

Case 1: Office

Longfellow Building near Dupont Circle fetches 28% of former value at auction

During November 2023, the Longfellow Building in Washington DC. recently sold at auction for \$21.2m about \$190 per sq ft for the 193, 400 sq ft building. This compares to the purchase price of \$76.3m in 2019. It was purchased by the lender BrightSpire Capital which provided \$65.4m of financing.

Case 2: Multifamily

Lender gets \$12M for distressed South Side Chicago multifamily portfolio 70% of mortgage

During September 2023, A local investor picked up a 237-unit multifamily portfolio on Chicago's SouthSide for almost \$12.3 which was 68% of the \$17.6m mortgage in foreclosure sales that closed In August.

The portfolio consists of 10 buildings across the Grand Crossing, South Shore, Woodlawn and Washington Park neighborhoods, and was previously owned by the local real estate firm 5812 Group.

Case 3: Retail

Brookfield's Woodbridge Center is in Foreclosure on a \$225m Loan. Value declines 77% in 10 years

Brookfield's Woodbridge Center is in Foreclosure on a \$225m Loan.

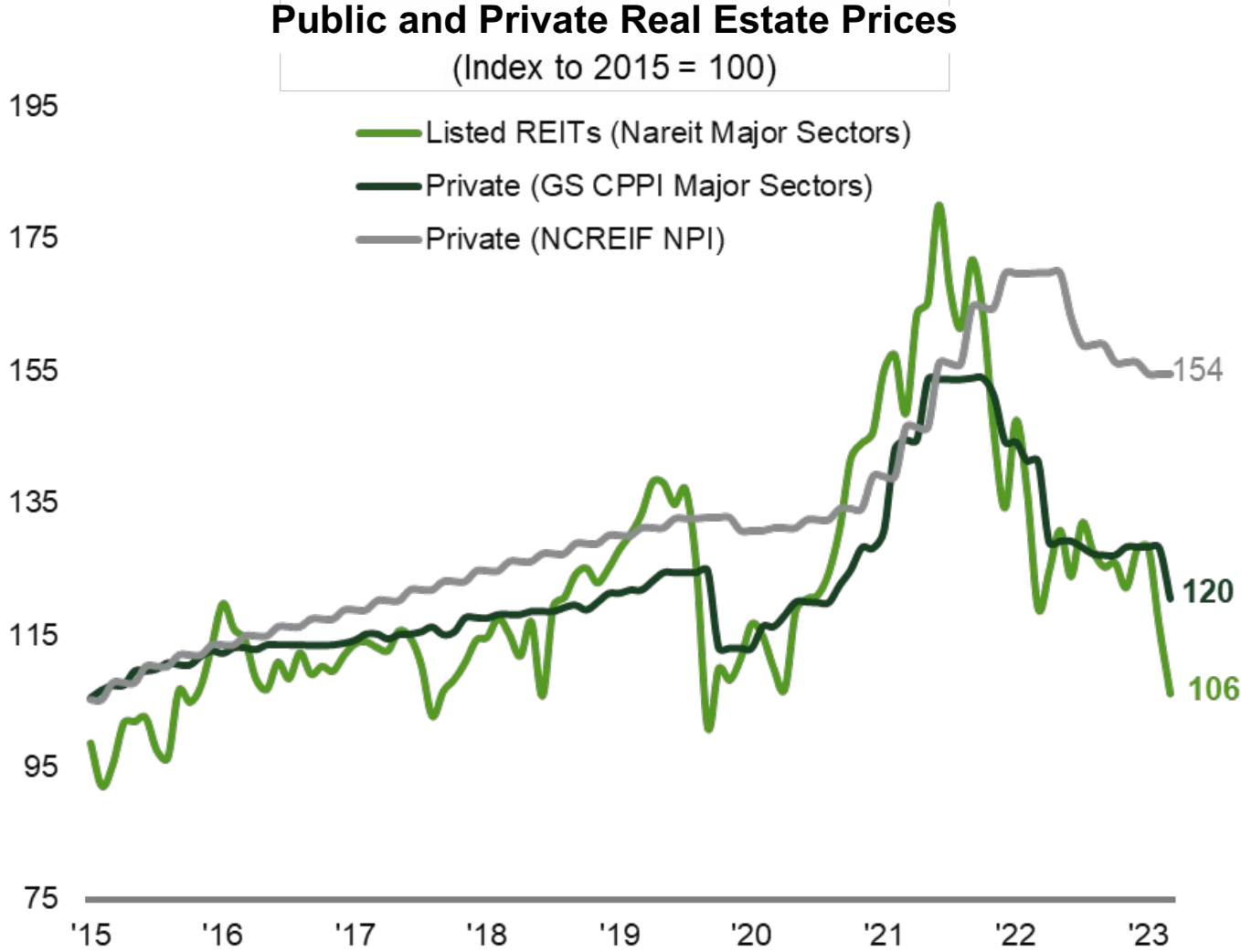
As of June 2023, Woodbridge Center in North Jersey was in foreclosure proceedings. The mall is owned by Brookfield, defaulted on a \$225 million loan. The mall lost anchor tenant when Sears exited in 2020. The malls value has plummeted by 77% to \$86m from \$366 appraised for in 2014

