Houlihan Lokey

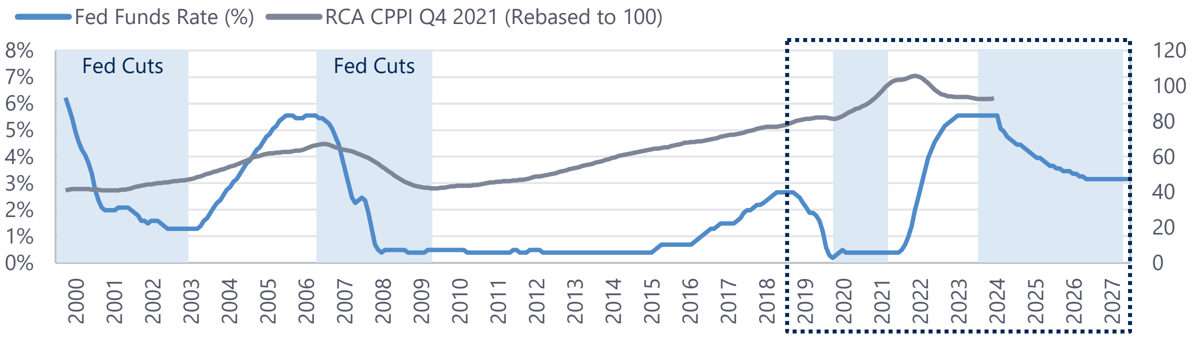
Commercial Real Estate—Debt Market Update

October 2024

Does the 50 Bps Rate Cut Mean an Early Christmas for Commercial Real Estate?

- Leading up to the recent federal interest rate announcement, the debate was not about whether the Federal Reserve would cut rates, but rather by how much. Investors' conflicting expectations of the cut were largely attributed to mixed economic signals and fears of an impending recession. Nevertheless, the 50 bps rate cut indicates the central bank's policy shift from restrictive to accommodative.
- Updated projections from the Federal Open Market Committee indicate an additional 50 bps cut by the end of 2024 and another 100 bps through 2025 (bringing the target policy rate to 3% by the end of 2025).

Commercial real estate (CRE) prices have varied historically from the beginning of Fed rate-cutting cycles, although changes are heavily dependent on the overall macro environment.



What It Means for CRE

Lower Cost of Capital – The Fed rate is still 175–200 bps above a neutral rate of 2.5% to 3.0%, leaving room for more cuts, which could stimulate economic growth and demand for CRE.

Dry Powder – Rate cuts may activate some of the dry powder on the sidelines, leading to increased transaction volume in the near to medium term.

Normalizing Cap Rate Spreads – Spreads over Treasurys reverting to historical averages may signal a more active CRE transaction market.

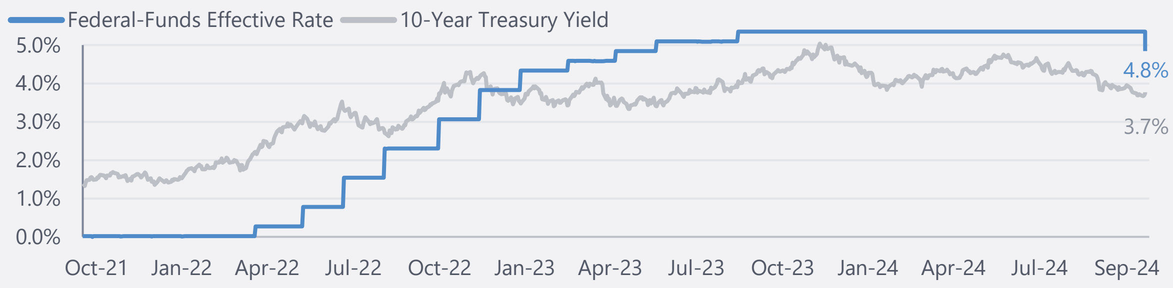
Floating Rate Debt – In the near term, rate cuts will primarily affect short-term rates and loans indexed to them, positively impacting borrowers with floating rate debt while lowering nominal returns for lenders.

Fixed Rate Debt – Reduced debt costs should help restore CRE markets to neutral or positive leverage.

Refinancing Opportunities – Borrowers will have increased opportunities for refinancing loans originated in a higher-rate environment or with upcoming maturities.

Sources: Cushman & Wakefield, MSCI, J P Morgan, NAREIT, Morningstar.

Treasury Yield and Federal Funds Rate



- Since April, the 10-year Treasury yield has declined about 100 bps to hover at around 3.73% as of September 24, 2024.
- Analyst forecasts for a strong economy suggest that yields are not likely to fall further, despite expectations of more rate cuts through the end of the year and into 2025.
- Much of the rate cut impact has been priced into the market, so longer-term yields may not react much as a result. 10-year Treasury yields ticked up from 3.69% to 4.03% since the Fed's last announcement.

