Principal Real Estate

Principal Asset Management℠

Principal Digital Real Estate Fund (A), LP

2023 ANNUAL PERFORMANCE REPORT

Fund overview

Fund objectives

Principal Digital Real Estate Fund (A), LP (the "Parallel Fund") is a closed-end, commingled fund with a six-year term that is sponsored and managed by Principal Real Estate Investors, LLC. The Parallel Fund and Principal Digital Real Estate Fund, LP (the "Fund"), collectively "the Funds," operate as feeder funds in a master-feeder type structure. Under the master-feeder structure, the strategy of the Funds is to invest all or substantially all its assets in PDREF Aggregator, LLC (the "Aggregator").

- The Aggregator seeks to invest in data center development or value-add acquisition opportunities that it believes are capable of generating attractive risk-adjusted returns of 19% - 21% internal rate of return, levered, after fees and expenses.[1]

Fund profile

Fund commencement date	December 23, 2020
Commitment period expiration April 30, 2024 (subject to potential extension)	
Fund expiration April 30, 2027 (subject to potential extensions)	
Number of investors	6

Equity summary

Equity commitments to the Fund	$	71.7 million
Since inception paid in capital	$	31.6 million
Distributions since inception	$	0.0 million

Valuation summary[2]

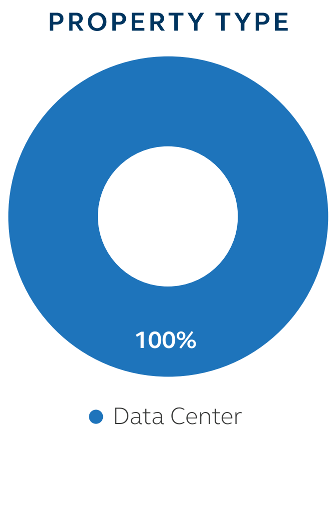
Gross asset value	$	337.4 million
Net asset value	$	223.1 million
Leverage ratio		25.5%

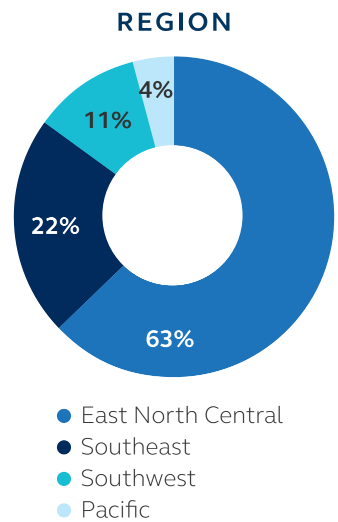
Return summary	**Gross**	**Net**
Internal rate of return[3]—4Q	0.8%	0.5%
Internal rate of return—YTD	4.0%	2.5%
Internal rate of return—1 year	4.0%	2.5%
Internal rate of return—since inception[4]	-3.1%	-4.5%
Time weighted return—since inception	-6.2%	-7.5%
Investment multiple[5]	0.95	
Realization multiple[6]	0.00	
Paid in capital multiple[7]	0.44	
Residual multiple[8]	0.95	
The inception date used for calculating since-inception returns	July 2, 2021	

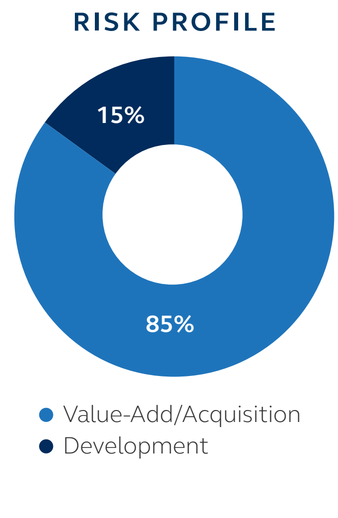
[1] The adoption of these performance objectives is not intended to predict the Fund's performance; instead, the objectives are used to help explain how the General Partner intends to construct the Fund's portfolio. The ultimate returns realized by the Fund will depend on numerous factors, which are subject to uncertainty. Accordingly, there can be no assurances that any performance or return objective will be realized or achieved. In addition, there are a variety of risks that may impede the achievement of the performance objectives.
[2] The Valuation Summary represents the Aggregator level.
[3] Internal rate of return has been calculated based on a dollar-weighted internal rate of return methodology using the cash flows between the limited partners and the Fund and including ending net asset value as of the report date. The net internal rate of return reflects the deduction of investment management fees and carried interest. Carried interest to the general partner has been accrued based on the hypothetical liquidation value of the fund at fair value.
[4] The inception date used for calculating since-inception returns is July 2, 2021.
[5] "Investment Multiple" means (i) the actual proceeds received, including the deemed liquidation of the Net Asset Value for unrealized investments divided by (ii) contributions.
[6] "Realization Multiple" means (i) the aggregate amount of distributions divided by (ii) contributions.
[7] "Paid In Capital Multiple" means (i) the aggregate amount of Capital Contributions divided by (ii) the aggregate amount of Commitments.
[8] "Residual Multiple" means, with respect to investments that have not been realized, (i) the Net Asset Value divided by (ii) contributions.

Current portfolio diversification

Investments 4 **MSA Markets** 4







Quarter activity update

The primary impediments to new data center construction continue to be sourcing utility power and ongoing supply chain delays as demand for critical equipment outpaces manufacturing capacity. Both of these issues were significantly mitigated during 2023 for all of the assets within the Aggregator. In addition to agreements signed with the utilities earlier in the year for Hammond, Forest Grove, and Lancaster, we were able to confirm additional utility capacity at Alpharetta. At Forest Grove we continue progress toward an on-site substation fed by transmission power, but have also engaged with the utility for distribution power to accelerate the power delivery schedule. With designs advanced enough to begin equipment procurement at Lancaster, orders have been placed for the high voltage transformers and other long lead-time equipment for the substation, as well as the electrical and mechanical critical equipment for the first 24 MW of capacity in the building. At Alpharetta, with the confirmation of utility availability we were able to secure equipment for an additional 8 MW of critical capacity. The existing mechanical plant will be utilized to cool this additional capacity, providing for a very efficient deployment this additional utility capacity support 13.6 MW of capacity, compared to 13.2 MW originally underwritten, and additional capacity will be available to the building addition.

Construction activities continued at both Hammond and Alpharetta. Rent commenced for the first phase of turnkey space totaling 3 MW of critical power for the high-performance computing tenant at Hammond, with customer installation ongoing. Two additional phases are expected to be completed by 1st quarter 2024 to round out the 10 MW deployment. Final commissioning for the online gaming customer at Hammond was completed during the 4th quarter. Upgrading existing capacity at Alpharetta is nearly complete, with power systems installed and cooling enhancements to be finalized in 1Q24. Work will begin in 1Q24 to install expansion capacity at the site.

