Deutsche Bank
Commercial Real Estate

DB Commercial Real Estate

#PositiveImpact

150 YEARS

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Deutsche Bank Commercial Real Estate Overview

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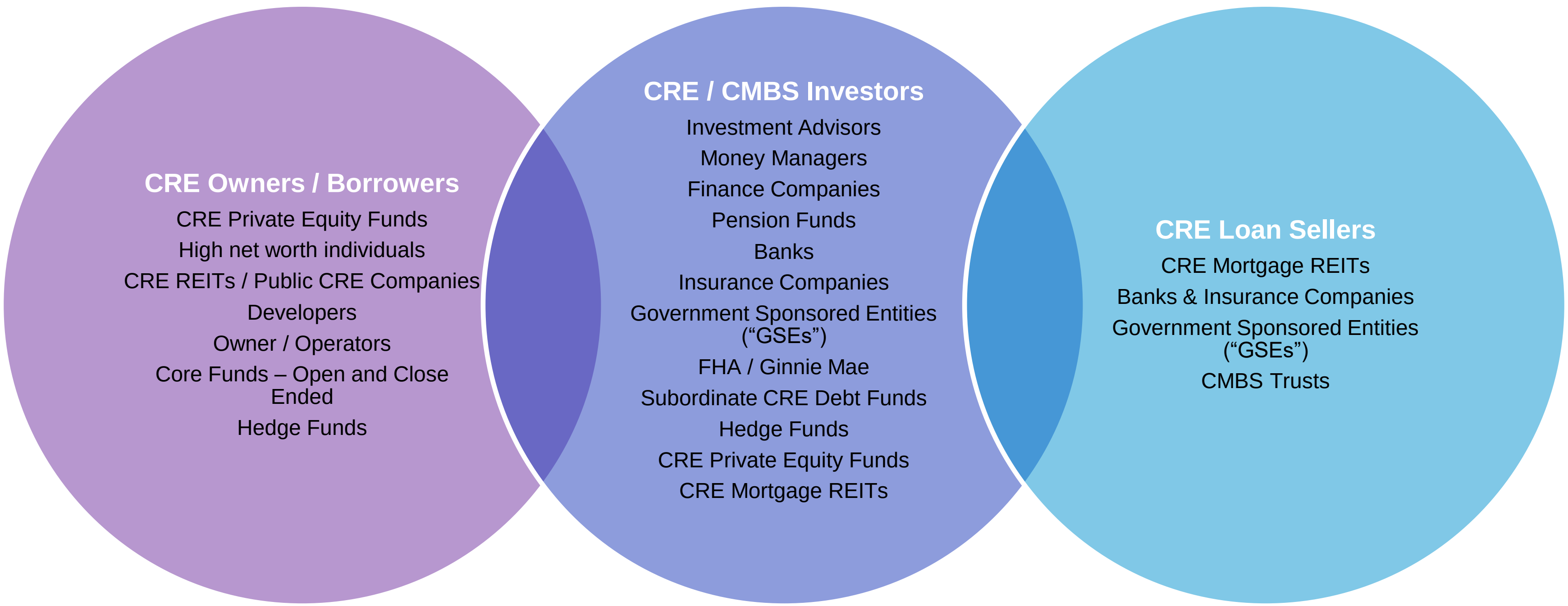
Commercial Real Estate Group

- The Commercial Real Estate Group ("CRE") is the real estate debt financing platform within Deutsche Bank, providing financing solutions across the capital structure
- CRE's expertise and dedicated teams make DB a global leader in asset originations, loan sales, transaction structuring, underwriting, loan servicing and asset valuation across a broad spectrum of real estate products

Originate New CRE Loans

Trade, Restructure, Distribute CMBS, CRE Loans & Sub Debt

Purchase existing CRE Loans (PLs, SPLs, NPLs)



Source: Deutsche Bank

Commercial Real Estate Lending Platform

Below illustrates the three types of loan products where DB is an active participant:

Conduit Securitization	Standalone Securitization	Balance Sheet or Syndication
Loan Size: $10MM – $250MM	**Loan Size:** $250MM – $2BN+	**Loan Size:** $50MM – $1BN+
Tenor: 5, 7 or 10 years	**Tenor:** 3-5, 7 or 10 years	**Tenor:** 3-5 years
Loan to Value: 40% – 75%	**Loan to Value:** 25% – 75%	**Loan to Value:** 30% – 80%
IO or Amortizing	**IO or Amortizing**	**IO or Amortizing**
Loan Type: Fixed	**Loan Type:** Floating or Fixed	**Loan Type:** Floating
Coupon Range: 6.5 – 8%	**Coupon Range:** 5 – 9%	**Coupon Range:** S + 2.50 – 7.50%
Property Count: 30 – 200	**Property Count:** Single or portfolio	**Property Count:** Single or portfolio
	Other: Senior / Subordinate structure	

Conduit Securitization

- Strong diversification across various property types and geographic regions
- Long term, fixed rate financing
- Standardized underwriting

Standalone Securitization

- Trophy assets in core markets
- Institutional sponsors
- Optionality for fixed or floating
- Access to larger quantum of funds

