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Principal Real Estate Investors and The Dermot Company Establish \$300 Million Joint Venture Focused on New York City Real Estate Market; Venture Closes on First Acquisition in Astoria, Queens

DES MOINES, Iowa & NEW YORK CITY--(BUSINESS WIRE)--June 14, 2006--Principal Real Estate Investors, one of the largest managers of institutional real estate assets in the United States, and The Dermot Company Inc., a major owner, developer and manager of rental apartments in the New York City market, have formed a joint venture focused on the acquisition of rent-stabilized apartments in the five boroughs of New York City. The venture, arranged by Sonnenblick-Goldman, has made an initial commitment of \$100 million in equity and intends to acquire approximately \$300 million in properties over the near term. It closed on its first acquisition, a 121-unit, two-building portfolio in Astoria, Queens in May.

"Rent stabilized apartments are an important asset class in New York City. Our experience in the real estate investment arena combined with Dermot's experience in acquiring and managing rent stabilized apartments in New York City, will allow us to develop a strong investment platform in the New York City multifamily market," said John Frandson, managing director of structured equity for Principal Real Estate Investors.

"We're thrilled to be working with Principal Real Estate Investors as they expand their presence in the New York City real estate market," said Andrew MacArthur, a principal with The Dermot Company. "We think that this commitment is only a beginning in our working together to acquire and manage residential properties here."

"Dermot's focus on acquiring assets with below-market rents that require base building and unit improvements should result in stellar returns for the venture," said Steve Kohn, president of Sonnenblick Goldman. Property management services for purchases made by the venture will be provided by The Dermot Company.

About The Dermot Company:

The Dermot Company, Inc., based in New York City, was formed in 1991 as a real estate investment and management company focused on multi-family sector opportunities. The company has evolved into a fully integrated real estate company employing nearly 200 real estate professionals in investment, finance, management and development. Dermot currently manages over \$1 billion in assets and owns or holds investments in more than 5,000 multifamily units.

In addition to this project, Dermot is also converting the Williamsburg Savings Bank Building in Downtown Brooklyn to luxury condominiums, redeveloping the Queens Family Courthouse in Jamaica, Queens to multi-family residences, and building The Mosaic, a 633-unit, mixed-use property at 53rd Street and Tenth Avenue in Manhattan.

About Sonnenblick Goldman



Sonnenblick Goldman is the industry's leading independent real estate investment banking firm. Founded in 1893 to serve the financing needs of the real estate industry, Sonnenblick Goldman provides a full range of financial services, including debt and equity placements, joint ventures, investment sales and advisory services. In 2005 alone, Sonnenblick Goldman financed transactions in excess of \$6 billion, with an expected increase for 2006. Headquartered in New York, Sonnenblick Goldman has a strong presence in Hong Kong, San Francisco, Shanghai, Sydney and Tokyo. Further information can be found at Sonnenblick Goldman's website at www.sonngold.com.

About Principal Real Estate Investors:

Principal Real Estate Investors is the fourth largest institutional real estate manager in the United States based on tax-exempt assets under management⁽¹⁾ and manages or subadvises \$34.2 billion in commercial real estate assets⁽²⁾. The firm's real estate capabilities include both public and private equity and debt investment alternatives. Principal Real Estate Investors is the dedicated real estate group of Principal Global Investors.

About Principal Global Investors:

Principal Global Investors is a diversified asset management organization and a member of the Principal Financial Group(R), with expertise in equities, fixed income and real estate investments, as well as specialized overlay and advisory services. Principal Global Investors manages \$166.7 billion in assets primarily for retirement plans and other institutional clients.⁽³⁾

About the Principal Financial Group:

The Principal Financial Group(R) (The Principal (R))⁽⁴⁾ is a leader in offering businesses, individuals and institutional clients a wide range of financial products and services, including retirement and investment services, life and health insurance and banking through its diverse family of financial services companies. A member of the Fortune 500, the Principal Financial Group has \$205.3 billion in assets under management⁽⁵⁾ and serves clients worldwide from offices in Asia, Australia, Europe, Latin America and the United States. Principal Financial Group, Inc. is traded on the New York Stock Exchange under the ticker symbol PFG. For more information, visit www.principal.com.

(1) Pensions & Investments magazine annual survey of real estate managers, Oct. 17, 2005.

(2) As of March 31, 2006.

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(5) As of March 31, 2006

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At A Glance

Principal Financial Group

Headquarters:	Des Moines, Iowa
Website:	http://www.principal.com
CEO:	J. Barry Griswell
Employees:	14,500
Ticker:	PFG (NYSE)
Revenues:	\$8,303.7 million (2004)
Net Income:	\$825.6 million (2004)