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Principal Real Estate



Global real estate solutions with a 360° view



Extensive insights, exclusive advantage

Access the **full spectrum** of today's commercial real estate investment opportunities with Principal Real Estate. We provide the **reach, research,** and **returns** you need to help meet your investment goals.

Reach | To give clients access to real estate opportunities

Our access to commercial real estate opportunities is a result of the following factors:

- **The scope and scale of our operations.** We completed more than \$22.2 billion in private equity, private debt, and project financings in 2022,¹ generating valuable insights and knowledge for our clients. Our public debt and equity quadrants manage over \$25 billion on behalf of clients.²
- **The depth of our industry and client relationships.** We cover at least 50 U.S. metropolitan markets and we manage over 200 assets across 9 European countries.² We serve more than 625 clients across 36 countries³ and rank among the top 10 managers of real estate assets worldwide.⁴
- **The size and global diversity of our investment team.** Our ability to access a wide range of high-quality market opportunities is a direct result of our experienced team of more than 325 real estate investment professionals around the globe.²

Research | To assess relative value

We believe research is key to delivering on our clients' investment outcomes. It's also our fundamental factor in evaluating the relative value of each investment opportunity. We base our investment decisions on a combination of bottom-up asset analysis and top-down economic and sector analyses.

Returns | To help meet desired outcomes in innovative ways

We strive to deliver consistent, risk-appropriate performance and strong relative value. In a constantly evolving marketplace, innovation is critical to that mission, whether it's sustainable investing or "next-generation" investment strategies.

Principal Real Estate built our reputation as a knowledgeable advisor to institutional investors on six decades of commercial real estate experience.⁵

Our clients tap into a wide range of capabilities through our investment platform—either through convenient commingled portfolios or tailored investment strategies.

In most cases, clients may benefit from an approach that leverages our distinct 360° perspective of real estate space and capital markets.

¹ As of 31 December 2022. Includes transactions of Principal Real Estate in the U.S. and in Europe.

² As of 30 June 2023.

³ Includes clients of Principal Real Estate Europe Limited and its affiliates.

⁴ **Managers ranked by total worldwide real estate assets (net of leverage, including contributions committed or received, but not yet invested; REOCs are included with equity; REIT securities are excluded), as of 30 June 2022.** "The Largest Real Estate Investment Managers," Pensions & Investments, 3 October 2022.

⁵ Principal Real Estate Investors became registered with the SEC in November 1999. Activities noted prior to this date were conducted beginning with the real estate investment management area of Principal Life Insurance Company and, later, Principal Capital Real Estate Investors, LLC, the predecessor of Principal Global Investors Real Estate.

Experienced investment teams around the globe

Our seasoned teams of investment professionals in the United States, Europe, Singapore, and Australia deliver comprehensive research and market coverage. They average 16 years of industry experience and 14 years of firm experience.

Global network of offices and real estate professionals



Americas

- 255 investment professionals located across 11 states
- Average nearly 17 years in industry
- Average over 15 years with firm

Europe

- 64 investment professionals
- Average over 10 years in industry
- Average almost 5 years with firm

Asia

- 6 investment professionals
- Average over 14 years in industry
- Average 7 years with firm

As of 31 December 2022. *Principal Asset Management has over 40 global office locations worldwide, they are not all reflected on this map.

Extensive, deep-rooted market connections

We don't just watch markets move. We actively engage throughout the investment cycle.

On the private equity side, we create and realize value for our clients through tactical execution of a property's business plan. We are able to do this because of our deep rooted relationships with local brokers, property managers, partners, owners, and peers.

Within the debt space, we build and foster relationships with intermediaries and other lenders to enhance our vast sourcing and underwriting network.

Eye Collectiecentrum Amsterdam, Netherlands



Private equity

We provide expertise in all areas of the private equity real estate market, including acquisitions, dispositions, asset management, and development. We source and close a significant number of investments to meet the targeted outcomes of our investors, including Defined Contribution Plans as our flagship product is daily valued.