"While the recent rate cut is a positive step, it's important to remain cautious. The market's expectation of continuous rate cuts might be overly optimistic. We believe that rates will likely stay higher for longer, which means that real estate investors should be prepared for a more challenging borrowing environment in the near term."

Jonathan Gray, President and COO of Blackstone

"The Fed's rate cut is a welcome move for the real estate sector. Lower borrowing costs will help unlock capital for new projects and refinancing opportunities, which is crucial for maintaining momentum in the market."

Brian Kingston, CEO of Real Estate at Brookfield

"This rate cut is a positive signal for the commercial real estate market. It will likely lead to increased investment activity as financing becomes more affordable, supporting growth and stability in the sector."

Bob Sulentic, President and CEO of CBRE

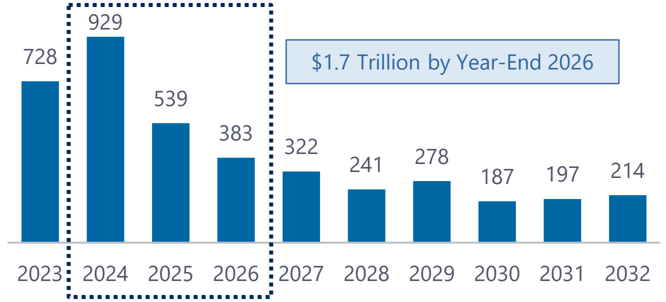
Houlihan Lokey Takeaway

The anticipated rate cut, mostly priced in, will likely lower borrowing costs, positively impacting CRE with increased investment activity, higher property values, and more favorable underwriting conditions. It can also boost the CRE debt market by reducing the cost of capital, encouraging more borrowing and refinancing. However, rate cuts are unlikely to overcome stressed asset classes with weak fundamentals and excessive leverage in the U.S. CRE market.

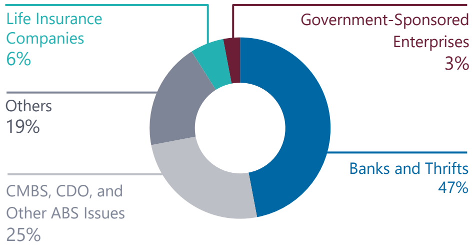
Navigating the Upcoming Maturity Wall

With $1.7 trillion (or 30% of outstanding debt) set to mature between 2024 and 2026—commonly known as the "maturity wall"—one question remains: How should investors approach the debt space over the next two years?

Total Commercial Mortgages Maturing ($ Billions)

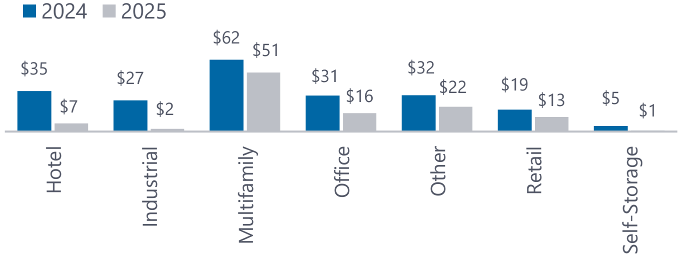


Composition of the $929 Billion Maturing Loans in 2024



- Lack of transactions, along with built-in extension options and lender flexibility, has led to many 2023 loan maturities being extended or modified to mature in 2024 or later. These extensions and modifications have increased the amount of CRE mortgages maturing this year from $659 billion to $929 billion.
- 20% ($929 billion) of the $4.7 trillion of outstanding commercial mortgages held by lenders and investors will mature in 2024, a 28% increase from the $729 billion that matured in 2023, according to the Mortgage Bankers Association. The number of loans maturing raises concerns about default risk and the potential for an increase in distressed assets.
- Among the loans maturing in 2024, banks and thrifts hold the largest share at 47%. While some smaller banks may face stress leading to further consolidation, the overall banking sector is better capitalized with improved credit standards and higher asset quality relative to prior cycles.

Maturity by Property Type ($ Billions)

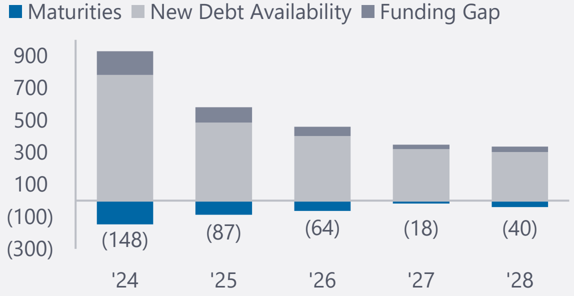


- Multifamily is the largest asset class of maturing loans, with $113 billion (35% of total) set to mature in the next 24 months, followed by office ($46.6 billion), hotel ($42.3 billion), and retail ($31.0 billion).
- While industrial loans ($30.0 billion) are slightly lower, their relatively stable asset values are expected to offer better refinancing opportunities compared to office, hotel, and retail.