Portfolio commentary

Market activity continued to accelerate during the fourth quarter, closing out an absolutely unprecedented year in the US data center sector. While overall market inventory grew by more than 50% year-over-year, absorption outpaced those deliveries taking the overall vacancy in the top-10 US markets down to just 1.8%. Performance by market was mixed as supply constraints on utility power and entitled land sites overshadowed tenant demand. Traditional market stalwarts such as Northern Virginia (#1 largest market) and Dallas (#3) continued to contribute to the sector's impressive performance. NoVA's inventory unsurprisingly grew by the largest absolute amount (1,215 MW) while Dallas posted the largest reduction in vacancy rate (-4.1%) of the major markets during 2023. As the Phoenix (#2) market continues to mature, it lost its status as the fastest-growing market but is still growing at a healthy clip with nearly 600 MW of new capacity and a 78% annual growth rate. Atlanta (#4) was the breakout market of the year, growing by an astonishing rate of 194%! It captured over 700 MW of absorption, which was 20% of the entire market's annual absorption and the second highest absolute absorption after NoVA. Growth in other primary markets has been more muted. Northern California (#5), arguably the most supply constrained market in the US, grew at a rate of 22%. Despite a respectable 20% annual growth, Chicago ended the year absent from the list of top-5 data center markets for the first time. Tenant demand continues to well exceed new supply driving significant preleasing, with tenants vying to control capacity that will deliver into 2027. Speculative inventory under construction declined by 25% during the year to just 251 MW, the lowest proportion of under-construction inventory to total commissioned power ever.

The tumultuous capital markets seemed to be the only damper on the data center sector's banner year. Volatility in interest rates kept many private market participants on the sidelines throughout the year. The public market's ability to more quickly adapt to changes in market conditions led to a significant amount of the transaction volume happening through CMBS, ABS and corporate debt instruments. Individual asset sales were few and far between with most of the equity market activity being driven by joint ventures and operating platform transactions. Digital Realty drove the most asset-level transaction activity, with several joint venture transactions selling partial interests in legacy portfolios as well as capitalizing their development pipeline. A unique partnership in 4th Quarter with another public REIT (Realty Income) provided capitalization for an approximately $400 million build-to-suit transaction in the Northern Virginia market at a reported 6.9% yield on cost. Sharply rising interest rates have created significant pressure on platforms utilizing substantial floating rate debt, and this led to the bankruptcy of a large data center operator Cyxtera. Brookfield acquired the platform out of bankruptcy for $775 million to merge with their portfolio company Evoque, and also negotiated the purchase of several of Cyxtera's leased assets from their landlords. DigitalBridge was an active market participant in the 4th quarter as well, announcing a sale of 40% of Landmark Dividend to ADIA. They were also active on both sides of the debt market, issuing $1.35 billion in securitized notes for portfolio company Vantage, as well as raising $1.1 billion for their Infrastructure Credit fund.

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INVESTMENT UPDATE:

Digital Crossroad Hammond

Location/MSA	**Chicago, IL**
Property Type	**Data Center**
Project Size	**103,222 SF**

Project Summary

Hold Period	
Acquisition Date	July 15, 2021
Anticipated Disposition	1Q 2025
Leasing Status	
Actual	71.2%
Targeted Stabilization Date	2Q 2024
JV Overview	
Partner	Decennial Group
Structure	98% Fund, 2% Partner
Debt Overview	
Lender	United Leasing & Finance
LTV	3.8%
Note Rate	6.0%
Maturity Date	June 10, 2028
Extension Options	N/A

Valuation/capital overview[1]

Current equity capital structure		**Total $ (mil)**		**% of total commitments**
Digital Fund	$	129.8		24.4%
Digital Fund subscription fundings		48.0		
Co-Investment		3.6		
Total	**$**	**181.4**		

Asset level profitability analysis[2]		**Total $ (mil)**		**$/SF**
Targeted sale price	$	243.2	$	2,356
Current value		210.1		2,035
Cost basis		190.5		1,845
Net unrealized gain (loss)	**$**	**19.6**	**$**	**190**

Returns	
Current Target Gross IRR from Inception to Sale (after partner promotes)	18.1%
Original Target Gross IRR from Inception to Sale (after partner promotes)	18.9%

INVESTMENT UPDATE:

Digital Crossroad Hammond

Risk Status Report

Risk	Status
Leasing	Phase I rent for the high performance computing cloud service provider commenced in the 4th Quarter, with year-end occupancy of 71.2%. The balance of this tenant's capacity is anticipated to be delivered in 1Q25 which is fully leased. Upon commissioning of the full 15 MW, capacity will be 89.4% leased.
Property Management	Construction continues for the final phases of delivery for the additional 6.0 MW of capacity, bringing total capacity of the building to 15.0 MW. Final commissioning is expected in 1Q25.
Financing	In addition to the United equipment financing, the Fund is utilizing the Secured Subscription Facility in lieu of property level debt. In the event the campus is held for future development, the Fund anticipates pursuing asset level financing of approximately 50-60% LTC.

[1] Property level analysis. Not adjusted for the Fund's share of the asset. Exclusive of partner promotes.

[2] Projected profitability and returns are based on subjective estimates and assumptions, some of which may not prove to be true. In such event the actual results may vary substantially from the ones projected.

Past performance is not a prediction or guarantee of future results. There can be no assurance that the Fund or investments by the Fund, as the context requires, will achieve comparable results or that projected returns, if any, will be met. It should not be assumed that any investments made in the future will be comparable in quality or performance to the prospective investments described herein. All projections, targets and estimates are subject to change without notice. See the Memorandum (including "Section VII-Risk Factors" and "Appendix B-Performance Endnotes" of the Memorandum and the disclaimers at the beginning of the Memorandum) for additional information (including with respect to performance calculations and assumptions).

INVESTMENT UPDATE:

Alpharetta Data Center

Location/MSA	**Atlanta, GA**
Property Type	**Data Center**
Project Size	**183,762 SF**

Project Summary

Hold Period	
Acquisition Date	August 4, 2022
Anticipated Disposition	3Q 2025
Leasing Status	
Actual	27.0%
Targeted Stabilization Date	2Q 2025
JV Overview	
Partner	Lincoln Rackhouse
Structure	95% Fund, 5% Partner
Debt Overview	
Lender	N/A
LTV	N/A
Note Rate	N/A
Maturity Date	N/A
Extension Options	N/A

Valuation/capital overview[1]

Current equity capital structure		**Total $ (mil)**		**% of total commitments**
Digital Fund	$	67.4		12.7%
Digital Fund subscription fundings		3.2		
Co-Investment		3.7		
Total	**$**	**74.3**		

Asset level profitability analysis[2]		**Total $ (mil)**		**$/SF**
Targeted sale price	$	177.6	$	967
Current value		73.5		400
Cost basis		73.5		400
Net unrealized gain (loss)	**$**	**0.0**	**$**	**0**

Returns	
Current Target Gross IRR from Inception to Sale (after partner promotes)	19.3%
Original Target Gross IRR from Inception to Sale (after partner promotes)	19.3%

INVESTMENT UPDATE:

Alpharetta Data Center

Risk Status Report

Risk	Status
Leasing	The asset is 27.0% leased. Due to limited near-term supply in the Atlanta market there is significant interest in the available utility capacity at the site.
Property Management	Planning, design, and procurement is currently underway to facilitate expansion of the critical power within the existing building as well as addition of a 60k sf building expansion.
Financing	The acquisition was funded on an all-cash basis. Financing will be pursued to fund approximately 50% of total costs. The Fund is currently utilizing the Secured Subscription Facility in lieu of property level debt.

[1] Property level analysis. Not adjusted for the Fund's share of the asset. Exclusive of partner promotes.

[2] Projected profitability and returns are based on subjective estimates and assumptions, some of which may not prove to be true. In such event the actual results may vary substantially from the ones projected.