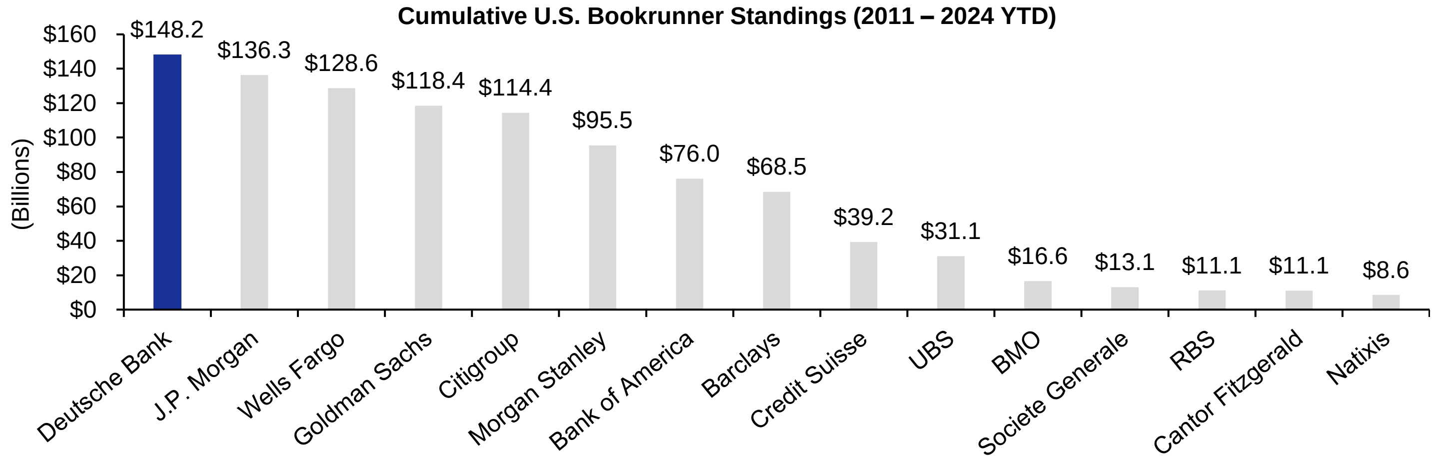
Balance Sheet or Syndication

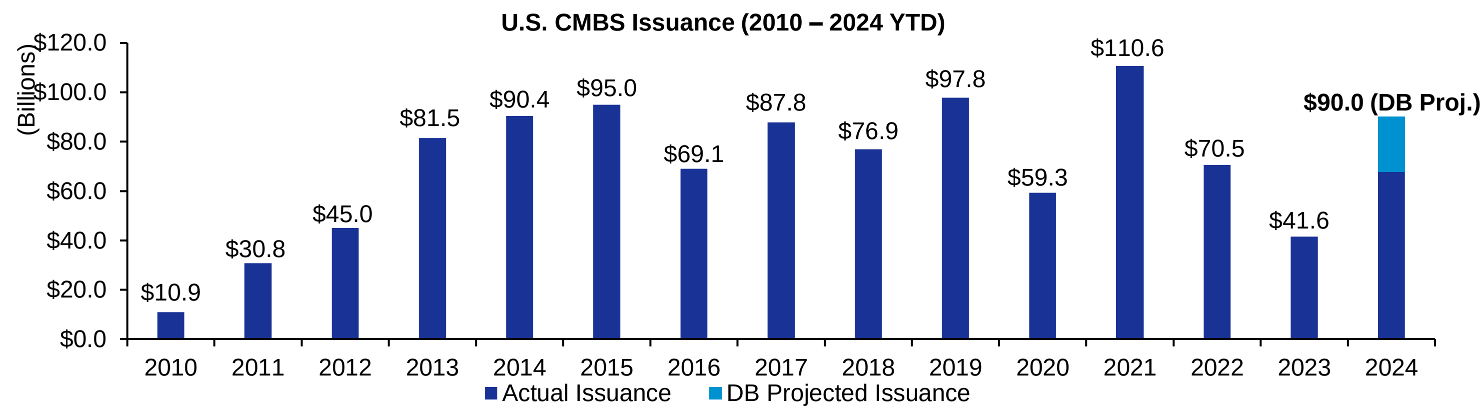
- Yield and prepayment upside
- Balance sheet financing supports assets that are in a transition period.
- Relationship lending

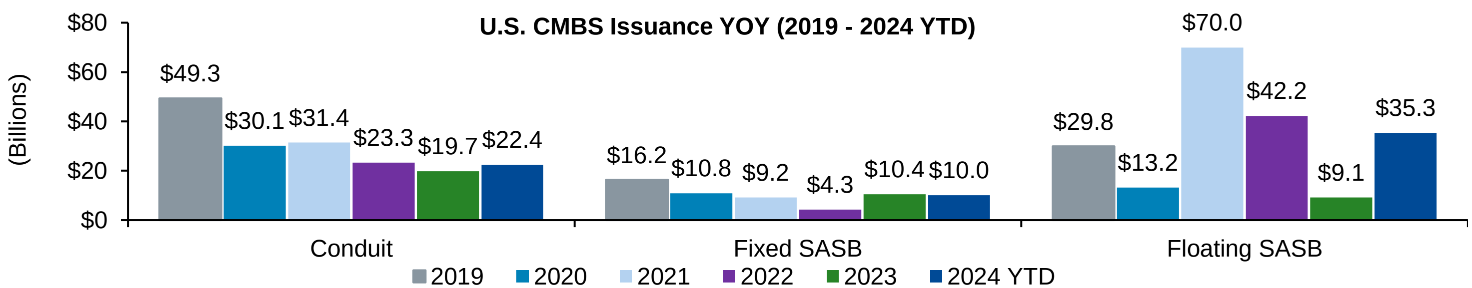
Leading CMBS Bookrunner

CMBS League Tables

- DB’s CRE Capital Markets Primary Issuance platform has been a market leader in Non-Agency CMBS for many years and is trusted as an experienced, go-to lender for key institutional borrowers on real estate projects throughout the country.
- In aggregate from 2011 to 2024 YTD, DB is the #1 bookrunner with ~$148.2bn in bookrunner credit, approx. $11.9bn higher (and 1.2pts higher in market share) compared to our nearest competitor.
- YTD, the CMBS market has issued ~$67.8bn in total volumes across SASB and conduit products, representing an approximate 63% increase compared to FY 2023.
- DB anticipates that 2024 will see overall market issuance of ~$90.0bn.
- DB's Secondary desk continues to be a market leader in providing liquidity, evidenced by the most comprehensive daily SASB run compared to the Street with over 100 deals.