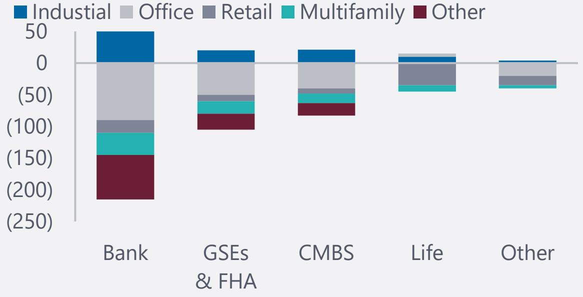
Sources: Apollo, Cred iQ, Mortgage Bankers Association, PGIM, Preqin.
(1) As of March 2024.

The high volume of maturities in 2024, coupled with refinancing challenges, has led to a potential funding gap of $150 billion—the difference between maturing debt and new debt availability. This substantial funding gap drives growing demand for financing solutions.

CRE Funding Gap(1): New Debt Availability vs. Maturities ($ Billions)



CRE Funding Gap(1) by Property Type ($ Billions)



- The challenge of refinancing in 2024 with tightened lending policies is significant. New loan-to-value (LTV) ratios have fallen, debt service requirements are stricter, and lenders are demanding higher yields to compensate for increased risks. This combination of factors leads to a potential funding gap from 2024 onward.
- Office has the highest gap followed by multifamily, while industrial is the only asset class with no funding gap.
- With banks and CMBS holding most of the maturing loans, borrowers will be looking for alternative sources of capital for refinancing. Therefore, the current lending environment also presents opportunities for alternative lenders to generate higher returns on favorable terms, as they can offer proceeds at higher LTVs.

> "We believe that private credit can help fill this gap and…do so in a downside-protected fashion as conditions are—and will likely remain in the foreseeable future—more favorable to lenders than to borrowers."
>
> **Scott Weiner, Partner and Global Head of RE Credit at Apollo**
> **Ben Eppley, Partner and Head of RE Credit Europe at Apollo**

Houlihan Lokey Takeaway

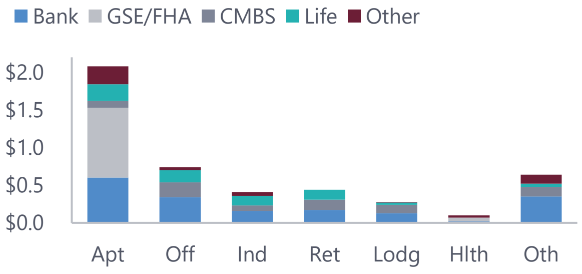
- While loan extensions have temporarily mitigated credit losses, they have also heightened the risk of defaults and distressed assets as refinancing becomes more challenging due to today's higher interest rates and tighter lending conditions. Investors should carefully monitor the liquidity risk within their existing portfolios, particularly for near-term maturities in sectors such as office, hotel, and retail.
- Gap capital to bridge to a better outcome is available for most property types, but it is expensive and is also an opportunity for investors with dry powder to step in and provide a structured solution with an attractive risk-adjusted return. Therefore, investors should be prepared for distressed opportunities and a difficult refinancing environment ahead.

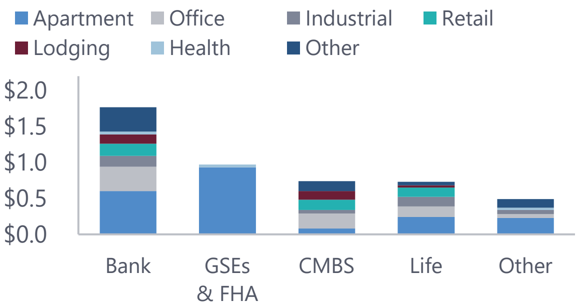
Navigating the Upcoming Maturity Wall (cont.)