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INVESTMENT UPDATE:

Crane Forest Grove Data Center

Location/MSA	**Portland, OR**
Property Type	**Data Center**
Project Size	**285,243 SF**

Project Summary

Hold Period	
Acquisition Date	October 31, 2022
Anticipated Disposition	2Q 2026
Leasing Status	
Actual	0%
Targeted Stabilization Date	1Q 2026
JV Overview	
Partner	Crane Data Centers
Structure	99% Fund, 1% Partner
Debt Overview	
Lender	N/A
LTV	N/A
Note Rate	N/A
Maturity Date	N/A
Extension Options	N/A

Valuation/capital overview[1]

Current equity capital structure		**Total $ (mil)**		**% of total commitments**
Digital Fund	$	9.6		1.8%
Digital Fund subscription fundings		1.7		
Co-Investment		0.1		
Total	**$**	**11.4**		

Asset level profitability analysis[2]		**Total $ (mil)**		**$/SF**
Targeted sale price	$	375.0	$	1,315
Current value		13.5		47
Cost basis		13.5		47
Net unrealized gain (loss)	**$**	**0.0**	**$**	**0**

Returns	
Current Target Gross IRR from Inception to Sale (after partner promotes)	20.4%
Original Target Gross IRR from Inception to Sale (after partner promotes)	20.4%

INVESTMENT UPDATE:

Crane Forest Grove Data Center

Risk Status Report

Risk	Status
Leasing	Discussions are underway with several hyperscale and large enterprise customers for 2025 and 2026 capacity needs.
Property Management	Engineering agreement has been signed with the utility. Negotiations are in progress to obtain distribution power to provide the site acces to power on an expedited timeline. Site planning, building design, and equipment procurement are underway.
Financing	The acquisition was funded on an all-cash basis. Financing will be pursued to fund approximately 40% of total costs. The Fund is currently utilizing the Secured Subscription Facility in lieu of property level debt.

[1] Property level analysis. Not adjusted for the Fund's share of the asset. Exclusive of partner promotes.

[2] Projected profitability and returns are based on subjective estimates and assumptions, some of which may not prove to be true. In such event the actual results may vary substantially from the ones projected.

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INVESTMENT UPDATE:

Skybox Lancaster Data Center

Location/MSA	**Dallas, TX**
Property Type	**Data Center**
Project Size	**217,000 SF**

Project Summary

Hold Period	
Acquisition Date	April 11, 2023
Anticipated Disposition	1Q 2026
Leasing Status	
Actual	0%
Targeted Stabilization Date	1Q 2026
JV Overview	
Partner	Skybox Data Centers
Structure	92.5% Fund, 7.5% Partner
Debt Overview	
Lender	N/A
LTV	N/A
Note Rate	N/A
Maturity Date	N/A
Extension Options	N/A

Valuation/capital overview[1]

Current equity capital structure		**Total $ (mil)**		**% of total commitments**
Digital Fund	$	21.0		4.0%
Digital Fund subscription fundings		14.4		
Co-Investment		0.1		
Total	**$**	**35.5**		

Asset level profitability analysis[2]		**Total $ (mil)**		**$/SF**
Targeted sale price	$	403.1	$	1,858
Current value		35.5		164
Cost basis		35.5		164
Net unrealized gain (loss)	**$**	**0.0**	**$**	**0**

Returns	
Current Target Gross IRR from Inception to Sale (after partner promotes)	19.0%
Original Target Gross IRR from Inception to Sale (after partner promotes)	19.0%

INVESTMENT UPDATE:

Skybox Lancaster Data Center

Risk Status Report

Risk	Status
Leasing	Discussions are underway with several hyperscale and enterprise tenant prospects.
Property Management	Engineering agreement has been signed with the utility. Site planning, building design, and equipment procurement are underway.
Financing	The acquisition was funded on an all-cash basis. Financing will be pursued to fund approximately 40% of total costs. The Fund is currently utilizing the Secured Subscription Facility in lieu of property level debt.

[1] Property level analysis. Not adjusted for the Fund's share of the asset. Exclusive of partner promotes.

[2] Projected profitability and returns are based on subjective estimates and assumptions, some of which may not prove to be true. In such event the actual results may vary substantially from the ones projected.

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Client service contacts

Information about the Parallel Fund and the Aggregator is available to investors on the Parallel Fund's secured website. Please contact Wanda Homan in our Client Service Group if you need assistance or if you have any other questions regarding your investment.

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Financial highlights

T1 Leverage Calculation		
Aggregator T1 Total Leverage		
Wholly owned fund level debt	$	75,868,000
+ Aggregator’s economic share of JV debt		8,034,137
	$	**83,902,137**
Total Gross Assets		
Total balance sheet assets	$	337,439,636
– Joint venture partners’ economic share of total assets		(8,243,790)
	$	**329,195,846**

Aggregator T1 Leverage Percentage

Aggregator T1 Total Leverage	$	83,902,137	**25.49%**
Total Gross Assets	$	329,195,846	

Total Global Expense Ratio (TGER) as of December 31, 2023		**Four quarters ended**		**Since inception[1]**
Asset Management Fees[2]	$	316,701	$	501,707
Transaction-based management fees[2]		—		33,608
Vehicle-related costs charged by third parties[3]		65,384		572,039
Average Gross Asset Value[4]	$	24,246,930	$	15,245,436
Gross Asset Value TGER		1.58 %		7.26 %
Weighted Average Net Asset Value[5]	$	21,300,960	$	13,714,316
Net Asset Value TGER		1.79 %		8.07 %

December 31, 2023, the Aggregator Tier 1 (T1) leverage percentage is being presented for informational purposes only. Please note that the calculation of such figure is different from the calculations used to determine the amount of the Aggregator’s indebtedness for purpose of the leverage limitations in the partnership agreement of the Fund, as well as the calculation of the Net Asset Value (as set forth in the limited partnership agreement of the Fund) and the preparation of the Aggregator’s financial statements. Additional information regarding the assumptions, calculations and estimates used with respect to the T1 leverage percentage calculation is available upon request. In addition, the NCREIF PREA Reporting Standards, which were used as the basis for this calculation, are available at the following website: http://www.reportingstandards.info/

[1] The inception date used for the calculation is July 2, 2021.

[2] Asset management fees include all fees earned by the firm for ongoing management of the Fund. Transaction-based management fees are fees earned by the firm for procurement of fund-level loan origination or refinance.

[3] Vehicle-related costs charged by third parties include audit, legal, bank, professional and debt arrangement fees. Represented are the Fund's allocated share of the Aggregator's costs as well as those borne at the Fund.

[4] Gross asset value is the average of the quarterly assets as of 3/31/2023 through 12/31/2023. Gross asset value is equal to total balance sheet assets.

[5] Net asset value is the average of the quarterly weighted average net assets as of 3/31/2023 through 12/31/2023.

Independent Auditor's Report

TO THE MANAGEMENT COMMITTEE AND PARTNERS OF
PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP

Opinion

We have audited the financial statements of Principal Digital Real Estate Fund (A), LP (the "Parallel Fund"), which comprise the statements of assets and liabilities as of December 31, 2023 and 2022, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Parallel Fund as of December 31, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Parallel Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parallel Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Parallel Fund's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parallel Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

DELOITTE & TOUCHE LLP

Des Moines, Iowa
March 1, 2024

Audited Financial Statements

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS:		
Investment in Aggregator - at fair value	$ 29,855,351	$ 17,189,702
Cash	43,827	9,520
Total assets	29,899,178	17,199,222
NET ASSETS	$ 29,899,178	$ 17,199,222

See notes to financial statements and attached consolidated financial statements of PDREF Aggregator, LLC.

