019-C7	2.08%

Holdings are subject to change.

Share information

Symbol NYSE	PGZ
Inception date	6/25/13
Shares Outstanding	6,694,109
Inception Share Price	\$20.00
Market Price	\$10.33
Inception NAV	\$19.10
NAV	\$11.49
Fund Premium/Discount	-10.10%

Distribution details

Current distribution (monthly)	\$0.105
Annualized distribution rate	12.20%

Distributions may be paid from sources of income other than ordinary income, such as net realized short-term capital gains, net realized long-term capital gains and return of capital. Based on current estimates, we anticipate the current distribution has been paid from ordinary income. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. The annualized distribution rate is the monthly per share distribution times 12, divided by the end-of-month market price.

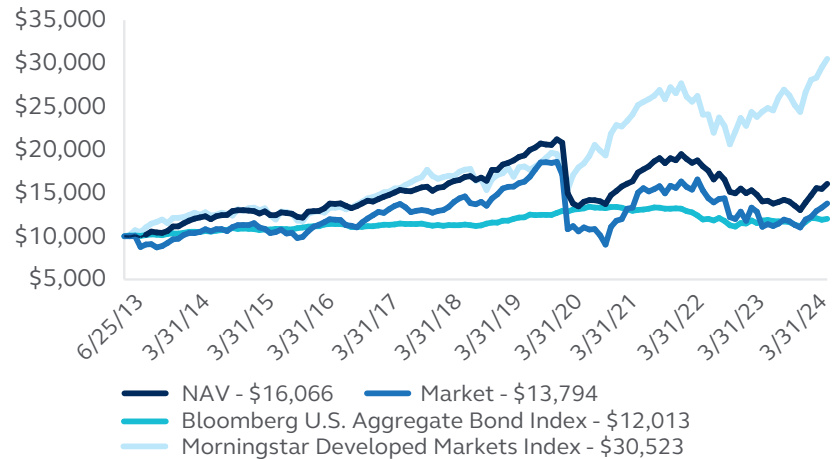
Portfolio details

Net assets	\$76.92 million
Number of holdings	116
Non-domestic holdings (%)	12.00%
Wtd. avg. debt security coupon ¹	3.65%
Wtd. avg. debt security market price ²	\$72.53
Wtd. avg. equity security dividend yield ³	5.01%
Leverage ratio**	29.69%
Annualized cost of leverage	6.31%
Wtd. avg. debt security average life ⁴	4.78 yrs
Wtd. avg. debt security duration ⁵	3.55 yrs

¹ Represents the weighted average annualized coupon of the portion of the portfolio invested in debt securities, excluding interest-only securities. ² Represents the weighted average market price of the portion of the portfolio invested in debt securities, excluding interest-only securities. ³ Represents the weighted average annualized dividend yield of the portion of the portfolio invested in equity securities. ⁴ Represents the weighted average average life of the portion of the portfolio invested in debt securities. ⁵ Represents the weighted average modified duration of the portion of the portfolio invested in debt securities.

** Total principal and interest outstanding on the credit facility divided by the value of the portfolio.

Growth of \$10k

*Past performance does not guarantee future results.*

Important risks

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain an annual report or semi-annual report which contains this and other information visit www.principalcef.com or call 855.838.9485. Read them carefully before investing.

An investment in the Fund is not appropriate for all investors and is not intended to be a complete investment program. The Fund is designed as a long-term investment and not as a trading vehicle.

Investing in the Fund involves risks, including the risk that you may receive little or no return on your investment or that you may lose part or even all of your investment. Therefore, before investing you should carefully consider the risks that you assume when you invest in the Fund's common shares. Securities backed by commercial real estate assets are subject to securities market risks similar to those of direct ownership of commercial real estate loans including, but not limited to, declines in the value of real estate, declines in rental or occupancy rates and risks related to general and local economic conditions.

The Fund's investment objectives and policies are not designed to seek to return the initial investment to investors that purchase shares.

Investing in the Fund involves risks, including exposure to below-investment grade investments (i.e., "junk bonds"). The Fund's net asset value will vary and its distribution rate may vary and both may be affected by numerous factors, including changes in the market spread over a specified benchmark, market interest rates and performance of the broader equity markets. Fluctuations in net asset value may be magnified as a result of the Fund's use of leverage. Shares of closed-end investment companies frequently trade at a discount from their net asset value and initial offering prices. The risks associated with this characteristic of closed-end investment companies may be greater for investors expecting to sell their shares in a relatively short period after completion of the initial public offering. For further discussion of these and additional risks associated with an investment in the Fund see the Prospectus.

The Fund is a closed-end fund and does not continuously issue shares for sale as open-end mutual funds do. The Fund trades in the secondary market. Investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market's value.

Diversification does not eliminate the risk of experiencing investment losses.

Bloomberg US Aggregate Bond Index: a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, fixed-rate agency MBS, ABS and CMBS (agency and non-agency).

Morningstar Developed Markets Index GR measures the performance of companies in developed markets ex-North America. It covers approximately 97% of the full market capitalization in the Developed Markets ex-North America.

Basis Point - One hundredth of a percentage point (0.01%).

ALPS Advisors, Inc. is the investment adviser to the Fund.

Principal Real Estate is a trade name of Principal Real Estate Investors, LLC, an affiliate of Principal Global Investors and is the investment sub-adviser to the Fund. Principal Real Estate Investors, LLC is not affiliated with ALPS Advisors, Inc. or any of its affiliates. Principal Asset ManagementSM is a trade name of Principal Global Investors, LLC. 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.

Secondary market support provided to the Fund by ALPS Fund Services, Inc.'s affiliate. ALPS Portfolio Solutions Distributor, Inc.

ALPS Portfolio Solutions Distributor, Inc. is a FINRA member.

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EX 6/15/2024