Option 1: Healthy Transactions

Property Type Mix Varies By Capital Source

Total Commercial Mortgages Maturing ($ Billions)

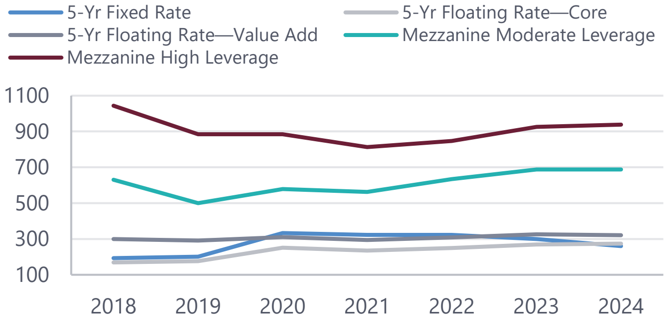




- As of Q1 2024, the total level of commercial mortgage debt has risen to $4.70 trillion, backed by income-producing properties and $470 billion of construction loans. Among the various investor types, commercial banks hold the largest share at 38%, followed by government-sponsored enterprises (GSEs) and the Federal Housing Administration (FHA).
- While office loans often receive the most attention (16.7%), multifamily loans dominate with 44% exposure. Other key sectors include retail (9.4%) and industrial/warehouse (8%).

Elevated Commercial Mortgage Spreads

Commercial Mortgage Rate Spreads



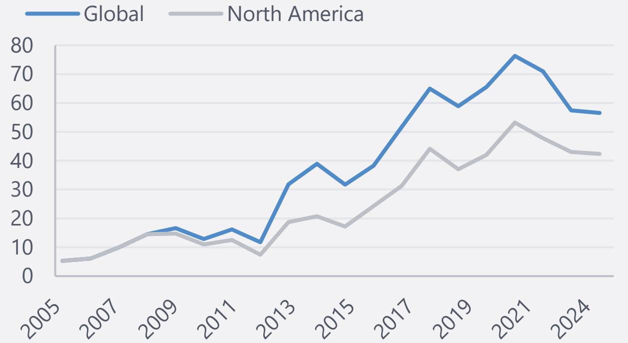
Notes: Fixed-rate spreads are calculated above treasuries and floating-rate spreads above SOFR. Spreads reflect the average of the low and high above their respective benchmarks.

- During 2018 and 2019, stable U.S. Treasury yields led to tighter spreads on fixed and floating rate loans for core assets, typically between 150 and 300 bps, while spreads for higher-risk value-add assets remained wider. The onset of the COVID-19 pandemic in early 2020 caused significant market disruptions, leading to a widening of spreads as investors and lenders pulled back.
- As of 2024, commercial mortgage spreads remain elevated compared to the pre-pandemic period, reflecting both ongoing economic uncertainty and the higher interest rate environment.

Sources: Cred iQ, CBRE, Cushman & Wakefield, Mortgage Bankers Association, St. Louis Fed, Trepp T-ALLR.

Market Dry Power and Lending Momentum

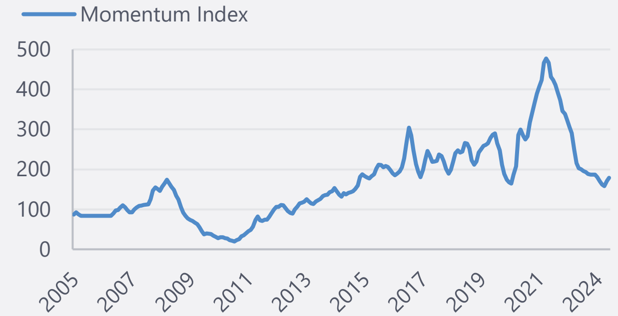
Global and North America Real Estate Dry Power ($ Billions)



Note: Data for 2024 is year-to-date (YTD).

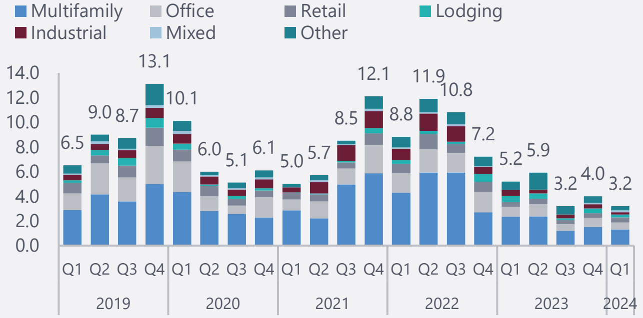
- Both globally and in North America, real estate dry powder saw a significant increase over the past two decades, particularly after 2010.
- Available dry power for real estate has declined since 2021, resulting from capital outflows, a decline in fundraising, and the inability to recycle capital tied up in deals that have not yet been monetized.
- According to CBRE, Institutional investors are increasingly interested in prime trophy assets with strong fundamentals. Although trophy assets are in vogue, it is hard to get them at cap rates that make sense at current interest-rate levels. Meanwhile, many opportunistic investors have raised funds in anticipation of distress, but little has emerged so far.