Excluding Wework, Average Real Estate Bankruptcies are \$155m, or increase of 55% from 2023

YTD November 2022			
Case Name / Company Name	Commencement Date	Venue	Est. Liab. \$M
Urban Commons 2 West LLC	15 Nov 2022	New York Southern	\$ 300
Broadbridge LA LLC	9 Aug 2022	New York Eastern	\$ 300
Starlin LLC	28 Jun 2022	New York Southern	\$ 30
1325 Atlantic Realty LLC	16 Jun 2022	New York Eastern	\$ 75
Rider Hotel, LLC	9 Jun 2022	Delaware	\$ 30
GT Real Estate Holdings LLC	1 Jun 2022	Delaware	\$ 300
Crown Commercial Real Estate	4 May 2022	Illinois Northern	\$ 30
141 Troutman LLC	24 Feb 2022	New York Eastern	\$ 30
Galvin's Ridge Landco, LLC	11 Feb 2022	Alabama Southern	\$ 30
12th & K St. Mall Partners LLC	6 Jan 2022	California Central	\$ 30
SPD II Makaiwa Resort Development LLC	27 May 2022	Hawaii	\$ 6
WC Braker Portfolio LLC	2 May 2022	Texas Western	\$ 75
East/Alexander Holdings LLC	1 Apr 2022	New York Western	\$ 30
Westbank Holdings LLC	27 Jan 2022	Louisiana Eastern	\$ 30
WC Manhattan Place Property LLC	25 Jan 2022	Texas Western	\$ 30
Alfred Miller Contracting Company	14 Nov 2022	Louisiana Western	\$ 30
ACM Development LLC	20 Jan 2022	Florida Middle	\$ 30
Rudra Investments LLC	1 Jun 2022	California Northern	\$ 30
National Realty Investment Advisors	7 Jun 2022	New Jersey	\$ 750
Colorado World Resorts	18 Jul 2022	Colorado	\$ 30
5280 Auraria LLC (Auraria Student Lofts)	9 Jun 2022	Colorado	\$ 75
Brickchurch Enterprises	30 Apr 2022	New York Eastern	\$ 75
Montauk Cliffs, LLC	23 Feb 2022	New York Eastern	\$ 30
Total	23	Average	\$ 103