Source: Commercial Mortgage Alert, Deutsche Bank
Data As Of September 2024

2024 YTD: SASB Activity

SHR 2024-LXRY
$1,580,000,000
Strategic Portfolio
Floating Rate Financing

Right Lead Bookrunner & Co-Lender
October 2024

LEX 2024- BBG
$400,000,000
731 Lexington
Fixed Rate Financing

Left Lead Bookrunner & Co-Lender
September 2024

HYT 2024-RGCY
$620,000,000
Hyatt Regency Orlando
Floating Rate Financing

Right Lead Bookrunner & Co-Lender
August 2024

COMM 2024-277P
$750,000,000
277 Park Avenue
Fixed Rate Financing

Sole Bookrunner & Sole Lender
August 2024

DBGS 2024-SBL
$344,500,000
Sunbelt Logistics
Floating Rate Financing

Joint Lead Bookrunner & Co-Lender
August 2024

BFLD 2024-WRHS
$608,400,000
Project Big Rig
Floating Rate Financing

Right Lead Bookrunner & Co-Lender
July 2024

COMM 2024-WCL1
$493,000,000
Fortress Industrial Portfolio
Floating Rate Financing

Left Lead Bookrunner & Co-Lender
July 2024

ARZ 2024-BILT
$460,000,000
Arizona Biltmore
Fixed Rate Financing

Right Lead Bookrunner & Co-Lender
June 2024

HLTN 2024-DPLO
$452,000,000
The Diplomat Beach Resort
Floating Rate Financing

Right Lead Bookrunner & Co-Lender
June 2024

BX 2024-PALM
$610,000,000
Project Palm
Floating Rate Financing

Joint Lead Bookrunner & Co-Lender
May 2024

DBSG 2024-ALTA
$217,000,000
Alta+
Fixed Rate Financing

Joint Lead Bookrunner & Co-Lender
May 2024

MED 2024-MOB
$450,500,000
MOB Portfolio
Floating Rate Financing

Right Lead Bookrunner & Co-Lender
May 2024

DBWF 2024-LCRS
$240,300,000
La Cantera Resort & Spa
Floating Rate Financing

Left Lead Bookrunner & Co-Lender
April 2024

SCG 2024-MSP
$220,200,000
Marriott Suites Portfolio
Floating Rate Financing

Left Lead Bookrunner & Co-Lender
April 2024

BX 2024-XL5
$2,350,000,000
BX XL5 Industrial Portfolio
Floating Rate Refinancing

Right Lead Bookrunner & Co-Lender
March 2024

GWT 2024-WOLF
$1,000,000,000
Great Wolf
Floating Rate Refinancing

Right Lead Bookrunner & Co-Lender
March 2024

BX 2024-XL4
$1,500,000,000
BX XL4 Industrial Portfolio
Floating Rate Refinancing

Right Lead Bookrunner & Co-Lender
February 2024

BX 2024-BIO
$1,200,000,000
BioMed (GOP + Kendall)
Floating Rate Refinancing

Right Lead Bookrunner & Co-Lender
February 2024

MCR 2024-HTL
$333,000,000
MCR Hotel Portfolio
Floating Rate Refinancing

Left Lead Bookrunner & Co-Lender
February 2024

BBCMS 2024-5C25, Various
$200,000,000
Staten Island Mall
Fixed Rate Refinancing

Left Lead Bookrunner & Co-Lender
January 2024

Source: Deutsche Bank

2023 Year in Review: Notable Large Loan Activity

BPR 2023-STON
$190,000,000
Stonestown Galleria Mall
Fixed Rate Refinancing

Left Lead Bookrunner & Co-Lender
December 2023

NJ 2023-GSP
$525,000,000
Garden State Plaza
Fixed Rate Refinancing

Right Lead Bookrunner & Co-Lender
December 2023

BX 2023-XL3
$1,000,000,000
BX XL3 Industrial Portfolio
Floating Rate Refinancing

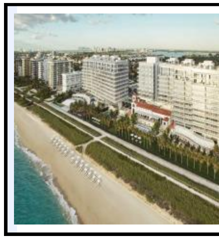
Right Lead Bookrunner & Co-Lender
December 2023

TYSN 2023-CRNR
$710,000,000
Tysons Corner Center
Fixed Rate Refinancing

Left Lead Bookrunner & Co-Lender
November 2023

THPT 2023-THL
$796,000,000
Tharaldson Portfolio
Fixed Rate Refinancing

Left Lead Bookrunner & Co-Lender
November 2023



FS 2023-4SZN
$410,000,000
Four Seasons Surf Club & Palm Beach
Fixed Rate Refinancing

Right Lead Bookrunner & Co-Lender
October 2023

WSTN 2023-MAUI
$515,000,000
Westin Maui
Fixed Rate Refinancing

Joint Bookrunner & Co-Lender
July 2023

BX 2023-VLT2
$800,000,000
BX Datacenter Portfolio 2.0
Floating Rate Refinancing

Joint Bookrunner & Co-Lender
May 2023

BMARK 2023-V2, Various
$180,000,000
Cumberland Mall
Fixed Rate Refinancing

Left Lead Bookrunner & Co-Lender
April 2023

LAQ 2023-LAQ
$625,000,000
CorePoint Portfolio 2.0
Floating Rate Refinancing

Left Lead Bookrunner & Co-Lender
March 2023

SCOTT 2023-SFS
$700,000,000
Scottsdale Fashion Square
Fixed Rate Refinancing

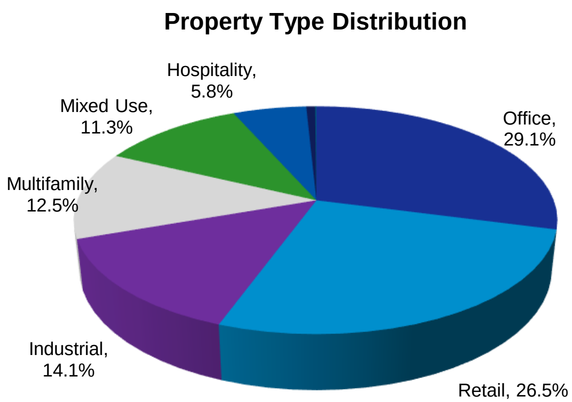
Joint Bookrunner & Co-Lender
February 2023