Audited Financial Statements

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET INVESTMENT LOSS ALLOCATED FROM AGGREGATOR:		
Net loss from investment	$ (993,198)	$ (662,806)
Expenses	(1,037,492)	(603,557)
Net investment loss allocated from Aggregator	(2,030,690)	(1,266,363)
FUND EXPENSES:		
Administrative expenses	26,694	6,279
Total fund expenses	26,694	6,279
NET INVESTMENT LOSS	(2,057,384)	(1,272,642)
NET UNREALIZED GAIN (LOSS) ALLOCATED FROM AGGREGATOR:		
Unrealized gain (loss) on investment	2,576,855	(5,803)
Net unrealized gain (loss) allocated from Aggregator	2,576,855	(5,803)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	$ 519,471	$ (1,278,445)

See notes to financial statements and attached consolidated financial statements of PDREF Aggregator, LLC.

Audited Financial Statements

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET ASSETS — Beginning of year	$ 17,199,222	$ 6,492,095
Net increase (decrease) in net assets resulting from operations	519,471	(1,278,445)
Contributions from partners	12,180,485	11,985,572
NET ASSETS — End of year	$ 29,899,178	$ 17,199,222

See notes to financial statements and attached consolidated financial statements of PDREF Aggregator, LLC.

Audited Financial Statements

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets resulting from operations	$ 519,471	$ (1,278,445)
Adjustments to reconcile to net cash used in operating activities:		
Net investment loss allocated from Aggregator	2,030,690	1,266,363
Net unrealized loss (gain) allocated from Aggregator	(2,576,855)	5,803
Change in other assets	-	311
Contributions to Aggregator	(12,119,484)	(11,985,572)
Net cash used in operating activities	(12,146,178)	(11,991,540)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions from partners	12,180,485	11,985,572
Net cash provided by financing activities	12,180,485	11,985,572
NET CHANGE IN CASH	34,307	(5,968)
CASH:		
Beginning of year	9,520	15,488
End of year	$ 43,827	$ 9,520

See notes to financial statements and attached consolidated financial statements of PDREF Aggregator, LLC.

Audited Financial Statements

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. Organization

General — Principal Digital Real Estate Fund (A), LP (the "Parallel Fund") is a closed-end fund organized as a Delaware limited partnership. The Parallel Fund has a general partner, Principal Digital Real Estate Fund GP, LLC (GP), with power and authority to do all things necessary to effectuate the purposes and powers of the partnership. The Parallel Fund also has multiple limited partners which have no participatory rights in the management or control of the Parallel Fund's business, nor do they have the ability to bind the partnership. An investment advisor, Principal Real Estate Investors, LLC (PrinREI), has been engaged to provide certain services to the partnership in accordance with an investment management agreement.

The GP may establish investment vehicles ("Blocker Entities") on behalf of the Parallel Fund to address tax, regulatory or other concerns of certain limited partners. The Blocker Entities invest on a side-by-side basis with Principal Digital Real Estate Fund, LP (the "Fund").

The Parallel Fund and the Fund, collectively "the Funds," operate as feeder funds in a master-feeder type structure. Under the master-feeder structure, the strategy of the Funds is to invest all or substantially all of its assets in PDREF Aggregator, LLC (the "Aggregator"). The Aggregator seeks to invest in data center development or value-add acquisition opportunities that it believes are capable of generating attractive risk-adjusted returns. The Aggregator was formed February 4, 2021 and commenced operations on April 15, 2021. The Parallel Fund commenced operations on April 30, 2021.

The consolidated financial statements of the Aggregator, including the consolidated schedules of investments, are attached to this report, and should be read in conjunction with the Parallel Fund's financial statements. The Parallel Fund's beneficial ownership of the Aggregator's capital was approximately 13.4% as of December 31, 2023 and 2022.

Related Parties — Principal Digital Real Estate Fund GP, LLC, general partner of the Funds, is a wholly owned subsidiary of PrinREI. Petula Associates, LLC ("Petula"), a limited partner of the Fund, contributes capital alongside the Parallel Fund into Blocker Entities, which in turn invest in the Aggregator. Petula's aggregate interests are capped at an amount equal to the lesser of $25,000,000 and 9% of the commitments of both the Fund and the Blocker Entities. Petula and PrinREI are wholly owned subsidiaries of Principal Financial Group.

Capital Commitments and Contributions — Partners enter into subscription agreements for specified capital commitments. Commitments refer to the aggregate total of partner contributions to the Parallel Fund made within a defined contribution period. The Parallel Fund closed on April 30, 2021 with aggregate committed capital of $71,667,080. The GP has no capital commitment to the Parallel Fund. The Parallel Fund will make demands for capital contributions from partners proportionately based on their respective unfunded capital commitments. There were $40,111,250 and $52,291,734 of after-fee unfunded capital commitments as of December 31, 2023 and 2022, respectively.

Capital Accounts and Allocations — The Parallel Fund maintains separate capital accounts for each partner. Each capital account is adjusted for capital contributions, distributions, redemptions, and each partner's share of net income or net loss which is generally determined by dividing the capital commitment of each partner by the aggregate capital commitments of all partners. Except in certain limited circumstances, such as transfers to affiliates or successor trustees or state agencies, limited partners are not allowed to sell, assign, or transfer its interest in the Parallel Fund without consent of the GP.

1. Organization (continued)

The GP earns a share of profits if cash distributions to the Fund and Blocker Entities exceed a certain level of return. On the consolidated financial statements of the Aggregator, carried interest is presented as a re-allocation from the Funds' capital accounts to the GP's capital account. Therefore, allocation of capital from the Aggregator is presented net of carried interest in the Parallel Fund's financial statements. No carried interest has been recognized or paid as of December 31, 2023 or 2022.

Term — The Parallel Fund will terminate on the sixth anniversary of the final closing date, but the term may be extended for two consecutive one-year periods.

Guarantors — Effective April 15, 2021, the Aggregator entered a revolving credit agreement. Maximum availability under this agreement was $50,000,000. Maximum availability was increased to $65,000,000 on January 27, 2022 and then to $100,000,000 on July 27, 2022. The outstanding balance on the line of credit was $75,868,000 and $60,806,600 as of December 31, 2023 and 2022, respectively. The line of credit expires on April 15, 2024, with one option to extend for twelve months. The Funds are joint and several liable guarantors on the line of credit and such is secured by the Parallel Funds' investors' unfunded capital commitments.

2. Summary of Significant Accounting Policies

Basis of Presentation — The financial statements of the Parallel Fund have been presented on the fair value basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Parallel Fund is an investment company under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, *Financial Services – Investment Companies*.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of Investment in Aggregator — The Parallel Fund records its investment in the Aggregator at its proportionate share of net assets of the Aggregator. Investments by the Aggregator are valued in accordance with GAAP as discussed in the notes to the Aggregator's financial statements attached to this report.

Cash — Cash includes cash on hand and demand deposit accounts. At times, cash balances at financial institutions may exceed the federally insured amounts. The Parallel Fund believes it mitigates credit risk by depositing cash in or investing through major financial institutions.

Allocations from Aggregator —

Net income (loss) from investment – This represents the Parallel Fund's proportionate share of real estate operations of the Aggregator within net investment income (loss), including revenue and expenses from real estate.