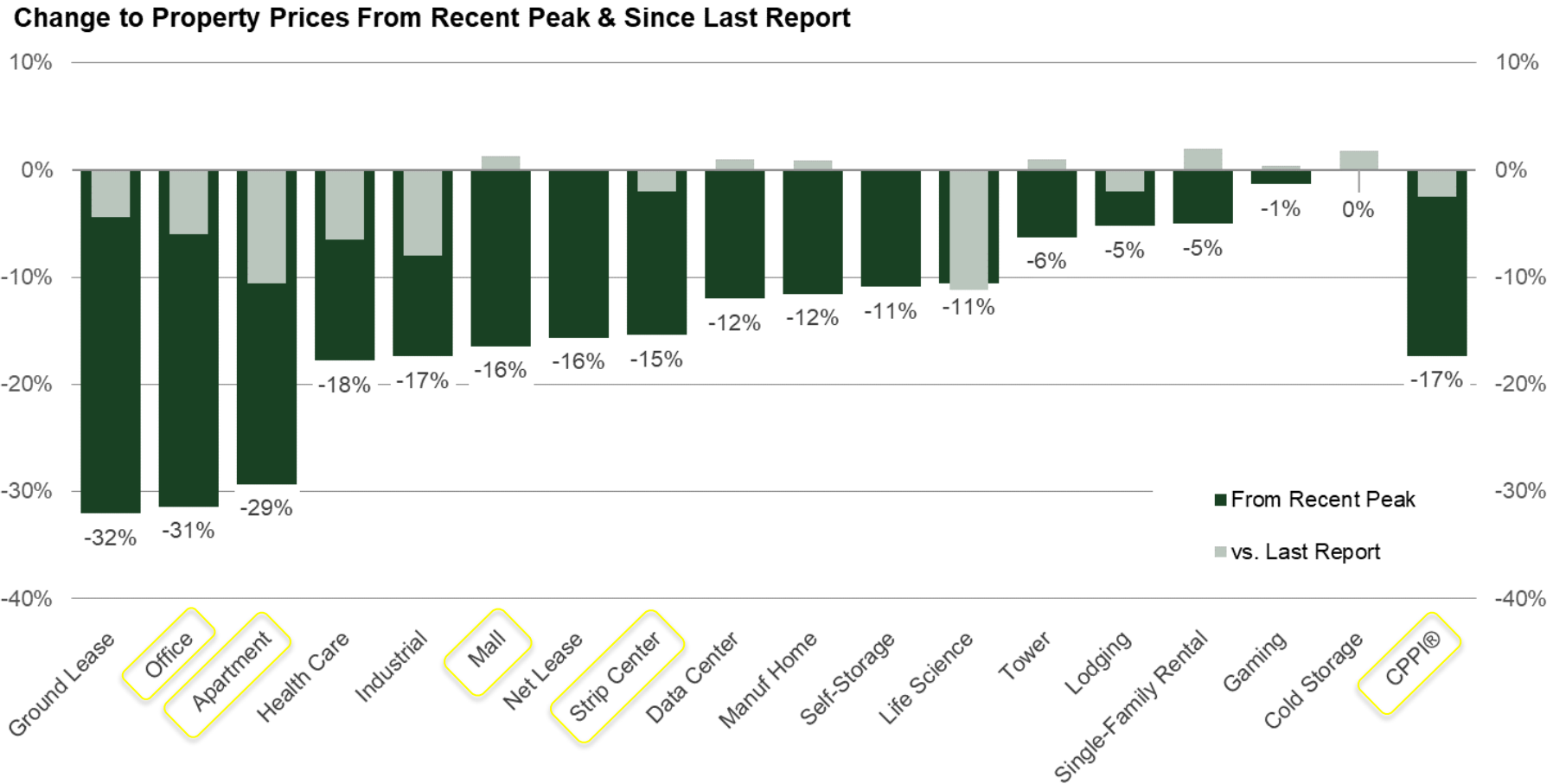
YTD November 2023			
Case Name / Company Name	Commencement Date	Venue	Est Liab. \$M
WeWork Inc	6 Nov 2023	New Jersey	\$ 3,000
High Valley Investments LLC	27 Sep 2023	Delaware	\$ 60
Hartman SPE LLC	13 Sep 2023	Delaware	\$ 300
BCR Pinewood Realty LLC	7 Sep 2023	New York Southern	\$ 60
MP PPH LLC	31 Aug 2023	District of Columbia	\$ 75
Orbital Infrastructure Group	23 Aug 2023	Texas Southern	\$ 300
560 Seventh Avenue Owner Primary LLC	12 Aug 2023	New York Southern	\$ 300
540 West 21st Street Holdings LLC	2 Aug 2023	Delaware	\$ 300
AVR AH LLC	27 Jul 2023	Texas Southern	\$ 300
ONH AFC CS Investors LLC	14 Jul 2023	Delaware	\$ 1
560 Seventh Avenue Owner Secondary	9 Jul 2023	New York Southern	\$ 300
Galleria 2425 Owner LLC	5 Jul 2023	Texas Southern	\$ 75
87 Jacobus Ave LLC	7 Jun 2023	New Jersey	\$ 75
Hello Livingston Extended LLC	2 Jun 2023	New York Southern	\$ 30
Mora House One (2023)	25 May 2023	California Northern	\$ 30
Legacy Cares, Inc.	1 May 2023	Arizona	\$ 300
Silver Creek Industries LLC	24 Apr 2023	California Central	\$ 75
Banyan Cay Resort & Golf LLC	29 Mar 2023	Florida Southern	\$ 300
Quality Heating & Air-Condition Company Inc.	27 Mar 2023	Delaware	\$ 30
The Lake District LLC	24 Mar 2023	Tennessee Western	\$ 30
WBS Capital Inc.	22 Mar 2023	New York Eastern	\$ 30
9th & 10th Street LLC	21 Mar 2023	New York Southern	\$ 300
ERBO Properties LLC	13 Feb 2023	New York Southern	\$ 75
225 Bowery LLC (Untitled at 3 Freeman Alley Hotel)	24 Jan 2023	Delaware	\$ 75
AD1 Global (AD1 Celebration Holdings LLC)	22 Jan 2023	Delaware	\$ 300
Total	25	Average	\$ 269