FIVE 2023-V1, Various
$370,000,000
Green Acres Mall
Fixed Rate Refinancing

Joint Bookrunner & Co-Lender
January 2023

Source: Deutsche Bank

Inaugural 5yr Conduit Transaction



Transaction: FIVE 2023-V1
Joint Bookrunners & Co-Lead Managers: DB, Barclays, BMO, Citi, GS
Pricing Date: February 10, 2023

Pool Metrics:

- Pool Balance: $765,497,945
- Number of Loans/Properties: 26/43
- Wtd. Avg. CLTV: 53.1%
- Wtd. Avg. UW NCF DSCR: 1.82x
- Wtd. Avg. UW NOI DY: 12.8%
- Wtd. Avg. Mortgage Interest Rate: 6.4248%
- Top Property Types: Office (29.1%), Retail (26.5%), Industrial (14.1%), Multifamily (12.5%)





Transaction Highlights:

- DB operated as Left Lead in an inaugural conduit pool comprised entirely of 5yr fixed rate loans.
- DB was the first of the major CMBS lenders to begin originating loans with the intent to launch this product late last year. DB canvassed the market and quickly targeted the borrowing community via aggressive pricing and prepayment flexibility – resulting in record application volume and the ability to capture a number of high-quality loans that have traditionally gone to other financing sources.
- DB had a healthy contribution to the pool with 12 loans totaling $293.9MM (38.4% of the deal). The remaining collateral balance was contributed by Barclays, BMO, Citigroup, and Goldman Sachs (DB 38.4%/Citi 24.6%/Barclays 16.0%/BMO 12.8%/GS 8.2%).
- The benchmark 5yr AAA class (A-3/LCF) priced at P+130, 10 basis points tighter than initial price talk. Overall, DB was able to successfully tighten all classes but one from IPT to pricing, including a 40 basis-point tightening on the single-A rated class.
- With transaction pricing, the DB Commercial Real Estate group capped a successful four-month origination and distribution effort that both met borrower client financing needs and delivered high credit quality commercial real estate debt exposure to investor clients.
- The introduction and adoption of the 5yr conduit pool product has benefitted both lenders by providing additional distribution channels and borrowers through reduced financing costs.

Transaction Overview:

- DB acted as a Left-Lead Bookrunner and Co-Lead Manager alongside Barclays, BMO, Citigroup, and Goldman Sachs for the FIVE 2023-V1 deal, the $765.5MM first ever conduit pool comprised entirely of 5yr fixed rate loans.

Source: Deutsche Bank

Culture of Innovation & Support

Deutsche Bank has been a leader in solving for new, creative distribution strategies that result in best execution for borrowers.

All-5yr Conduit Product

– DB was the first of the major CMBS lenders to begin aggregating collateral with the intent to securitize in an all-5yr conduit pool execution.
– Since the inaugural 5yr conduit deal (FIVE 2023-V1), 22 additional all-5yr deals totalling over $18.6bn in volume have successfully priced.

Investment-Grade Only Deals

– DB led the charge in the creation of IG-only fixed-rate conduit pools.
– Following the onset of the COVID-19 pandemic, the “IG” series was one of the first successful conduit transactions to re-open the conduit CMBS market.

Loan-Specific “Rake” Bonds

– DB was the first to heavily utilize CUSIP'd rake bond issuance for subordinate debt distribution, a strategy that cut down on expenses while also providing optimal pricing.
– In May 2020, DB priced 3 separate rake offerings in connection with the BMARK 2020-IG3 transaction, including Tower 333 – a Bellevue, WA office property primarily long-term leased to Amazon.

Secondary Trading Platform

– Secondary liquidity has become increasingly important for investors when assessing new issue deals, particularly their ability to access the market efficiently during heightened periods of volatility. DB understands the impact that this can have on new issue pricing and has focused considerable resources on maintaining a secondary trading platform that continuously supports deals issued by DB.
– For example, recent secondary trading runs from Deutsche Bank have had upwards of almost 90 different deals represented while some others don't send runs at all and some send a small fraction of that. Runs include a variety of office exposures across sponsor groups with ratings ranging from AAA to below-investment grade.

Source: Deutsche Bank

Commercial Real Estate Market Insights

2

Key Observations in the US Real Estate Sector

- Two years ago, real estate was frequently cited as likely to crash and be a key contributor to a wider economic crisis.

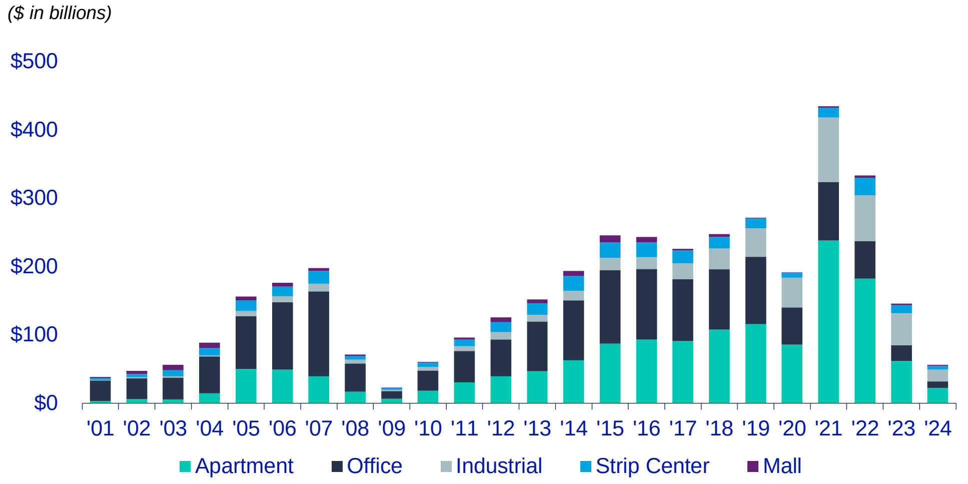
- Since the summer, several positive signs across private and public real estate markets highlight reduction in risk within CRE.