Leasing is a key strength for our U.S. platform. We have executed more than 30,000 leases across over 525 million square feet since 2001.⁶ In Europe, our private equity capabilities stretch across traditional sectors like office, retail, and logistics, to specialized alternative sectors such as hotels, data centres, residential, and health care. Our integrated investment process is driven by proprietary research and modeling of both the real estate market and the overall economy, demographics, local sub-markets, and property level considerations.

⁶ As of 30 June 2023.

Our private equity capabilities:

Our platforms in the U.S. and Europe provide a range of investment capabilities from traditional core strategies to opportunistic property development and redevelopment.

- Core and core-plus
- Value-add and development
- Traditional and specialist property sectors

Public equity

For more than 25 years, we have used our knowledge of global commercial real estate security property sectors and regions to exploit market inefficiencies, capitalize on mispriced opportunities, and generate alpha for our clients. Our portfolio management team is long tenured, stable, and one of the largest REIT investment teams. We have an established track record of delivering attractive risk-adjusted excess returns for our investors.

We take an active management approach using fundamental research to analyze and invest in securities issued by real estate-related companies. Combine that with the insights from our in-house private real estate professionals and equity analysts, and the result is a higher conviction in a company's performance potential—an important ingredient to help clients achieve the outcomes they want.

Our public equity capabilities:

Our globe-spanning public real estate equity offerings focus on identifying opportunities where our team's expectations differ from the consensus.

- U.S. real estate securities
- Global real estate securities
- Global real estate securities income preference
- Global structural opportunities real estate securities
- Custom real estate securities strategies



Private debt

With more than 60 years of private debt investment experience and over 110 investment professionals, we've earned a reputation as a leader in the private debt market.⁷

Over that time, we've found that delivering the desired outcomes for private real estate debt investors means controlling the timing and quality of every aspect of a commercial mortgage transaction. We do that through our vertically integrated debt platform, which includes underwriting, closing, appraising, engineering, researching, and servicing.

As the complexity of real estate transactions has increased, we've upgraded our skill set to specialize in intricate transactions (e.g., B-notes, mezzanine loans, construction loans, and bridge loans). These enhancements allow us to offer our clients an even broader set of private debt opportunities from core and core plus, through value-add.

Our private debt capabilities:

Our debt strategies are available through a variety of options, including closed-end funds, and separately managed accounts:

- Fixed- and variable-rate loans
- Mezzanine debt
- B Notes
- Bridge loans
- Construction/permanent lending
- Predominantly industrial, multifamily, office, retail, and lending
- Smaller concentrations in alternative property type lending
- Preferred equity

Public debt

Investors are drawn to commercial mortgage-backed securities (CMBS) for the potential yield enhancement, diversification benefits, and attractive risk-adjusted returns. As one of the early investors in CMBS, our public debt team has modeled every U.S. fixed-rate conduit deal since 1999. Today, we research more than 500 CMBS issuances every year—in both seasoned and new-issue pools.

We strive to achieve consistent outperformance and believe that strong security selection and disciplined monitoring are the keys to reaching that goal. Our proprietary dynamic CMBS-default model is another factor in our success, allowing granular loan-level analysis to inform a robust investment process.

Our public debt capabilities:

With diverse offerings across the risk spectrum, our CMBS strategies can suit any number of investor appetites, from buy-and-hold to opportunistic.

- Conduit CMBS (Investment grade and High yield)
- Agency CMBS
- CMBS Interest Only (IO's)
- Single Asset / Single Borrower (SASB)
- CMBS index (CMBX)

⁷ As of June 30, 2023. Principal Real Estate Investors became registered with the SEC in November 1999. Activities noted prior to this date were conducted beginning with the real estate investment management area of Principal Life Insurance Company and, later, Principal Capital Real Estate Investors, LLC, the predecessor of Principal Global Investors Real Estate.

Real Estate Operating Company (REOC) Investments

We have a strong history in REOC investing, with an affiliated platform that grew to approximately \$9 billion in assets under management, and enjoy a broad spectrum of relationships with existing and prospective operating platform entities in this space. For institutional investors seeking a more customized approach to their real estate investment strategy, REOC initiatives can help broaden the available

investment solution mix, with the potential upside associated with entity ownership. REOC entities can be involved in a variety of real estate investment businesses, but will often specialize by property type, geographic region and investment style. The size of the entities can also range from start-ups to established platforms.