CBRE Lending Momentum Index
(Seasonally Adjusted, 2005 Average = 100)



- CRE lending momentum slowed in 2024 compared to 2023 due to high interest rates and limited credit availability.
- The CBRE Lending Index, which tracks loans originated or brokered by CBRE, increased by 4.3% in Q2 2024 compared to Q1 2024, though it remains down by 14% YoY as high rates continue to weigh on lending activity.

Commercial Mortgage Origination Volume
Q1 2024 ($ Billions)



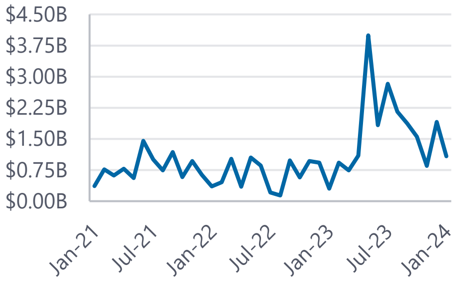
- Commercial mortgage origination volumes for bank-held CRE loans decreased in Q1 2024. The total originations volume is down 65% relative to the Pre-COVID-19 period (Q1 2019).
- The bank loan volume declines reflect the uncertain CRE environment with the rising trend in modifications and delinquencies across property types.

Navigating the Upcoming Maturity Wall (cont.)

Option 2: Loan Modifications

As property values decline and loss projections rise, foreclosures and forced sales become less attractive options for lenders. In response, loan modifications are emerging as a crucial solution, offering repayment flexibility that is increasingly necessary given the significant volume of loans maturing by 2027. Investors are turning to loan modifications as the primary strategy to address near-term maturity challenges.

Modified Loan Balances by Month



- Approximately $22 billion in loans have been modified over the past 12 months, including $9 billion by May 2024, compared to $16.8 billion modified in all of 2023. This surge in loan modifications reflects borrowers working closely with lenders or special servicers (if CMBS) to secure extensions and adjust loan covenants.
- Most modifications in 2024 are extensions, though these are not being granted for free and typically require real new money for some principal paydown, topping up reserves, paying fees, etc.
- Extensions are more common in offices/malls where recovery is harder and granted to borrowers willing to support the assets.

Amend and Extend…and Extend Again?

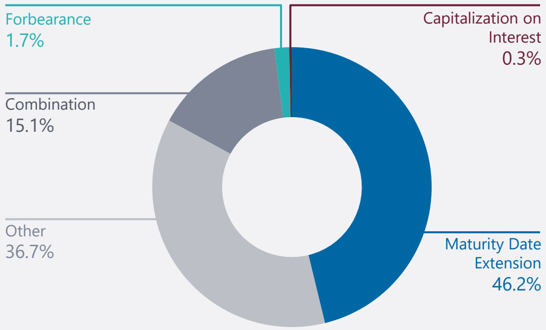
- The extend-and-pretend approach, which first came up during the Global Financial Crisis, has evolved in its implication and strategy in the current environment.
- The CRE sector faces unique challenges compared to the GFC. Over the past 18–24 months, the Fed's aggressive rate hikes have impacted CRE. Despite higher interest rates, new issuances continue, though loan origination volume dropped by about 50% from 2022 to 2023. Fixed-rate loans from before 2022 have interest rates of 3%–5%, while current refinance rates at north of 7%, increasing capital costs. This leads to lower property values, higher LTV ratios, and tighter debt service coverage ratios. Despite the recent 50 bps rate cut, Fed rates are still 250–300 bps over their pre-COVID-19 numbers. However, the recent rate cut will undoubtedly ease the downward pressures on the CRE property values.

Notable Loan Modifications/Extensions in 2024

Property	Asset Class	Location	Loan Size	Notes
Prudential Plaza	Office	Chicago	$386.0M	Owner negotiated a two-year loan extension to 2027, along with a $40 million commitment to substantial renovations.
731 Lexington Ave	Office	New York	$500.0M	Maturity date was extended by four months.
One Market Plaza	Office	San Francisco	$850.0M	Owners paid down their $975 million loan to $850 million to secure a three-year extension when the loan matured in February 2024.

Sources: Cred iQ, Cohen and Steers, Green Street, Mortgage Bankers Association.