- New commercial real estate issuance, especially higher-quality deals, are doing well compared to pre-covid deals.

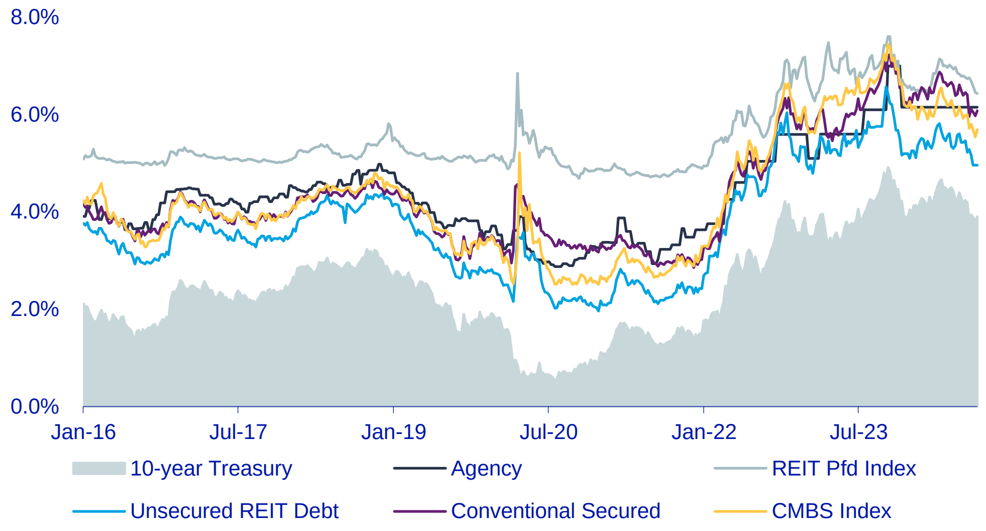
- The rally in real estate-related assets may continue as the Fed and the ECB continue their easing cycles with refinancing likely becoming cheaper.

- Previous easing cycles in the US saw CRE prices appreciate with a median advance rate of 2.4%. This time, CRE's historically unusual slide going into a rate cutting cycle may boost potential appreciation.

Transaction volumes remain depressed but outlook improving[a]



Financing markets are becoming more constructive



Source: Deutsche Bank

(a) Volume representative of verified transactions $25mm or more as tracked by Green Street.
Source: Real Cap Analytics, Green Street, Robert A. Stanger, Preqin, S&P Cap IQ

CRE: General Market Insights

Hospitality

- Overall, quarterly transaction volume has largely declined since 2021-2022. Segmentation continues to delineate the market with interest centered around full-service (27% volume increase YoY) vs limited service (-17% volume decrease YoY).
- Overall, hotel cap rates sit at 8.0%, up just 20bps from 4Q21 and give way to increased investor appetite for opportunities within the hotel sector
- National ADR grew 1.6% YoY in 2Q24 to $161 pushing RevPAR up 1.5% to $112 thanks to increased occupancy. Near term downside risks include a slower macroeconomic environment and climate change impacts to coastal operations (i.e., insurance), while upside factors include increased international inbound travel, stronger-than-expected GPR growth, and daily rates increases above the level of inflation.
- Demand for luxury-class was up by 4.8%, with upper upscale up just 2.4%, giving way to the spending power of the upper income leisure traveler as well as the corporate traveler.

Multifamily

- Year-over-year rent growth slightly eased to 0.3% in Q2 from 0.4% in Q1. Average annual rent growth is expected to begin accelerating in Q4 2024 alongside higher occupancy.
- Construction completions of 119,400 units in Q2 boosted the rolling-four-quarter total by 29% year-over-year to a record 460,200 units. Fewer construction starts in recent quarters will lower deliveries in 2025 and beyond.
- Net absorption totaled 126,600 units in Q2—the sixth highest Q2 total in over 20 years and on par with the pre-pandemic Q2 average. Quarterly demand finally eclipsed new completions, while the gap on an annual basis continued to shrink.
- Q2 multifamily investment volume increased by 82% quarter-over-quarter to $38.3 billion. Of this total, $10 billion was attributable to Blackstone's acquisition of AIR Communities' portfolio.

Industrial

- Deal volume was the highest of all sectors relative to pre-pandemic norms, evidencing strong demand for the asset class. As sales pricing continues to increase, so have cap rates (up 50 bps YoY to 6.4%).
- U.S. industrial market vacancy remained tight at 6.6% (1.9% increase YoY) but continued its gradual increase for an eighth consecutive quarter. While a record wave of new deliveries will be completed in the coming quarters, new construction is expected to hit a 10-year low by YE 2025 and could hit an inflection point for near term vacancy.
- Net absorption has improved for more than five quarters increasing to 31.2mn SF in 2Q24 from a 10-year low of 10.1mn SF in 1Q24. Monthly U.S. imports, have been rising at double-digit YoY rates since February and real consumer goods spending has been increasing as inflation continues to subside.