Potential advantages of investing in REOCs:

- Exclusive or more permanent access to real estate transaction pipelines
- Enhanced control - not just of the investment strategy but operating considerations, including staffing levels through different cycles
- Reduced net investment management fees and/or diversified investor earnings from third-party capital fee revenue generation
- Participation in value gain of REOC investment by selling the platform at some future point
- Enhanced alignment of interest
- Enhanced transparency and focus of sponsorship on client goals
- Opportunity to structure the investment to maximize institutional owner/investor tax efficiency


Global Listed Infrastructure

Listed infrastructure represents a targeted way for investors to tap into companies with historically attractive ESG credentials and there is increasingly a growing consensus that firms with historically attractive ESG attributes typically are better positioned to help manage risks and take advantage of competitive opportunities in their industries. Listed infrastructure businesses provide services central to the functioning of the economy and support social progress in crucial ways.

Our dedicated team of listed infrastructure specialists have complementary experiences investing in infrastructure and broader public equity markets around the world. Our investment process fully integrates ESG and sustainability considerations and leverages the same security selection and portfolio construction philosophies on which our REITs team has relied for the past two-plus decades.

Potential advantages of investing in listed infrastructure:

- Long-term secular themes such as decarbonization, demographic, and digitalization trends are driving opportunity and demand for infrastructure investment
- Potential for lower volatility, attractive yields, and resiliency
- Provides multiple diversification benefits to a portfolio, such as liquid access to real assets, country and sector diversification, durable and growing income potential, and lower beta versus general equities
- Complementary to an institutional portfolio's private infrastructure allocation, with potential to complete a portfolio, preserve liquidity, gain immediate exposure, access tactical opportunities, and/or stay on top of trends
- Offers targeted exposure to ESG and sustainability leaders and may support positive sustainability outcomes for investors



Edge data centre asset
Barcelona, Spain

Our European real estate platform

Our European platform delivers access to diversified and sector-specific strategies. We provide exposure to core European real estate in traditional sectors like office, retail, and logistics. Clients can also access specialized alternative sectors like data centres, hotels, residential, and health care.

The senior management team's extensive core and opportunistic track records—particularly in private equity and specialist alternative sectors—help us realize value where others cannot. Our long-standing

relationships in most major European markets and our expertise in sourcing and executing complex, management-intensive strategies provides clients with a broad real estate opportunity set.

We're able to access real-time market information, track deal flow, and understand regional market dynamics with our team of local transaction professionals in the United Kingdom, Germany, France, Spain, Portugal, Italy, and the Netherlands.

Our pan-European private equity capabilities:

Core European | Hotel and leisure | Senior care homes | Data centres | Value-add

“Grounded in our continued commitment to responsible property investing and strong governance practices, sustainable investing helps meet the expectations of our business, investors, and tenants.”

Todd Everett

Executive Director, Global Head of Private Markets

Residential asset
Phoenix, AZ

Innovation through sustainability

As fiduciaries for our investors, we understand, quantify, and act upon ESG through our unique Pillars of Responsible Property Investing (PRPI) sustainability platform. This platform seeks to deliver positive financial and environmental, social, and governance results by focusing on five pillars throughout the investment life cycle: environmental performance, occupant experience, community impact, climate resilience, and managerial excellence.

Impact

Performance: 2020 Targets⁸

- **14.5%** cumulative energy savings
- **21.2%** cumulative GHG reduction
- **12.8%** cumulative water savings

2035 Targets⁹

- **Greenhouse gas emissions:** -40%
- **Energy use intensity:** -20%
- **Water use intensity:** -20%
- **Waste:** 20% diversion
- **Data coverage:** 50%
- **Renewable energy:** 20% of energy use
- **Building certifications¹⁰:** 50%

2050 Target

- **Net Zero carbon emissions**

Accomplishments



GRESB 4-Star rating (2022)¹¹

U.S. Core strategy, 7th consecutive year
European Core strategy, 3rd consecutive year
European Office strategy
The Firm paid GRESB an application fee to be evaluated and use the ranking