12 Months Ending May 2024 Modification Types

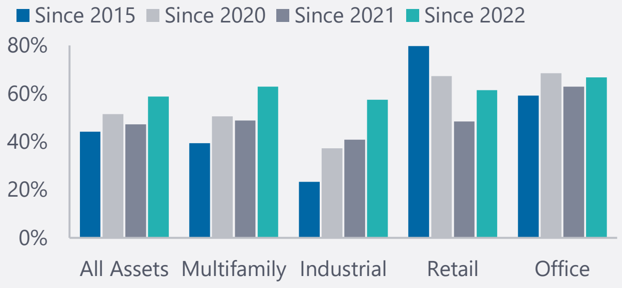


Modified Loan Balance by Property Type (Year ending May 2024)

Hotel	$1.26B
Industrial	$0.28B
Mixed Use	$0.02B
Multifamily	$3.30B
Office	$4.56B
Other	$2.53B
Retail	$1.68B
Self-Storage	$0.00B

- Office loans have been the largest value contributors to modified loans followed by multifamily in 2023. The office asset class may likely have similar trends through 2025.
- Multifamily was priced to perfection on low debt yields, so rising cap rates have had a meaningful impact on values and little room to handle higher debt service. Therefore, multifamily loan modifications are expected to reflect a higher spike, given the volume of maturities falling through 2025.

Loan to Values by Asset Type



- Property prices across all CRE asset types experienced a decline YoY in 2023, while LTV ratios trended upward YoY. The highest increase in LTV ratios was seen in the industrial sector, followed by multifamily, retail, and office.
- LTVs at 50%–65% will help mitigate the risk of losses due to value decline for most loans. The risk of loss for the overall CRE market when compared to GFC could be smaller than many think.

Houlihan Lokey Takeaway

- The greatest risk lies in loans originated over the past several years at peak valuations, especially those with shorter maturities and low DSCRs, and for asset classes that have been underperforming during and after COVID-19.
- Although loan extensions (cheaper option to refinancing) are generally done to bridge to a better outcome (i.e., refinance at lower rates, cap rate compression leading to higher proceeds upon sale, etc.), many borrowers may not be able to afford the modification available from lenders and may require expensive bridge capital.

Navigating the Upcoming Maturity Wall (cont.)

Option 3: Distress and Delinquencies

Investors widely anticipate a rise in distressed loans over the next two to three years as lower valuations and higher interest rates are creating pressure on LTV and interest cover ratios. The office and apartment sectors are expected to see the highest volumes of distress, while traditionally lower-distress sectors like industrial and hotel are also showing significant increases in distress levels.

Distress So Far in 2024 and Potential Through 2025

Balance of Distress by Property Type ($ Millions)

Type	Outstanding Distress*	Potential Distress**
Office	41,037	66,875
Industrial	1,663	35,818
Retail	21,761	32,257
Apartment	13,963	80,952
Hotel	13,342	35,479
Others	2,411	19,774
Total	**94,177**	**271,154**

*Cumulative through Q2 2024. "Others" category captures asset types not included in our standard volume statistics for Capital Trends reports, such as self-storage and manufactured housing.

**Potential Distress indicates possible future property-level financial trouble due to events such as delinquent loan payments, forbearance, and slow lease-up/sell-out, among others.

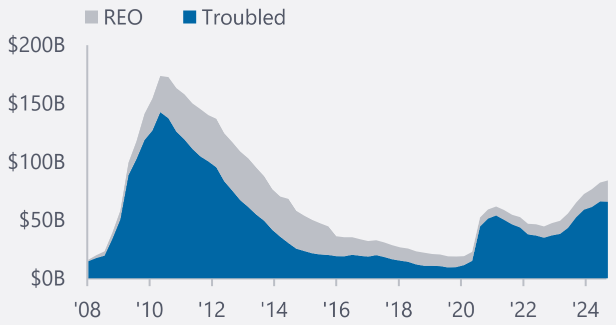
- Total cumulative distress for U.S. commercial property reached $94.2 billion in Q2 2024, with $10.6 billion of new distress in the period. There was a net addition of $2.0 billion in the quarter as $8.6 billion of distress was resolved.
- While office and apartments are estimated to have more potential distress through the rest of 2024 and 2025, it is notable that all other asset classes are estimated to have a meaningful increase in potential distress. Industrial, which has hardly seen any distress, is also expected to significantly increase over the current levels.
- The potential distress of more than $270 billion of real estate loans comprises of loans that are under forbearance plans, had late payments, or are at risk of breaking covenants, such as lease-up rate. This does not include properties with impending vacancy risk, meaning the number of potentially distressed assets is likely greater.

Notable Distress and Delinquencies in 2024

Property	Asset Class	Location	Loan Size	Notes
Parkmerced Apartment Complex	Apartment	San Francisco	$1.5B	The securitized portion of the $1.5 billion of senior financing against 3,165 units at the Parkmerced apartment complex was transferred to a special servicer in April 2024.

Sources: Cred iQ, Mortgage Bankers Association, MSCI, Trepp.

Cumulative Distress



- While the value of troubled loans and REOs is less than half compared to the GFC, there is more than $250 billion of potential distress that could push this cycle beyond the GFC if this materializes.
- The value of cumulative REOs grew about 13% and 46% in Q2 2024 compared to Q1 2024 and Q2 2023, respectively.
- The cumulative volume of troubled assets, which constitutes the rest of the distress volume, was flat compared to Q1 2024 and up 26% from Q2 2023.