Retail

- New supply continues to be muted with only 62mn SF of new space delivered in the past year, which is ~40% below the sector's historical average. CoStar estimates an overall 4.7% availability rate for retail space in the U.S., marking the lowest level since CoStar began tracking the national market in 2006.
- Despite muted investment activity, the US retail market continues to move through 2024 in its tightest fundamental position in recent memory. The largest drivers of positive demand have come from a pullback in tenant move-outs/store closures which peaked during the pandemic in 2020 but have waned nearly 20% since the start of 2021. High consumer spending specifically for F&B, discount, off-price, and experiential sectors has also supported the sector's improvement.

Source: Deutsche Bank

CRE: Market Spotlight - Office

Macro Outlook

- The RCA pricing index for the office sector fell another 12.4% YoY in 2Q24 marking the seventh straight decline since 3Q22
- Overall cap rates widened 40bps YoY to 7.3%, and CBD office particularly continues to struggle with cap rates sitting 110bps higher than their pre-Covid average
- While rate cuts should bolster the sector generally, investor appetite given the changing landscape and legacy exposures is hard to predict

Vacancy & Absorption

- Vacancy rate of prime office buildings was 15.5%, which is 3.6% below the overall U.S. average – currently at 19.1% up 10bps from last quarter. This is the lowest quarter–over-quarter increase in vacancy since Q2 2022
- Net absorption rebounded in Q2, climbing to 2.4 million SF from negative 10.1 million SF in Q1 – this was the first quarter of positive net absorption since Q3 2022
- On a year-over-year basis, net absorption improved in 37 markets, including those with negative demand

Leasing

- Leasing activity increased by 13.6% in Q2 to 47.9 million SF, up by 1.1% year-over-year
- Renewals accounted for 45% of Q2 leasing as tenants are showing intent of remaining in their spaces
- The number of leases signed in Q2 increased by 15% compared with Q2 of 2019
- Available sublease space fell to 4.2% (175 million SF) of totally inventory in Q2, this is down from 4.7% a year ago

Notable Transactions

- DB acted as Sole Bookrunner & Sole Lender on a $650.0MN fixed-rate SASB as part of a $750.0MN transaction for The Stahl Organization’s refinance of 277 Park Avenue, a 1.9MN SF, Class A, office asset located on Park Avenue in Manhattan, NY

Source: Deutsche Bank

CRE: Market Spotlight - Primary Office Markets

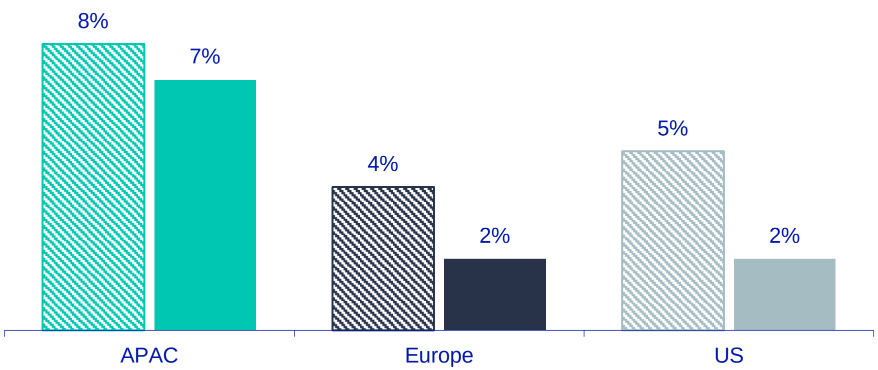
Market	Trends	Challenges
New York City	- Leasing activity totaled 1.82 million SF in August, 7% of the five-year monthly average - Year-to-date leasing activity amounted to more than 14 million SF, which is up 35% from the prior year - The availability rate went down to 19.5% in the last month, which is down ~10bps year-over-year	- Utilization rates have not recovered since the pandemic - Free rent and work allowance deal concessions remain elevated - While the market for Class A offices is strong refinancing of Class B and C still poses challenges
San Francisco	- In Q2 2024, the vacancy rate increased to 36.8%, on 290,343 SF of negative absorption. The availability rate held steady at 39.1% - About 2 million SF was leased in Q2 2024, the second-best leasing quarter in the last two years behind Q4 2023. - By square footage, new direct leases accounted for 44% of Q2 leasing activity.	- An over reliance on the tech sector has been a challenge for the San Francisco market as many companies have adopted a hybrid working schedule - The crime, homelessness and drug use has made the city less appealing for commercial tenants - Increase in retail vacancies has reduced foot traffic tremendously
Los Angeles	- The overall vacancy rate ended Q2 2024 at 31.5%, while the overall availability rate ended the quarter at 36.8%. - The average direct asking rate increased by $0.06 quarter-over-quarter to $3.73 per sq. ft. on a monthly, full service gross basis. Since its peak in Q1 2020, the average asking rate has increased by 0.5%. - Total leasing activity, was 204,000 sq. ft. in Q2 2024. The top five deals in DTLA totaled just 103,500 sq. ft.	- Overcrowding and congestion have decreased the appeal of Los Angeles - The area is experiencing high unemployment rates and significant job losses in the tech and entertainment sectors - Vacancy is still at a high compared to 2023 levels

