

PRIVATE DEBT ORIGINATION

Subordinate debt update

Principal Real Estate Investors offers competitive subordinate debt-lending options, tailored to meet borrowers’ needs. Subordinate debt capital is available across the risk spectrum, with pricing ranging from 4% to 10+%. Key highlights of recently closed transactions and program parameters follow.



STRUCTURED



\$50 M senior mezz loan on a 1.4 msf, 34-story, LEED Gold office building



Midtown Manhattan, NYC MSA

\$1.03 B overall value

70% Loan-to-value

2-year floater with 3, one-year extension options interest only



STRUCTURED



\$64 M total debt stack with \$10.5 M retained mezz loan on a 404-unit apartment building which wraps around a 623-space parking garage



Located “inside the loop” within the Houston, TX MSA

\$91.7 M overall value

70% Loan-to-value

2-year floater with 3, one-year extension options interest only

The above examples are provided for illustrative purposes only and do not represent all of the subordinate debt deals closed by Principal Real Estate Investors in 2021. The properties profiled above are intended to demonstrate the application of Principal Real Estate Investors’ investment strategy and represents real estate transactions previously entered into by Principal Real Estate Investors. There is no guarantee that Principal Real Estate Investors will enter into any transactions having characteristics similar to those shown. It should not be assumed that any investments made in the future will be profitable or will equal the targeted performance of the properties presented here.

Deal parameters

Deal types	Mezzanine, junior secured notes (e.g. B-notes), Preferred Equity
Size	\$10 million and up
Terms	2 to 10 years (3 to 7 years preferred)
Maximum LTV	Up to 80% last dollar loan-to-value available (transaction specific)
Minimum DSCR	1.15x DSC for stabilized properties; 1.0x DSC for non-stabilized properties
Property types	Institutional-quality office, industrial, retail, multifamily and select niche property types. Stabilized or transitional (transaction specific)
Target markets	Primary and select secondary U.S. markets
Pricing	Floating or fixed rate. Market based pricing 4% to 10+% (depending on term and overall risk profile and position in the capital stack)
Fees	Transaction specific
Prepayment	Fixed declining and flexible prepayment options available

Parameters are as of August 2022 and subject to change without notice



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The information in this document has been derived from sources believed to be accurate as of August 2022.

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