2. Summary of Significant Accounting Policies (continued)

Expenses – This represents the Parallel Fund's proportionate share of expenses of the Aggregator not related to real estate operations. These expenses include interest on the fund level line of credit, financing fees paid to PrinREI as well as external parties for services in connection with arrangement of loan proceeds, and other administrative expenses. Additionally, these expenses contain the Parallel Fund's allocation of expenses incurred by the Blocker Entities, including asset management fees, income taxes, and other administrative expenses.

The Blocker Entities are organized as corporations and thus subject to U.S. corporate income taxes. The Parallel Fund's allocation of income taxes, if any, is reflected in expenses. No income tax expense or benefit was allocated to the Parallel Fund in 2023 or 2022.

Unrealized gain (loss) – This represents the Parallel Fund's proportionate share of unrealized gain (loss) of the Aggregator.

Fund Expenses — These expenses are incurred by the Parallel Fund and consist of administrative expenses.

Income Taxes — The Parallel Fund is organized as a partnership. Taxable income flows through to, and is reported by, the Parallel Fund's partners. As a result, income taxes are not reflected in the financial statements.

Subsequent Events — The Parallel Fund evaluated subsequent events through March 1, 2024, the date the financial statements were available to be issued. There were no events that require adjustment to, or disclosure in, the financial statements.

3. Asset Management Fee

Each limited partner is obligated to pay an asset management fee to PrinREI. Payments of asset management fees reduce unfunded capital commitments. The GP has the right to deduct the amount of the asset management fee from any cash distributions to which an investor would otherwise be entitled, quarterly in arrears. If such amount is insufficient to cover the asset management fee in any quarter, the investor will be required to remit the difference to the GP. Asset management fees are expensed by and the liability of the Blocker Entities and allocated to the Parallel Fund. Asset management fees of $316,701 and $165,556 were allocated to the Parallel Fund in 2023 and 2022, respectively, and are included in expenses allocated from the Aggregator.

PRINCIPAL DIGITAL REAL ESTATE FUND (A), LP
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

4. Financial Highlights

	2023	2022
Net assets	$ 29,899,178	$ 17,199,222
Ratio to average net assets:		
Fund level operating expenses	5.00 %	6.14 %
Net investment loss	(9.66)%	(12.82)%
Total return[1]:		
Internal rate of return - gross of fees	(3.11)%	(13.95)%
Internal rate of return - net of fees	(4.46)%	(15.23)%

[1] Total return is calculated based on a dollar-weighted internal rate of return methodology both gross and net of fees and carried interest. Internal rate of return is computed on a cumulative, since inception basis using annual compounding and the actual dates of cash inflows received by and outflows paid to limited partners and including ending net asset value as of each measurement date.

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PDREF Aggregator, LLC

Consolidated Financial Statements as of and for the Years Ended December 31, 2023 and 2022, and Independent Auditor's Report

Deloitte.

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Independent Auditor's Report

To the Management Committee and Members of
PDREF Aggregator, LLC

Opinion

We have audited the consolidated financial statements of PDREF Aggregator, LLC and subsidiaries (the "Aggregator"), which comprise the consolidated statements of assets and liabilities, including the consolidated schedules of investments, as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Aggregator as of December 31, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Aggregator and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aggregator's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Aggregator's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Aggregator's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

DELOITTE & TOUCHE LLP

March 1, 2024

Audited Financial Statements

PDREF AGGREGATOR, LLC
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS:		
Investments - at fair value:		
Real estate		
(cost: 2023 - $313,031,567; 2022 - $201,089,730)	$ 332,600,000	$ 201,100,000
Cash	2,083,351	2,912,526
Accrued investment income and other assets	1,056,285	2,303,112
Right of use asset - ground lease	1,700,000	1,300,000
Total assets	337,439,636	207,615,638
LIABILITIES:		
Lines of credit	84,066,056	69,431,778
Accounts payable and accrued expenses	21,019,329	5,139,123
Lease liabilities - ground lease	1,700,000	1,300,000
Total liabilities	106,785,385	75,870,901
NET ASSETS:		
PDREF Aggregator, LLC	223,092,331	126,148,670
Noncontrolling interests	7,561,920	5,596,067
Net assets	$ 230,654,251	$ 131,744,737

See notes to consolidated financial statements.

Audited Financial Statements

PDREF AGGREGATOR, LLC
CONSOLIDATED SCHEDULES OF INVESTMENTS
AS OF DECEMBER 31, 2023 AND 2022

	Fair Value 2023	Fair Value 2022
REAL ESTATE - 100.0%:		
United States:		
Data center - 100.0%:		
Digital Crossroad Hammond, Hammond, IN	$ 210,100,000	$ 129,700,000
Alpharetta Data Center, Alpharetta, GA*	73,500,000	64,600,000
Forest Grove Data Center, Forest Grove, OR	13,500,000	6,800,000
Lancaster Data Center, Lancaster, TX	35,500,000	-
Total real estate (cost: 2023 - $313,031,567; 2022 - $201,089,730)	332,600,000	201,100,000
TOTAL INVESTMENTS - 100.0% (cost: 2023 - $313,031,567; 2022 - $201,089,730)	$ 332,600,000	$ 201,100,000

*Alpharetta Data Center was formerly referred to as Ascent Data Center.

See notes to consolidated financial statements.

Audited Financial Statements

PDREF AGGREGATOR, LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
INVESTMENT INCOME:		
Revenue from real estate	$ 5,341,324	$ 1,372,819
Total investment income	5,341,324	1,372,819
EXPENSES:		
Expenses from real estate:		
Operating expenses and taxes	12,245,342	5,787,375
Interest expense	507,631	520,006
Professional and other fees	117,046	116,790
Total real estate expenses	12,870,019	6,424,171
Fund expenses:		
Interest expense	5,074,005	2,655,627
Professional and other fees	199,240	228,333
Total fund expenses	5,273,245	2,883,960
Total expenses	18,143,264	9,308,131
NET INVESTMENT LOSS	(12,801,940)	(7,935,312)
UNREALIZED GAIN (LOSS):		
Unrealized gain (loss) on real estate	19,558,163	(45,803)
Net unrealized gain (loss)	19,558,163	(45,803)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	6,756,223	(7,981,115)
LESS: Portion attributable to noncontrolling interests	157,557	(128,484)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO PDREF AGGREGATOR, LLC	$ 6,598,666	$ (7,852,631)
AMOUNTS ATTRIBUTABLE TO PDREF AGGREGATOR, LLC:		
Net investment loss	$ (12,570,043)	$ (7,809,463)
Net unrealized gain (loss)	19,168,709	(43,168)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO PDREF AGGREGATOR, LLC	$ 6,598,666	$ (7,852,631)

See notes to consolidated financial statements.