Commercial Real Estate Value Declines



Sources: Bloomberg, NCREIF, Green Street.

Property Sector Value Declines



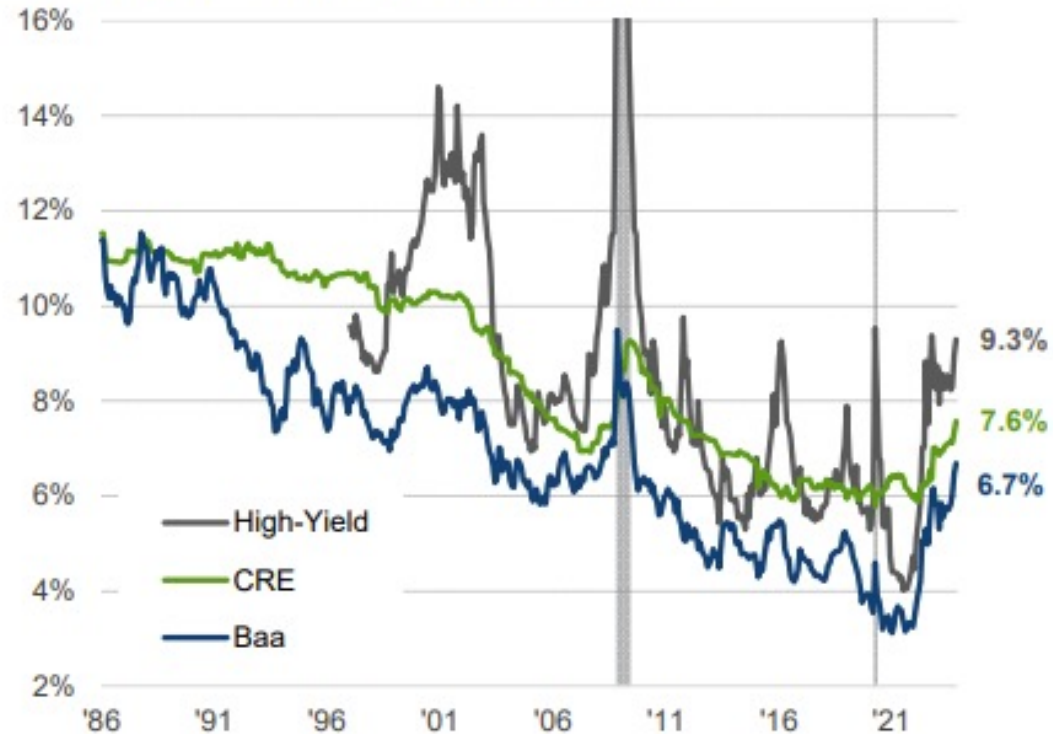
Where Do Values Go From Here



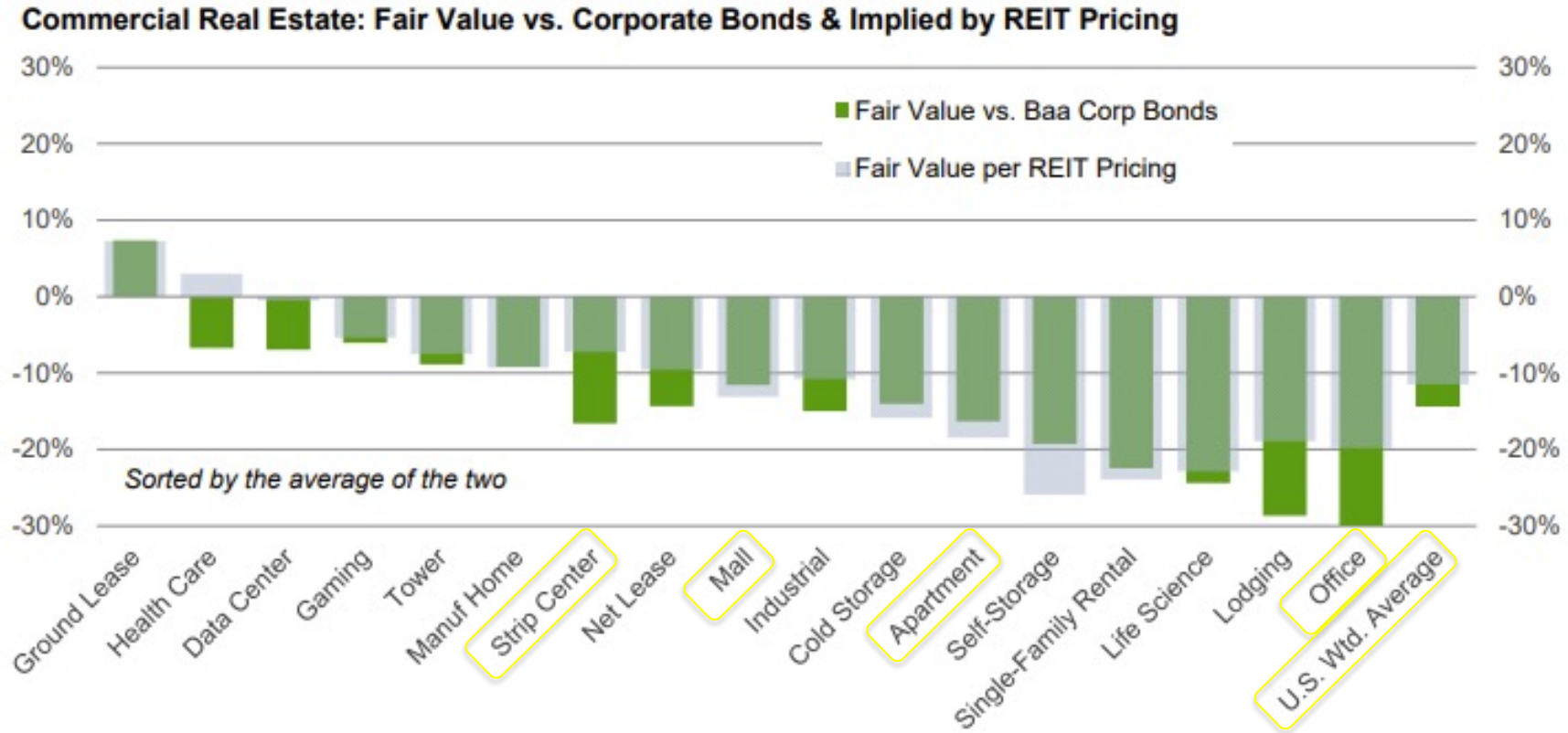
CRE U.S. Wtd. Average

Cap Rate	5.9%
Cap Ex (% of NOI)	15%
Economic Cap Rate	5.0%
SS NOI Growth	
'24-'27	4.1%
Long-Term	2.3%
Property Risk Adjustments	
Volatility	0.1%
Other	-0.1%
Risk-Adjusted Expected Return	7.6%
Baa-Rated Corp Bonds (20Y+)	6.7%
High-Yield Bonds (approx. 5Y)	9.3%