Overall Distressed Rates by Property Type

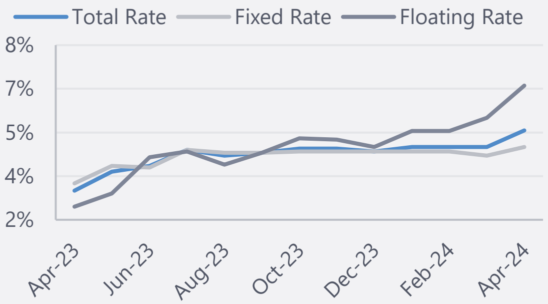
Delinquent and/or Specially Serviced Loans

As of July 31, 2024

Month	Multifamily	Office	Retail	Industrial	Hotel	Self-Storage
Feb-23	2.6%	4.3%	10.9%	0.4%	6.0%	0.0%
Mar-23	3.8%	5.0%	11.5%	0.4%	6.3%	0.1%
Apr-23	4.1%	5.8%	11.5%	0.4%	6.4%	0.1%
May-23	4.0%	6.5%	10.6%	0.4%	6.4%	0.0%
Jun-23	4.5%	8.4%	11.2%	0.5%	6.5%	0.0%
Jul-23	4.7%	7.9%	10.7%	0.5%	7.7%	0.0%
Aug-23	5.0%	9.4%	10.7%	0.4%	7.7%	0.0%
Sep-23	4.7%	10.8%	11.2%	0.7%	8.3%	0.1%
Oct-23	5.1%	10.5%	9.5%	1.8%	8.9%	1.3%
Nov-23	2.9%	6.8%	6.6%	4.4%	6.4%	1.3%
Dec-23	4.0%	9.9%	8.4%	0.6%	8.0%	1.1%
Jan-24	2.6%	10.5%	8.0%	0.3%	6.7%	14.4%
Feb-24	3.4%	11.0%	8.4%	1.3%	6.9%	0.1%
Mar-24	3.7%	11.4%	9.5%	0.6%	7.7%	0.1%
Apr-24	7.2%	11.7%	11.9%	0.4%	8.7%	0.1%
May-24	7.1%	11.1%	11.3%	0.5%	9.4%	0.1%
Jun-24	7.4%	11.5%	11.7%	1.0%	8.1%	0.1%
Jul-24	8.4%	12.2%	11.8%	0.8%	7.8%	0.2%

- Multifamily has started to show signs of increasing distress as rates more than doubled from 3.7% in March to 8.4% in July 2024. The multifamily segment is now operating at the third highest level of stress among all CRE segments. These figures include all multifamily securitized with CMBS financing.
- Office saw continued increase in distress rates with the highest levels of modifications. A similar trend is expected to continue through 2024–2025.

CMBS Delinquency Rate Trends



- CMBS delinquency total rate rose by 40 bps to 5.07% in April 2024, approaching the 5.35% rate seen in September 2021 during the pandemic. This increase is largely driven by balloon maturities in the office, retail, and hospitality sectors.
- According to Trepp, the delinquency rate for floating-rate loans increased 97 bps to 6.61% in April, from 5.64% in March—the largest month-over-month floating delinquency rate increase in the past 12 months.
- Delinquencies and distress are expected to rise, if for no other reason than idiosyncratic events, as property valuations continue to decline (although at a slower pace) and the cost of refinancing remains high. Distress is most likely to go up from here, given that it stands near a historically low level right now.

CRE CLOs

Distress and Maturity Walls

Due in part to a strong U.S. economy and investor appetite for higher yields, the CRE CLO market experienced substantial growth in 2019 and later in 2021; CRE CLO loan issuance hit a record of $45.4 billion. Today, the total CRE CLO market sits at roughly $80 billion.

- As most CLO loans have a three-year life, the peak 2021 vintage is now maturing, and investors are raising concern at the large maturity wall approaching.
- The distress rate on CRE CLO loans reached 10.8% in July 2024. This includes any loan 30 days delinquent, past its maturity, or in special servicing where a third party tries to work out the best outcome for the troubled loan.
- Currently, office space and mixed-use properties have exhibited the greatest levels of distress, as 14.0% of office CRE CLO loans are considered distressed and 15.8% of mixed-use property CRE CLO loans are considered distressed.