Audited Financial Statements

PDREF AGGREGATOR, LLC
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	PDREF Aggregator, LLC	Noncontrolling Interests	Total
NET ASSETS — January 1, 2022	$ 48,271,591	$ 1,881,551	$ 50,153,142
FROM OPERATIONS:			
Net investment loss	(7,809,463)	(125,849)	(7,935,312)
Net unrealized loss	(43,168)	(2,635)	(45,803)
Net decrease in net assets resulting from operations	(7,852,631)	(128,484)	(7,981,115)
FROM CAPITAL TRANSACTIONS:			
Contributions	85,729,710	3,843,000	89,572,710
Increase in net assets resulting from capital transactions	85,729,710	3,843,000	89,572,710
NET INCREASE IN NET ASSETS	77,877,079	3,714,516	81,591,595
NET ASSETS — December 31, 2022	$ 126,148,670	$ 5,596,067	$ 131,744,737
FROM OPERATIONS:			
Net investment loss	(12,570,043)	(231,897)	(12,801,940)
Net unrealized gain	19,168,709	389,454	19,558,163
Net increase in net assets resulting from operations	6,598,666	157,557	6,756,223
FROM CAPITAL TRANSACTIONS:			
Contributions	90,344,995	1,808,296	92,153,291
Increase in net assets resulting from capital transactions	90,344,995	1,808,296	92,153,291
NET INCREASE IN NET ASSETS	96,943,661	1,965,853	98,909,514
NET ASSETS — December 31, 2023	$ 223,092,331	$ 7,561,920	$ 230,654,251

See notes to consolidated financial statements.

Audited Financial Statements

PDREF AGGREGATOR, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets resulting from operations	$ 6,756,223	$ (7,981,115)
Adjustments to reconcile to net cash used in operating activities:		
Net unrealized loss (gain)	(19,558,163)	45,803
Changes in:		
Accrued investment income and other assets	1,246,827	(524,241)
Accounts payable and accrued expenses	725,597	1,277,743
Net cash used in operating activities	(10,829,516)	(7,181,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of real estate investments	(14,710,573)	(74,656,463)
Purchases of real estate improvements	(82,076,655)	(21,399,982)
Net cash used in investing activities	(96,787,228)	(96,056,445)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on lines of credit	104,393,000	59,806,600
Repayments on lines of credit	(89,758,722)	(48,902,179)
Partner contributions	90,344,995	85,729,710
Noncontrolling interests contributions	1,808,296	3,843,000
Net cash provided by financing activities	106,787,569	100,477,131
NET CHANGE IN CASH	(829,175)	(2,761,124)
CASH:		
Beginning of period	2,912,526	5,673,650
End of period	$ 2,083,351	$ 2,912,526
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	$ 5,359,316	$ 2,507,418

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:

The Aggregator had accrued but unpaid purchases of real estate improvements of $18,093,919 and $2,939,310 as of December 31, 2023 and 2022, respectively. These amounts are included in accounts payable and accrued expenses in the consolidated statements of assets and liabilities.

See notes to consolidated financial statements.

PDREF AGGREGATOR, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. Organization

General — PDREF Aggregator, LLC (the "Aggregator") is a master fund in a master-feeder type structure. Under the master-feeder structure, the strategy of the feeder funds, Principal Digital Real Estate Fund, LP (the "Fund") and Principal Digital Real Estate Fund (A), LP (the "Parallel Fund"), collectively "the Funds," is to invest all or substantially all of their assets in the Aggregator. The Aggregator was formed February 4, 2021 and commenced operations on April 15, 2021.

The Aggregator seeks to invest in data center development or value-add acquisition opportunities that it believes are capable of generating attractive risk-adjusted returns.

The Aggregator has a general partner, Principal Digital Real Estate Fund GP, LLC (GP). An investment adviser, Principal Real Estate Investors, LLC ("PrinREI"), has been engaged to provide certain services to the Aggregator in accordance with an investment management agreement.

The GP may establish investment vehicles ("Blocker Entities") on behalf of the Parallel Fund to address tax, regulatory or other concerns of certain limited partners. The Blocker Entities invest on a side-by-side basis with the Fund.

Related Parties — Principal Digital Real Estate Fund GP, LLC, as general partner, is a wholly owned subsidiary of PrinREI. Petula Associates, LLC ("Petula" or the "Manager Affiliate") is a limited partner in the Fund, and, as the Manager Affiliate, contributes capital alongside the Parallel Fund into Blocker Entities which in turn invest in the Aggregator. Petula and PrinREI are wholly owned subsidiaries of Principal Financial Group, Inc.

Capital Commitments and Contributions — The Fund has committed capital from investors of $457,450,000, representing approximately 85.8% of total committed capital. The Parallel Fund and the Manager Affiliate have committed capital from investors of $71,667,080 and $4,000,000, representing approximately 13.4% and 0.8%, respectively, of total committed capital. The Aggregator will make demands for capital contributions from the Funds and the Manager Affiliate proportionately based on their respective unfunded capital commitments from their investors. The GP has no capital commitment to the Aggregator.

Capital Accounts and Allocations — The Aggregator maintains separate capital accounts for each the Fund and the Blocker Entities. Each capital account is adjusted for capital contributions, distributions, redemptions, and each fund's share of net income or net loss.

1. Organization (continued)

The GP earns a share of profits if cash distributions to the Fund and Blocker Entities exceed a certain level of return. The capital accounts reflect the carried interest to the GP as if the Aggregator had realized all assets and settled all liabilities at the fair value reported in the financial statements and allocated all gains and losses and distributed the net assets to the partners at the reporting date. The carried interest to the GP is provisional until final liquidation of the Aggregator. Carried interest is presented as a re-allocation from the Funds' capital accounts to the GP's capital account. On termination of the Aggregator, if there has been any distribution of carried interest to the GP and if the distributions received by the limited partners have been insufficient to provide the required return of capital and preferred return, the GP will be obligated to return previously received carried interest payments (the "clawback") to the partners. The clawback is limited to the after-tax amount of carried interest previously distributed to the GP. No carried interest has been recognized or paid as of December 31, 2023 or 2022.

Term — The Aggregator will dissolve upon termination of the Funds which is the sixth anniversary of the final closing date but may be extended for two consecutive one-year periods.

2. Summary of Significant Accounting Policies

Basis of Presentation — The consolidated financial statements of the Aggregator have been presented on the fair value basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). The Aggregator is an investment company under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, *Financial Services – Investment Companies*. The consolidated financial statements of the Aggregator include the accounts of its wholly owned and controlled real estate investment entities. All intercompany transactions are eliminated in consolidation.

Consolidation — In accordance with FASB ASC 810, *Consolidation*, the Aggregator consolidates variable interest entities ("VIE") or entities evaluated under the voting interest equity model ("voting model") in which it has a controlling financial interest. An entity will be a VIE if it meets certain defined characteristics and will be consolidated if the reporting entity has the power to direct the activities that most significantly impact the VIE's economic performance and has the right to receive benefits or has the obligation to absorb losses which could potentially be significant to the VIE. If an entity is not a VIE, it is evaluated under the voting model. Under the voting model, entities are generally consolidated if any one of the following substantive rights exist: 1) the ability to remove the investment manager (i.e. kick-out rights), without cause, with a simple majority vote of the related limited partners. The definition of kick-out rights includes both the removal rights and the ability to liquidate the entity; or 2) participating rights granted to limited partners (rights to block or participate in significant financial and operating decisions that are made in the ordinary course of business). The Aggregator did not have any VIEs as of or during the years ended December 31, 2023 and 2022.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies (continued)

The real estate and capital markets are cyclical in nature. Real estate investment values are affected by, among other things, the availability of capital, occupancy rates, rental rates, interest rates, and inflation rates. As a result, determining such values involves many assumptions. Amounts ultimately realized may vary significantly from the fair values presented.

Risks and Uncertainties — The Aggregator invests in commercial real estate properties located throughout the United States that are bought and sold in private market transactions. The Aggregator's estimates of fair value are based on the best information available to management as of the date of the valuation. Certain market conditions that impact commercial real estate transaction markets may impact the availability of observable inputs. Should market conditions or management's assumptions change, the Aggregator may record realized and unrealized losses and gains in future periods.