CRE Expected Returns vs. Corporate Bonds



Estimating Future Value Declines



Office Buildings: In-Office Attendance Trends

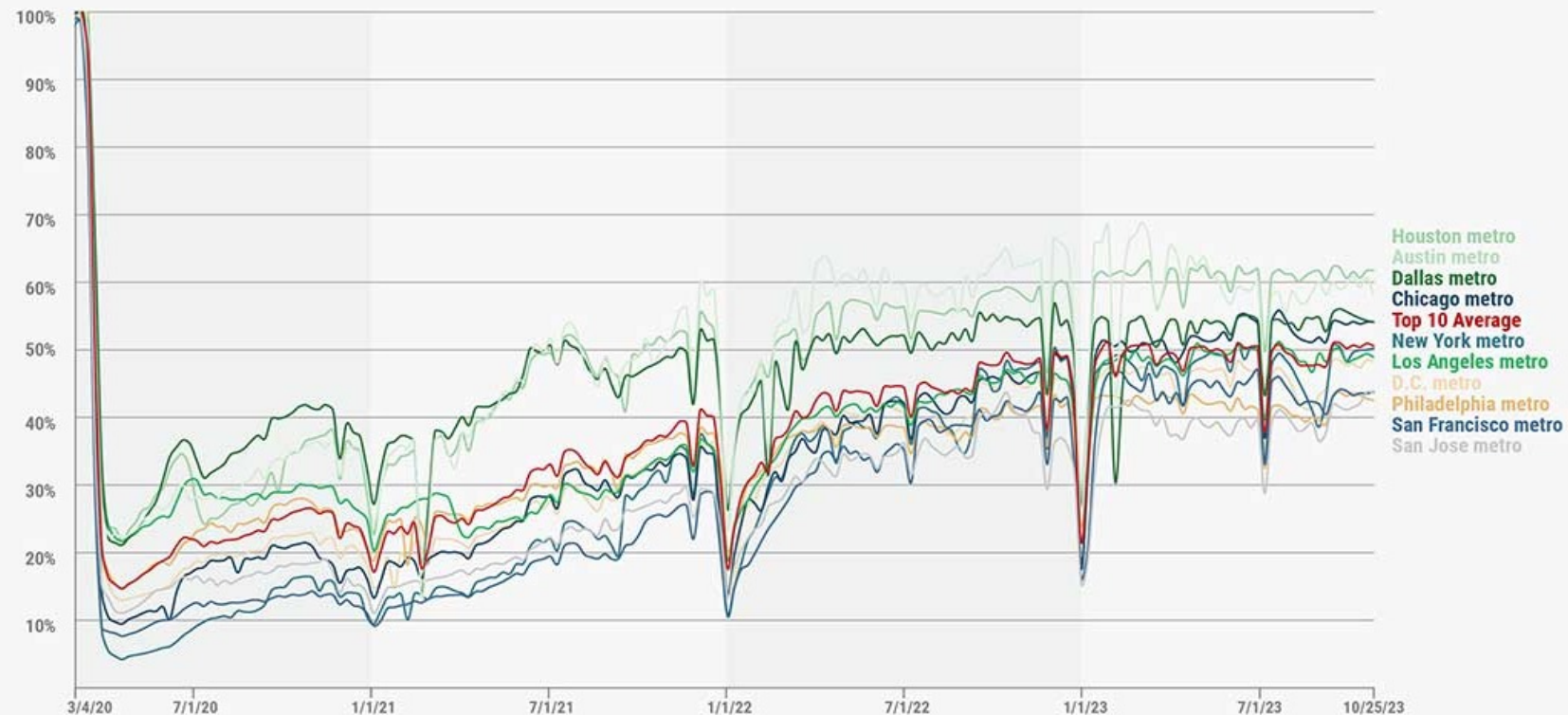


KASTLE BACK TO WORK BAROMETER

10.30.23

Weekly Occupancy Report from Kastle Access Control System Data

OCCUPANCY OVER TIME - MARCH 4, 2020 TO OCTOBER 25, 2023



*On March 22, 2021, Kastle moved from daily to weekly data reporting to provide a more robust and comprehensive picture of office occupancy. We have also recalculated data back to the start of the time series for consistency. This has only a marginal impact on most cities and the national average.