Source: Deutsche Bank

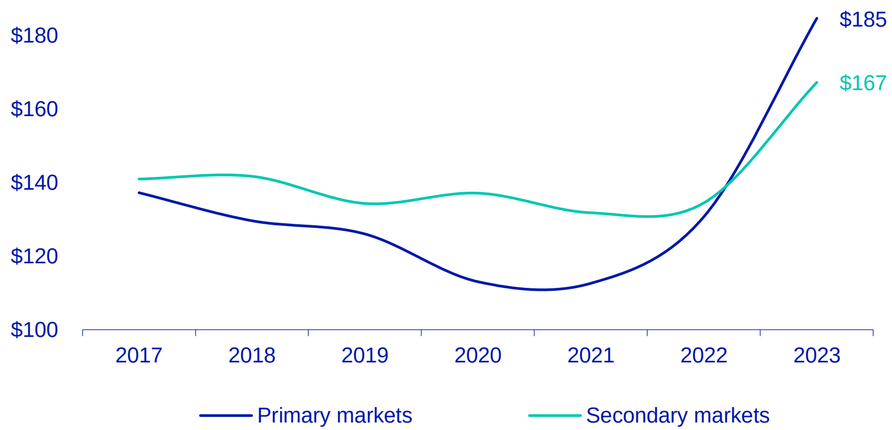
CRE: Market Spotlight - Data Center

Demand	Supply	Resource management
– Global leasing continues to reach new peaks with 1,800MW signed in Q1 '24 – Demand is pushing global rental rates higher with hyperscaler rents averaging ~$150 per kw per month in Q1 '24 compared to ~$100 just two years ago – AI queries (Chat GPT, Google's Gemini, etc.) are estimated to require 10x the electricity of traditional Google queries, this is expected to support further load demand	– Industry-wide supply is expected to grow 12-14% annually until 2028 to accommodate digitalization and AI-power demands – This would increase load capacity by ~15GW globally with 12GW estimated as currently in development across 63 markets – Cloud providers have already spent a collective $260 billion on data center infrastructure[a] in 2023, this number is expected to rise by 17% in 2024 – APAC markets are reaching the scale of other global markets with India, Singapore, Sydney and Hong Kong quickly approaching the 1GW mark	– Land pricing is steadily rising in response to the increased demand for new data centers in areas with available power, connectivity, zoning and water infrastructure – The grid's renewable energy mix is expected to climb above 30% in top global markets such as North America, Europe, Asia and Latin America leading out of 2023 with the largest hyperscaler tenants committing to reducing their carbon footprint – Water-cooling for AI-deployments is expected to make water availability a greater focus for DC development going into the future

Vacancy rates in top global markets[b]



US wholesale colocation rental rates over time[c]



(a) Includes capital spending of the 11 largest global cloud service providers in 2023 including Alibaba, Amazon, Apple, Baidu, ByteDance, Google, IBM Cloud, Meta, Microsoft, Oracle and Tencent.
(b) Top markets for the following territories include- US: Atlanta, Chicago, Dallas / Fort Worth, Northern California, Northern New Jersey, Northern Virginia, Phoenix, Portland. Europe: Amsterdam, Dublin, Frankfurt, London, Paris. Asia-Pacific: Hong-Kong, Singapore, Sydney.
(c) Primary market include Northern Virginia, Dallas / Fort Worth, Chicago, Silicon Valley, Phoenix, Atlanta, Hillsboro, and the New York Tri-State area. Secondary markets include Central Washington, Austin / San Antonio, Southern California, Seattle, Houston, Denver, Minneapolis, and Charlotte / Raleigh.

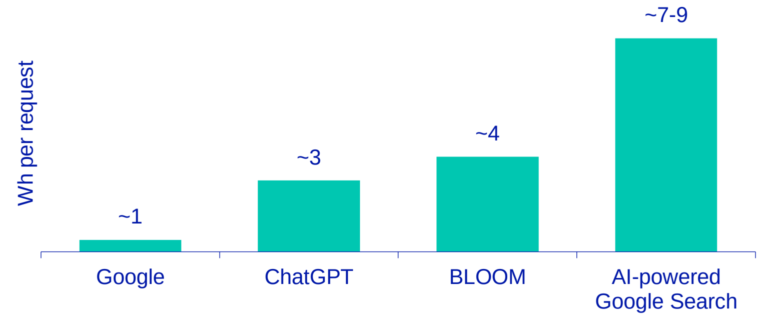
Source: Green Street Research, CBRE Research, Dell'Oro Research, EPRI Research, Cushman & Wakefield

CRE: Market Spotlight - Data Center

- Power demands related to AI-deployment are expected to multiply compared to traditional search-based queries
- This will push data center power consumption past ~9% of the entire grid's consumption in the US by 2030
- These increased power demands are already pushing data center rental rates past their previous peaks and this trend is expected to continue to the end of the 2020s

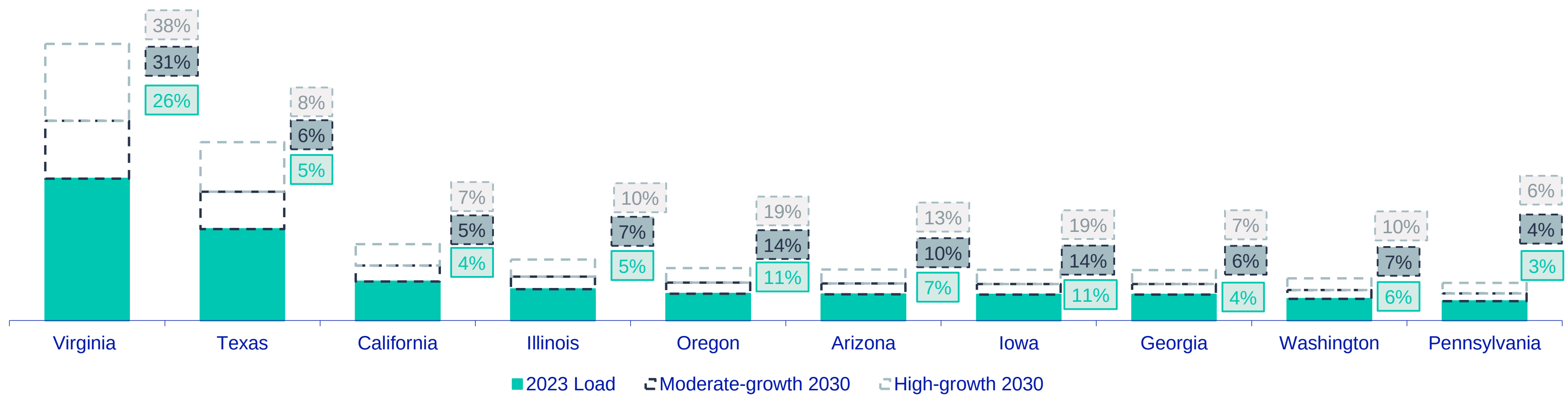
AI request demand promises to more than quadruple data center power load

