

# Principal Real Estate Investors

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*“Our power resides in simplicity and focus. Our business consists solely of helping global clients execute U.S. real estate strategies. Through excellence in business management and investment management, we minimize distractions and maximize investment performance across all real estate quadrants.”*

— Randy Mundt, president and chief investment officer

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Principal Real Estate Investors' greatest strength is its experienced staff and depth of resources. As an organization, its experience spans over six decades. Pictured left to right: Steve Pick, Rob Best, Randy Mundt, Steve Graves, Todd Everett, Pat Halter and Rod Vogel.

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## The Power of Focus

Principal Real Estate Investors is the fourth-largest real estate investment firm in the United States<sup>1</sup>, with \$30 billion in assets under management. Its capabilities include commercial mortgage-backed securities, real estate equity securities and a broad range of private market real estate equity and debt alternatives. Some of the firm's notable distinctions are:

■ **Depth**

Multi-disciplined staff of 400, including more than 170 transaction professionals.

■ **Breadth**

Research and transaction coverage of more than 60 U.S. metropolitan property markets.

■ **Scale**

\$30 billion in commercial real estate assets under management.

■ **Access**

Over \$10 billion in annual transaction volume.

■ **Discipline**

Leading-edge proprietary market research, transaction analysis, investment monitoring and portfolio risk management.

■ **Heritage**

More than six decades of real estate investment experience.

■ **Expertise**

One of the few real estate investment managers providing comprehensive and integrated public and private, equity and debt investment strategies.

<sup>1</sup>*Pensions & Investments* magazine annual survey of real estate managers, Oct. 14, 2004. Based on U.S. institutional tax-exempt real estate assets.

## The Power of Integration

Principal Real Estate Investors originates over \$10 billion annually in a broad array of transactions on behalf of its clients.



*“We have incredible connectivity. As one of the few firms that invests in all four real estate quadrants, we see everything going on in the market. With our multi-disciplined staff, we constantly evaluate and analyze real-time information. This is the power of integration. This gives us the advantage of understanding real estate inside and out.”*

— Pat Halter,  
chief executive officer

As an integrated institutional real estate asset manager, Principal Real Estate Investors offers clients:

- The ability to leverage relationships across debt and equity disciplines, including first-hand market knowledge from multiple touch points.
- Superior access to off-market transactions, strategic alliances with operating partners and joint venture relationships.
- The power of a centralized management team, a unified investment philosophy and process, and centralized operations.
- Industry thought leadership, superior knowledge sharing and broad perspectives across multiple investment disciplines.
- High-quality risk controls, oversight and a firm-wide commitment to superior client service.
- A dual emphasis on excellence in both business management and investment management.
- A stable business platform delivering strong and sustainable investment performance.
- Innovative research that draws on investment knowledge from all four quadrants to produce proprietary research and analysis including *Expectations and Market Realities*.\*

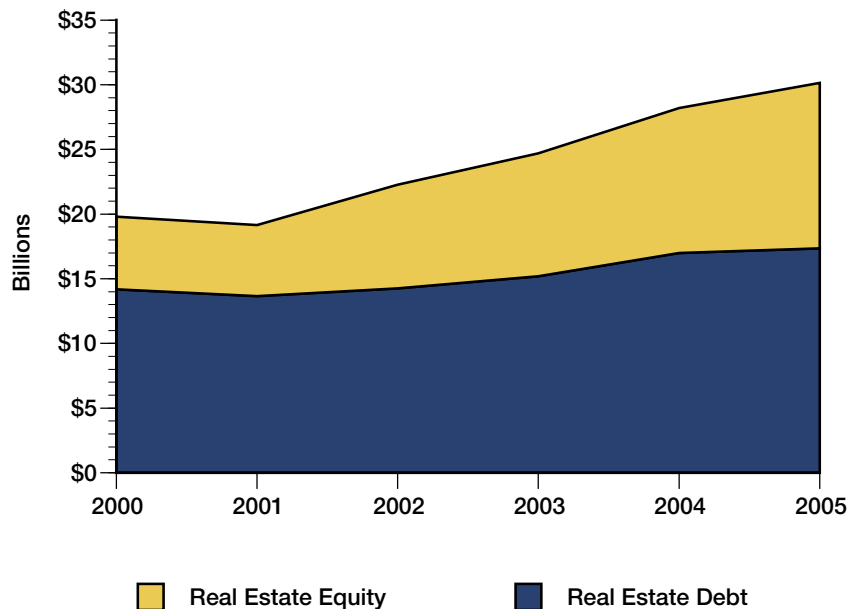
\*Expectations and Market Realities is produced in conjunction with Real Estate Research Corporation and Torto Wheaton Research.

## The Power of Innovation

Principal Real Estate Investors offers 25 strategies spanning the risk spectrum, including those listed below.