Concentration of Credit Risk — The Aggregator invests its cash primarily in deposit accounts with financial institutions. At times, cash balances at financial institutions may exceed the federally insured amounts. The Aggregator believes it mitigates credit risk by depositing cash in or investing through major financial institutions. In addition, in the normal course of business, the Aggregator extends credit to its tenants which consist of local, regional, and national-based tenants. The Aggregator does not believe this represents a material risk of loss with respect to its financial position.

Real Estate — Real estate investments are carried at estimated fair value. Properties owned are initially recorded at the purchase price plus closing costs. Development costs and major renovations are capitalized as a component of cost, and routine maintenance and repairs are charged to expense as incurred. Real estate costs include the cost of acquired land, buildings, and all subsequent development expenditures. Real estate costs also include leasing or similar costs paid to third parties to obtain tenants. The Aggregator does not record depreciation on real estate as fair value estimates take into consideration the effect of physical depreciation.

Cash — Cash includes cash on hand and demand deposit accounts.

Accrued Investment Income and Other Assets — Accrued investment income and other assets consists of tenant receivables and prepaid expenses. These amounts are recorded at cost, which approximates fair value.

Lines of Credit — Lines of credit are carried at cost, which approximates fair value.

Accounts Payable and Accrued Expenses — Accounts payable and accrued expenses, and security deposits are recorded at cost, which approximates fair value.

PDREF AGGREGATOR, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

2. Summary of Significant Accounting Policies (continued)

Noncontrolling Interests — The Aggregator has entered into joint development relationships with external investors to acquire and/or develop real estate properties. The Aggregator is the majority owner in such projects and has control over decision making. Accordingly, the underlying assets and liabilities of the projects are consolidated into the Aggregator's consolidated financial statements, with the external investors' net share of net assets reflected as noncontrolling interests. Net investment income (loss) and net realized and unrealized gain (loss) attributable to noncontrolling interests, as determined by partnership agreements, are reflected as adjustments to noncontrolling interests. Certain external investors earn additional equity if the estimated rate of return of the real estate investment exceeds a contractually determined rate. This additional equity allocation is accrued or reversed at the same time the underlying real estate property appreciates or depreciates, respectively.

Income and Expense Recognition — Rental income is recognized on an accrual basis in accordance with the terms of the underlying lease agreements. Other lease rental income, such as charges to tenants for their share of operating expenses and percentage rents based on sales, are recognized when earned. Operating expenses are recognized as incurred.

Leases —

Lessor Accounting

The Aggregator combines its lease (right to use an underlying asset) and non-lease components (transfer of a good or service that is not a lease such common area maintenance services) that meet defined criteria and will account for the combined lease component under ASC 842, *Leases*. These amounts are reported as revenue from real estate within the consolidated statements of operations.

Lessee Accounting

The Aggregator has a ground lease where it is the lessee. The ground lease is classified as an operating lease. The Aggregator records a right-of-use asset ("RoU asset") and related lease liability for the rights and obligations associated with the operating lease. This RoU asset and lease liability is shown as a separate line item on the consolidated statements of assets and liabilities.

The RoU assets and corresponding lease liabilities are recorded at fair value. The Aggregator values the RoU assets and lease liabilities on a quarterly basis and the amount of unrealized gain (loss) between the RoU assets and lease liabilities offset to have no impact on net assets. For the year ended December 31, 2023, the Aggregator recorded unrealized gain of $400,000 on the RoU assets and unrealized loss of $400,000 on the lease liabilities. For the year ended December 31, 2022, the Aggregator recorded unrealized gain of $100,000 on the RoU assets and unrealized loss of $100,000 on the lease liabilities.

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2. Summary of Significant Accounting Policies (continued)

Income Taxes — The Aggregator is organized as a partnership. Taxable income flows through to, and is reported by, the Aggregator's partners. As a result, income taxes are not reflected in the consolidated financial statements.

Subsequent Events — The Aggregator evaluated subsequent events through March 1, 2024, the date the consolidated financial statements were available to be issued. There were no events that require adjustment to, or disclosure in, the consolidated financial statements.

TIF Bond — One of the Aggregator's real estate investments includes a Tax Increment Financing bond ("TIF bond"). On April 4, 2019, DX Hammond Data Center, LLC ("Hammond Data Center") entered into a loan agreement with the City of Hammond, Indiana for $8,040,000 to assist in funding the data center development. The City of Hammond issued the TIF bond which was purchased by DX Hammond HoldCo, LLC ("Hammond HoldCo"), the parent company of Hammond Data Center. The loan matures February 1, 2044 and accrues interest at 4.0%. The terms, including interest rate, payment cadence, and maturity date of the TIF bond purchased by Hammond HoldCo and the loan agreement to Hammond Data Center from the City of Hammond are identical.

A designated portion of real and depreciable personal property tax proceeds generated and paid by Hammond Data Center ("TIF Revenues") will be used toward repayment of the loan. To the extent TIF Revenues are insufficient to cover principal and interest payments on the loan, Hammond Data Center is responsible for the unpaid portion. Loan repayment for Hammond Data Center and TIF bond income for Hammond HoldCo, began August 1, 2019. The Aggregator acquired, through a joint venture partnership, both Hammond Data Center and Hammond HoldCo on July 14, 2021. TIF Revenues of $225,800 and $160,800 were used toward loan repayments for the years ending December 31, 2023 and 2022, respectively. These TIF Revenues were generated solely by real estate tax payments made by Hammond Data Center.

This arrangement results in a TIF bond receivable at Hammond HoldCo and a loan payable at Hammond Data Center, whereby all payments made by Hammond Data Center, either through property taxes or other, source all payments made on the TIF bond receivable. Such amounts have been eliminated in consolidation, and therefore, have no impact on the Aggregator's financial statements.

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3. Fair Value Measurements

In determining fair value, the Aggregator uses various valuation approaches. ASC 820, *Fair Value Measurement*, establishes a fair value measurement framework and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. Observable inputs are inputs that the market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Aggregator. Unobservable inputs are inputs that reflect the Aggregator's judgments about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is measured in three levels based on the reliability of inputs:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Aggregator could access.

Level 2 — Valuations based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 — Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques, and not based on market, exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and use significant professional judgment in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation techniques used for assets measured at fair value:

Real Estate — Real estate values are based upon internally prepared valuations. The Aggregator updates the values of its real estate investments at the end of each quarter. Values are adjusted quarterly as a result of any material events that have an impact on value such as occupancy levels, lease rates, overall market conditions, capital improvements, and stage of development. The Aggregator will obtain an independent external appraisal for only those assets that are 100% complete, have stabilized occupancy and not yet marketed, in process of being sold or sold at the end of the calendar year. Appraisals performed by independent external appraisers will be performed in accordance with the Uniform Standard of Professional Appraisal Practice. There were no external appraisals received in 2023 or 2022. Determination of fair value involves subjective judgment because the actual fair value of real estate can only be determined by negotiation between parties in a sales transaction.

3. Fair Value Measurements (continued)

The fair values of real estate investments undergoing development have been prepared giving consideration to costs incurred to date and key development risk factors, including entitlement risk, construction risk, leasing/sales risk, operating expense risk, credit risk, capital market risk, pricing risk, event risk, and valuation risk. The fair value of investments undergoing development includes the timely recognition of estimated entrepreneurial profit (the “entrepreneurial profit rate”) after consideration of these risks.