GRESB Green Star rating (2022)¹²

Nine strategies (U.S. and Europe)
The Firm paid GRESB an application fee to be evaluated and use the ranking



ENERGY STAR

Partner of the Year 2016-2023¹³

Sustained Excellence 2018-2023



Green Lease Leader Gold Recognition¹⁴

third consecutive award, 2017, 2020, 2023

Signatory of:



Principles for Responsible Investment

Signatory, 2010¹⁵

⁸ Targets ended 12/31/2020, baselines were individually set and generally date back to 2008 (irrespective of potentially earlier acquisition date). ⁹ Performance relative to a 2019 baseline. ¹⁰ 50% of portfolio. ¹¹ 2016 - 2022 Global Real Estate Sustainability Benchmark (GRESB) assessments for Principal Real Estate's U.S. Core strategy representing data from 31 December 2015 to 31 December 2021; 2020 - 2022 GRESB assessments for Principal Real Estate's European Core strategy representing data from 31 December 2019 to 31 December 2021; 2022 GRESB assessment for Principal Real Estate's European Office strategy representing data from 31 December 2021. 4-star rating reflects top 40% worldwide performance. ¹² Awarded to Real Estate entities with a score higher than 50% of the points allocated to the Management and Performance components. Entities with more than 15 points in Management and 35 points in Performance OR 15 points in Management and 35 points in Development will receive the Green Star designation. This rating is based on absolute performance. ¹³ The U.S. Environmental Protection Agency (EPA) annually honors organizations that have made outstanding contributions to protecting the environment through energy efficiency, April 2023. ¹⁴ IMT and the U.S. Department of Energy's Better Building Alliance awards landlords and tenants who incorporate green leasing to drive high-performance and healthy buildings. <http://www.greenleaseleaders.com>. ¹⁵ Principal Asset Management has been a signatory to UN PRI since 2010.

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Risk Considerations

Investing involves risk, including possible loss of principal. Past performance is no guarantee of future results. Potential investors should be aware of the many risks inherent to investing in real estate, including: adverse general and local economic conditions that can depress the value of the real estate, capital market pricing volatility, declining rental and occupancy rates, value fluctuations, lack of liquidity or illiquidity, leverage, development and lease-up risk, tenant credit issues, circumstances that can interfere with cash flows from particular commercial properties such as extended vacancies, increases in property taxes and operating expenses and casualty or condemnation losses to the real estate, and changes in zoning laws and other governmental rules, physical and environmental conditions, local, state or national regulatory requirements, and increasing property expenses, all of which 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 investments in real estate.

Direct investments in real estate are highly illiquid and subject to industry or economic cycles resulting in downturns in demand. Accordingly, there can be no assurance that investments in real estate will be able to be sold in a timely manner and/or on favorable terms.

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Integration of sustainability considerations and/or environmental, social and governance (ESG) factors is qualitative and subjective by nature. There is no guarantee that the criteria used, or judgment exercised, will reflect the beliefs or values of any particular investor. Investment teams have a high degree of investment process autonomy and may consider or weight sustainability and/or ESG criteria or factors differently (or not at all). For those teams that consider sustainability and/or ESG factors as part of the investment process in strategies that are not explicitly sustainability and/or ESG-oriented, those sustainability considerations and/or ESG factors are generally no more significant than other factors in the investment selection process, such that sustainability considerations and/or ESG factors may not be determinative in deciding to include or exclude any particular investment in the portfolio. Information regarding responsible practices or other sustainability metrics, including ESG data, differs by source and may not be accurate or complete. Integration of sustainability considerations and/or ESG factors may present additional advantages or risks, may not protect against market risk or volatility, and under certain circumstances may detract from investment performance. You should not make any investment assumptions based solely on the information contained herein. Information is provided as additional insight into the relevant investment processes and should not be viewed as a change in an investment team's underlying investment objectives, strategies, risk parameters, or portfolio construction guidelines. There is no assurance that any strategy or integration of sustainability considerations and/or ESG factors will be successful or profitable.

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