Private Equity	Public Equity	Private Debt	Public Debt
<p><b>Core U.S. Property</b> — Includes individually managed accounts and a \$4.5 billion open-end commingled fund for qualified domestic retirement plans. Our open-end fund is unique in that it is available to both defined benefit and defined contribution plans and provides daily NAV to investors.</p> <p><b>Core Plus Property</b> — Strategy providing access to both U.S. and non-U.S. investors. Features moderate leverage and diversified exposure to core, value-added and opportunistic investments.</p> <p><b>Entity Investments</b> — Over \$2 billion in direct entity-level investments in real estate operating companies (REOCs).</p> <p><b>Development</b> — Over \$4 billion in active new development and redevelopment.</p>	<p><b>Real Estate Investment Trusts (REITs)</b> — \$1 billion managed for a diverse base of retail, institutional and qualified retirement plan clients.</p> <p>Consistent top-quartile investment performance in both up and down markets.</p> <p>Leveraging the extensive research expertise of Principal Real Estate Investors and the broader stock and fixed income capabilities of Principal Global Investors.</p>	<p><b>Mortgages, Construction Loans, Credit Tenant Loans</b> — National leader in private mortgage transactions. Over \$5 billion to be originated in 2005. Manage private debt portfolios exceeding \$12 billion.</p> <p><b>Bridge and Mezzanine Financing</b> — Specialty high-yield and opportunistic private debt strategies through its specialized affiliate, Principal Commercial Acceptance.</p>	<p><b>Commercial Mortgage-Backed Securities (CMBS) Securitization</b> — Originating mortgages for securitization since 1999. Over \$6 billion securitized.</p> <p><b>Portfolio Management</b> — Manage \$5 billion in CMBS portfolios for 40 clients.</p> <p>Capabilities include investment-grade, interest-only and sub-investment-grade strategies.</p>

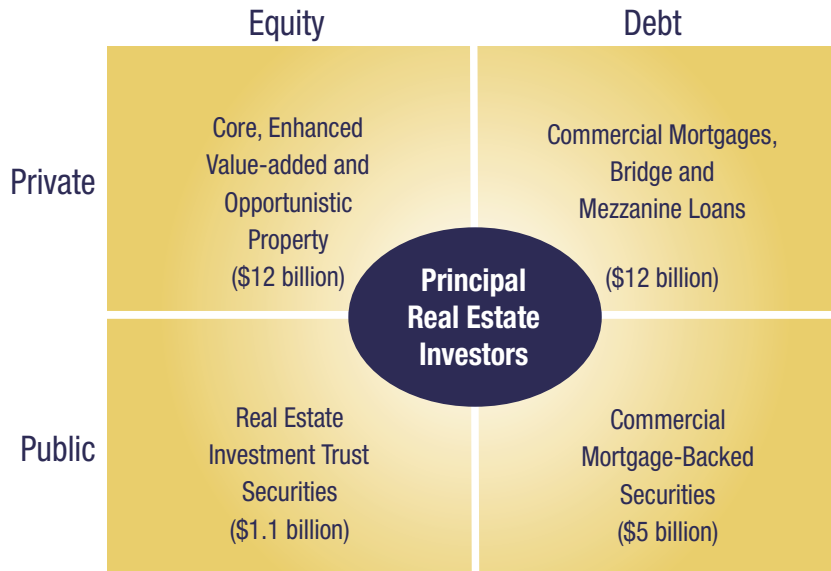
**Historical Debt and Equity Investments**  
Total AUM as of June 30, 2005 — \$30.1 billion



*“As future investment performance becomes more dependent upon space market fundamentals, especially sustained growth in property current income, the need for quality market research and tenant credit analysis becomes even more critical. Research is a means to an end, and the end is simply better decision making and better investment performance for our clients.”*

— Andy Warren,  
Director of Research

## The Power of Experience



As the dedicated real estate group of Principal Global Investors, Principal Real Estate Investors is a fully integrated, four-quadrant manager.

### Primary Contacts

#### Principal Real Estate Investors

801 Grand Avenue • Des Moines, IA 50392-2010 USA  
 Tel: (800) 533-1390 • Fax: (866) 850-4022 • www.principalglobal.com

**Pat Halter,**  
**Chief Executive Officer**  
 (515) 247-7895  
 halter.pat@principal.com

**Randy Mundt,**  
**President and Chief Investment Officer**  
 (515) 247-6744  
 mundt.randy@principal.com

**Steve Graves,**  
**Chief Operating Officer**  
 (515) 247-6996  
 graves.steve@principal.com

**Steve Pick,**  
**Chief Financial Officer**  
 (515) 247-5947  
 pick.steve@principal.com

**Todd Everett,**  
**Real Estate Fixed Income**  
 (515) 246-7003  
 everett.todd@principal.com

**Rod Vogel,**  
**Real Estate Equity**  
 (515) 362-2073  
 vogel.rod@principal.com

**Rob Best,**  
**Strategic Business Development**  
 (515) 246-5650  
 best.rob@principal.com

**Andy Warren,**  
**Real Estate Research**  
 (515) 246-7370  
 warren.andy@principal.com

**Tuba Malinowski,**  
**Institutional Marketing**  
 (404) 846-0018  
 malinowski.tuba@principal.com

**Scott Harris,**  
**Institutional Marketing**  
 (515) 248-9289  
 harris.scott.d@principal.com

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