The Aggregator’s real estate investments are classified within Level 3 of the valuation hierarchy.

RoU Assets and Lease Liabilities — The fair value of lease liabilities is determined using a discounted cash flow approach with a discount rate and other assumptions that approximate current market conditions. The fair value of lease liabilities is determined by discounting the future contractual cash flows to the present value using a discount rate that is commensurate with the rate utilized in the underlying valuation of the real estate investment for each ground lease. The discount rate is determined by giving consideration to one or more of the following criteria as appropriate: (i) rates for similar property types, quality, and maturity, and (ii) the fair value of the underlying collateral. The fair value of the RoU asset is equal to the corresponding value of each respective lease liability. The Aggregator’s RoU assets and lease liabilities are classified within Level 3 of the valuation hierarchy.

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3. Fair Value Measurements (continued)

The following tables set forth, by level within the fair value hierarchy, a summary of the Aggregator's assets measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	2023			
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Investments:				
Real estate	$ -	$ -	$ 332,600,000	$ 332,600,000
Right of use assets - ground lease	-	-	1,700,000	1,700,000
Total assets	$ -	$ -	$ 334,300,000	$ 334,300,000
Liabilities:				
Lease liabilities - ground lease	$ -	$ -	$ 1,700,000	$ 1,700,000
Total liabilities	$ -	$ -	$ 1,700,000	$ 1,700,000

	2022			
Description	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Investments:				
Real estate	$ -	$ -	$ 201,100,000	$ 201,100,000
Right of use assets - ground lease	-	-	1,300,000	1,300,000
Total assets	$ -	$ -	$ 202,400,000	$ 202,400,000
Liabilities:				
Lease liabilities - ground lease	$ -	$ -	$ 1,300,000	$ 1,300,000
Total liabilities	$ -	$ -	$ 1,300,000	$ 1,300,000

For the periods ended December 31, 2023 and 2022, there were no significant transfers in or out of Level 3.

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3. Fair Value Measurements (continued)

The following is a reconciliation of the beginning and ending balances for real estate measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the periods ended December 31, 2023 and 2022:

	2023		
	Real Estate	Right of Use Assets - Ground Leases	Lease Liabilities - Ground Leases
Beginning balance - January 1, 2023	$ 201,100,000	$ 1,300,000	$ (1,300,000)
Net unrealized gain (loss)	19,558,163	400,000	(400,000)
Real estate acquisitions	14,710,573	-	-
Real estate improvements	97,231,264	-	-
Ending balance - December 31, 2023	$ 332,600,000	$ 1,700,000	$ (1,700,000)

	2022		
	Real Estate	Right of Use Assets - Ground Leases	Lease Liabilities - Ground Leases
Beginning balance - January 1, 2022	$ 113,500,000	$ 1,200,000	$ (1,200,000)
Net unrealized gain (loss)	(45,803)	100,000	(100,000)
Real estate acquisitions	74,656,463	-	-
Real estate improvements	12,989,340	-	-
Ending balance - December 31, 2022	$ 201,100,000	$ 1,300,000	$ (1,300,000)

3. Fair Value Measurements (continued)

The following table shows quantitative information about significant unobservable inputs related to the Level 3 fair value measurements used as of December 31, 2023 and 2022.

	2023			
	Fair Value	Primary Valuation Technique	Significant Unobservable Inputs	Input/ Range of Inputs
Assets:				
Real estate:				
Data centers	$ 210,100,000	Discounted cash flows	Discount rate	7.25%
			Terminal capitalization rate	6.00%
			Market rent growth rate	3.00%
	$ 73,500,000	Discounted cash flows	Discount rate	8.88%
			Terminal capitalization rate	6.00%
			Market rent growth rate	3.00%
	$ 49,000,000	Cost	Entrepreneurial profit rate	0.00%
Right of use asset and lease liabilities - ground lease	$ 1,700,000	Discounted cash flows	Discount rate	7.25%

	2022			
	Fair Value	Primary Valuation Technique	Significant Unobservable Inputs	Input/ Range of Inputs
Assets:				
Real estate:				
Data centers	$ 129,700,000	Discounted cash flows	Discount rate	7.75%
			Terminal capitalization rate	5.25%
			Market rent growth rate	3.00%
	$ 71,400,000	Cost	Entrepreneurial profit rate	0.00%
Right of use asset and lease liabilities - ground lease	$ 1,300,000	Discounted cash flows	Discount rate	7.75%

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4. Lines of Credit

Effective April 15, 2021, the Aggregator entered a revolving credit agreement. Maximum availability under this agreement was $50,000,000. Maximum availability was increased to $65,000,000 on January 27, 2022 and then to $100,000,000 on July 27, 2022. The outstanding balance on the line of credit was $75,868,000 and $60,806,600 as of December 31, 2023 and 2022, respectively. The line of credit expires on April 15, 2024, with one option to extend for twelve months. The option to extend only requires advance notice to the lender. The Aggregator plans to exercise its extension option in 2024. Interest on outstanding borrowings accrues at a variable rate equal to one-month SOFR plus 1.65% (6.99% and 5.77% as of December 31, 2023 and 2022, respectively). Additionally, the Aggregator pays a fee of .20% - .50% on the unused portion of the line of credit. The credit agreement contains financial and non-financial covenants including leverage limitations. The Funds are joint and several liable guarantors on the line of credit and such is secured by the Funds' investors' unfunded capital commitments.

A separate credit facility, collateralized by equipment, has a maximum availability of $28,000,000, of which $8,198,056 and $8,625,178 was outstanding as of December 31, 2023 and 2022, respectively. The line of credit expires on June 10, 2028 and has a fixed interest rate of 5.95%. The credit agreement contains financial and non-financial covenants including minimum tangible equity.

5. Fees

Financing Fee — The Aggregator pays PrinREI a financing fee for services in connection with arrangement of loan proceeds for the Aggregator and its underlying real estate investments. There were no financing fees in 2023 and $250,000 were incurred and paid in 2022.

6. Tenant Leases

The Aggregator leases space to tenants under operating lease agreements. These agreements include renewal options and expire at various dates. As of December 31, 2023, future minimum base rentals under non-cancelable leases having an original term of more than one year are as follows:

Years Ending December 31	
2024	$ 15,900,145
2025	18,750,546
2026	19,088,821
2027	19,325,561
2028	17,041,770
Thereafter	33,850,924
	$ 123,957,767

Rental income included $756,117 and $271,339 recovered from tenants for common area and other reimbursable costs for the periods ended December 31, 2023 and 2022, respectively.

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7. Financial Highlights

The financial highlights for the periods ended December 31, 2023 and 2022 are as follows:

	2023	2022
Net assets	$ 223,092,331	$ 126,148,670
Ratio to average net assets:		
Fund level operating expenses	3.29 %	3.93 %
Carried interest	0.00 %	0.00 %
Total expenses	3.29 %	3.93 %
Net investment loss	(7.97)%	(10.66)%
Total return[1]:		
Internal rate of return - gross of carried interest	(2.59)%	(13.16)%
Internal rate of return - net of carried interest	(2.59)%	(13.16)%

[1] Total return is calculated based on a dollar-weighted internal rate of return methodology both gross and net of carried interest. Internal rate of return is computed on a cumulative, since inception basis using annual compounding and the actual dates of cash inflows received by and outflows paid to limited partners and including ending net asset value as of each measurement date.

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