To learn more about KastleSafeSpaces visit: www.kastle.com/kastlesafespaces/



Office Buildings – Conversion Potential

The optimal candidates for office-to-residential conversions are older, lower-end buildings with small floors (and high vacancy rates)

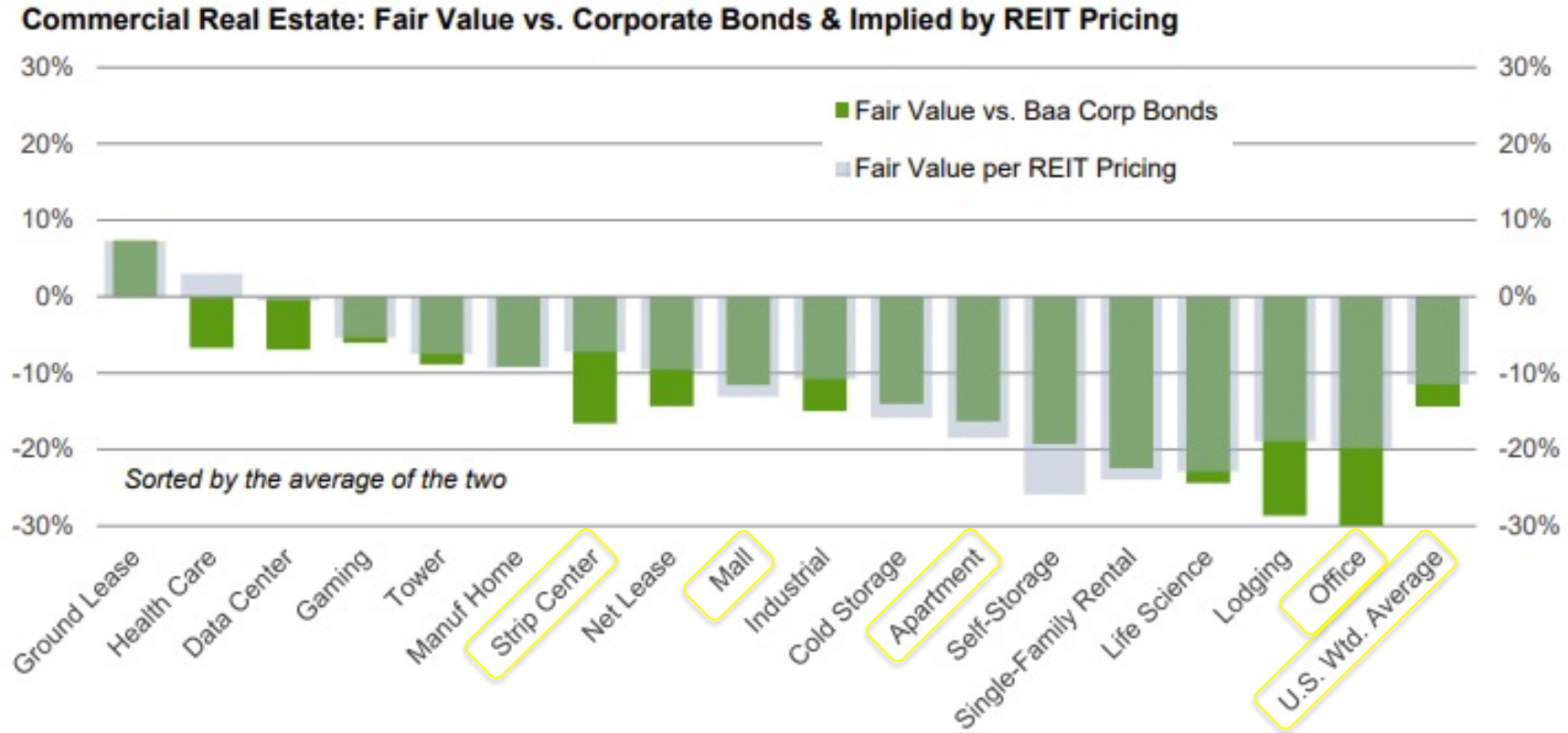
Conversion Candidates as a Share of Total Office Space	
Manhattan	.7%
Chicago	.9%
Dallas/Fort Worth	.3%
Los Angeles	1.4%
Houston	.5%
Minneapolis/St. Paul	.4%
San Francisco	3.5%

