Principal Real Estate Investors offers competitive senior mortgage bridge debt-lending options, tailored to meet borrowers’ needs. Bridge debt capital is available for light value-add transitional deals or full-leveraged stabilized assets. Key highlights of recently closed transactions and program parameters follow.

$33.0 million bridge loan

Principal Real Estate Investors, on behalf of its debt fund, funded a $33.0 million bridge-light loan on a newly constructed, mixed-used asset located in Columbus, OH. Proceeds were used to refinance the construction loan, pay closing costs, cover remaining leasing costs, and return a portion of Borrower’s original equity.

- Last-dollar loan-to-value 68%/7.25% debt yield
- Refinance of construction loan
- Two-year variable rate loan plus a one-year extension option
- Leasing: multi-family (98%) and retail (60%)
- Business plan: increase in place multi-family rents to market and lease the remaining retail with the ultimate goal to optimize refinance proceeds and return remaining equity to investors.

$46.5 million bridge loan

Principal Real Estate Investors, on behalf of its debt fund, funded a $46.5 million bridge-light loan on a suburban office building in the Washington, D.C. MSA.

- Last-dollar loan-to-value 65%/8.3% debt yield
- Acquisition Financing
- Three-year variable rate loan with two, one-year extension options
- 81% occupied with 16% rollover during loan term
- $39.3 million initial funding with $7.2 million of additional advances for future leasing costs
- Business plan: lease up vacancy and sell upon stabilization

The above examples are provided for illustrative purposes only and do not represent all of the bridge debt deals closed by Principal Real Estate Investors in 2017. 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  Bridge-light, value-add, transitional, or full-leverage stabilized senior mortgages

Size  $25 to $100 million

Terms  Floating rate up to 5-year terms

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

Target markets  Primary and select secondary U.S. markets

Pricing  Floating rate. Market based pricing L+275 – 400 bps (depending on term and overall risk)

Fees  Transaction specific

Prepayment  Fixed declining and flexible prepayment options available

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Parameters are as of May 2017 and subject to change without notice.
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As a general matter, the strategy entails a high degree of risk and is suitable only for sophisticated investors for whom such an investment is not a complete investment program and who fully understand and are capable of bearing the risks associated with such strategy. There can be no assurance that the strategy’s objectives will be achieved, and investors must be prepared to bear capital losses, including a loss of all capital invested, which might result from investments.