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PRESS RELEASE

10 March 2020

**PRINCIPAL REAL ESTATE EUROPE acquires the Cour des Loges Hotel in Lyon
for the Principal Hotel Real Estate Fund II for € 24.5 million**



PRINCIPAL REAL ESTATE EUROPE “PRINCIPAL”, is delighted to confirm the closing of the acquisition of the Cour des Loges Hotel in Lyon for € 24.50 million on behalf of the Principal Hotel Real Estate Fund II (“Hotelfund II”) from a local real estate investor group. The 5* hotel is located in the heart of the old town of Lyon, a UNESCO World Heritage listed district. The Cour des Loges has 60 rooms, two restaurants, a bar, a spa, several meeting rooms as well as a hidden garden. As part of the transaction and its value-add strategy, PRINCIPAL entered into a long-term lease with the Radisson Hotel Group (“Radisson”), and in cooperation with Radisson will renovate and reposition the hotel under the Radisson Collection brand.

Following the acquisition of the Ona Hotel Terra last month, this acquisition is another example of the value-add strategy of the Hotelfund II: acquiring high quality 3-5* hotels in strategic locations, in major cities across Europe with significant potential to increase value. This hotel was marketed as part of a wider portfolio, before being selected by PRINCIPAL as the asset most fitting for our strategy. The hotel’s exceptional location in the Vieux-Lyon, the historical building with its renaissance elements as well as the well-established Michelin star restaurant, “The Loges”, together with the renovation and agreement with Radisson provide the key components for this value creation. After the successful closing, Radisson and PRINCIPAL will work closely together to renovate the hotel creating a unique experience and destination for business and leisure travellers alike, while carefully preserving the character and history of the building.

After the successful sale of the hotel portfolio in the Principal Hotel Immobilien Spezialfonds (“Hotelfund I”), which as reported significantly exceeded target returns, this is a significant step by PRINCIPAL on the acquisition front. Indeed, this is the third hotel PRINCIPAL has acquired on behalf of Hotelfund II and follows the signing of significant additional equity for Hotelfund II, providing it with the capacity to again invest up to €500 million in European high-quality real estate assets.

Jochen Schaefer-Suren, CEO of Principal's Hotel and Leisure division, commented: "The Cour des Loges in Lyon is a unique hotel and a great acquisition for our Hotelfund II and we are thankful to our operating partner Radisson, one of the leading international hotel groups with a very strong covenant, with whom we were able to sign a long-term lease agreement. The location, paired with the quality of the asset and the potential of the planned renovation and repositioning, are exactly the kind of value-add hotel investments PRINCIPAL is looking for. As a result, we are still looking for further hotel investments for Hotelfund II in 2020 and beyond."

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Notes to Editors:

Principal Hotel Real Estate Fund II

The Principal Hotel Fund II is structured as a Luxemburg SCS and provides investors with the opportunity to participate in value-add opportunities at a point in the cycle where many hotels with long-term fixed rent leases are fully valued yet rental growth is an essential driver to protect capital values. To achieve such rental growth the fund's strategy focuses in select hotel markets on value creative asset management initiatives at the individual hotel asset, which can be achieved in any general market context. However, this requires a very experienced specialist hotel real estate fund management team like Principal's hotel team to design and implement such an asset specific value-add strategy.

Principal Real Estate Europe

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