Source: Avison Young

Impediments:

- Lack of surrounding residential infrastructure (parks, schools, etc.)
- High crime rates
- Back-to-work has stalled
- Physical issues:
 - Non-operable windows
 - Minimal exterior exposures
 - Huge retrofit costs (especially building systems including elevators, HVAC, electrical, plumbing)

Estimating Future Value Declines



2023 Was A Big Year for Retail Bankruptcies

YTD November 2022			
Case Name / Company Name	Commencement Date	Venue	Est Liab. \$m
Olympia Sports Acquisitions, LLC	11 Sep 2022	Delaware	\$ 30
Agway Farm & Home Supply LLC	5 Jul 2022	Delaware	\$ 30
Total	2	Average	\$ 30

YTD November 2023			
Case Name / Company Name	Commencement Date	Venue	Est Liab. \$m
Anagram Holdings LLC	8 Nov 2023	Texas Southern	\$ 300
Hello Bello	23 Oct 2023	Delaware	\$ 300
Z Gallerie (2023)	16 Oct 2023	New Jersey	\$ 75
Rite Aid Corporation	15 Oct 2023	New Jersey	\$ 5,500
Noble House Home Furnishings LLC	11 Sep 2023	Texas Southern	\$ 300
Soft Surroundings Holdings LLC (Triad Catalog Company)	10 Sep 2023	Texas Southern	\$ 300
Instant Brands Inc	12 Jun 2023	Texas Southern	\$ 750
Retailing Enterprises	30 May 2023	Florida Southern	\$ 75
Monitronics International, Inc. (2023 Ch 11)	15 May 2023	Texas Southern	\$ 5,500
Christmas Tree Shops LLC	5 May 2023	Delaware	\$ 300
Bed Bath & Beyond Inc.	23 Apr 2023	New Jersey	\$ 5,500
David's Bridal, Inc. (2023)	17 Apr 2023	New Jersey	\$ 300
AmeriMark Interactive LLC	11 Apr 2023	Delaware	\$ 300
Boxed Inc.	2 Apr 2023	Delaware	\$ 300
Tuesday Morning Corp. (2023)	13 Feb 2023	Texas Northern	\$ 300
Nielsen & Bainbridge LLC	8 Feb 2023	Texas Southern	\$ 300
Independent Pet Partners Holdings LLC	5 Feb 2023	Delaware	\$ 300
Party City Holdco	17 Jan 2023	Texas Southern	\$ 5,500
Performance Powersports Group Investor, LLC	16 Jan 2023	Delaware	\$ 300
FB Debt Financing Guarantor LLC (Forma Brands)	12 Jan 2023	Delaware	\$ 750
Total	20	Average	\$ 1,363

Apartment Supply Set to Peak in '24