Internet requests by Wh



Data centers expected to consume a much higher share of electricity in the coming years

States' data center electricity consumption as a percentage of state supply – Top 10 U.S. states

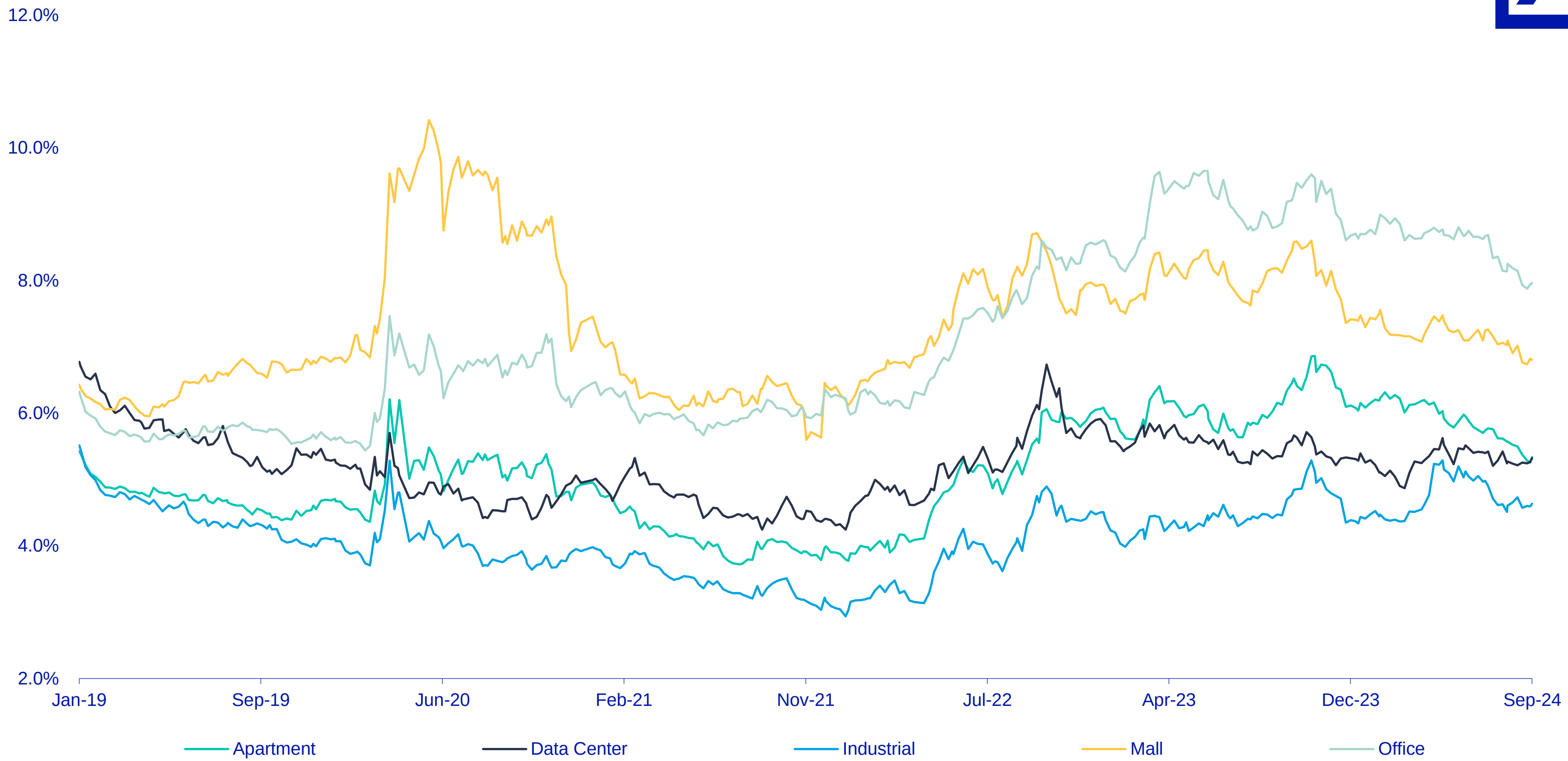


Spotlight On: Northern Virginia

- Northern Virginia has become the world's largest data center market
- Inventory increased by 391.1MW year-over-year despite Dominion Power's power supply issues
- Public cloud providers and AI companies leased most of the market's space which resulted in a record-low 0.9% vacancy rate
- Rental rates surged by 41.6% year-over-year as tenants secured leases pre-construction to meet capacity needs
- The high electricity demand also boosted power costs by 20.8% year-over-year

Source: Deutsche Bank

CRE: General Market - Cap Rates



Avg. cap rate	Apartment	Data Center	Industrial	Mall	Office
2019	4.7%	5.7%	4.5%	6.5%	5.7%
2020	5.1%	4.9%	4.0%	8.6%	6.5%
2021	4.1%	4.6%	3.5%	6.3%	6.0%
2022	5.0%	5.3%	3.9%	7.5%	7.3%
2023	6.1%	5.5%	4.5%	8.0%	9.1%
YTD 2024	5.9%	5.3%	4.7%	7.2%	8.6%
Current	5.3%	5.3%	4.6%	6.8%	8.0%

Source: Deutsche Bank

Note: Market data as of 09/06/2024.
Source: *Green Street*

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Thank You

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