CRE CLO Loan Universe by Delinquency Group

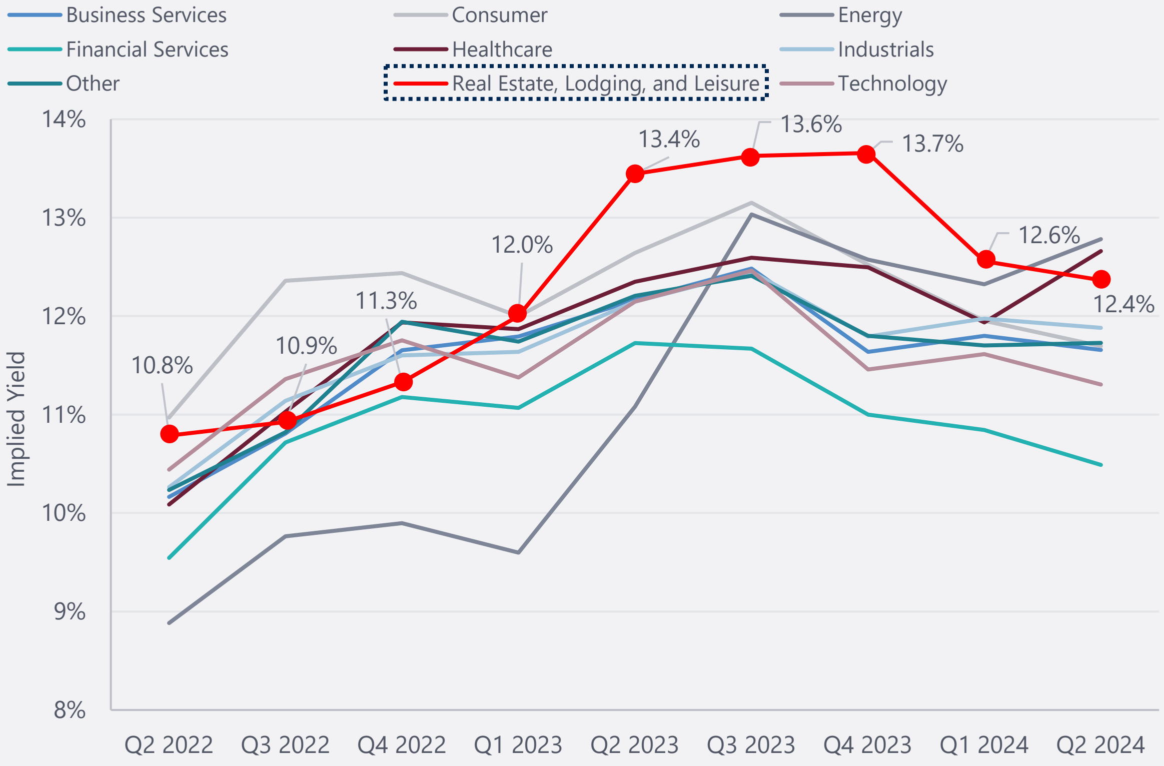
Delinquency Status	Office	Multi-Family	Hotel	Mixed Use	Healthcare	Other	Loan Universe
Current	87.9%	95.8%	96.1%	91.1%	86.1%	98.9%	94.8%
Delinquent	12.1%	4.2%	3.9%	8.9%	13.9%	1.1%	5.2%

CRE CLO Loan Universe by Vintage

Vintage	Office	Multi-Family	Hotel	Mixed Use	Healthcare	Other	Loan Universe
2019	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
2020	1.1%	0.0%	0.0%	0.0%	1.7%	0.0%	0.2%
2021	1.9%	1.9%	0.8%	2.0%	8.5%	0.2%	1.8%
2022	2.6%	1.1%	0.0%	2.8%	0.0%	0.0%	1.2%
2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2024	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%

Sources: Bloomberg, Intex.

Houlihan Lokey's Private Performing Credit Index



- The Houlihan Lokey Private Performing Credit Index (PPCI) is based on our comprehensive private credit valuation dataset. It offers insights into the typically inaccessible world of performing private credit loans and facilitates comparisons with investment portfolios or other indices for discussions on market dynamics with our clients. The PPCI calculates weighted average yields (based on aggregate principal balances) of a subset of private loans we value, representing the implied IRRs from our fair value assessments of each loan.
- The PPCI index has shown that the IRRs for the real estate industry were generally in line with other industry yields throughout 2022 before increasing to the highest among all tracked industries throughout 2023 and then falling again in 2024 to be generally back in line with other industry yields. The declining IRR trend since the end of 2023 indicates market expectations of the Fed rate cut in 2024 and 2025.

Houlihan Lokey's **Selected U.S. Real Estate Qualifications**

Houlihan Lokey is a leading provider of valuations of real-estate-backed credit and is experienced with large private credit funds, real estate credit funds, REITs, special situations funds, and insurance companies. Examples of client engagements are below.

Client	Houlihan Lokey's Role
Real Estate Credit Fund	Houlihan Lokey prepares 40+ quarterly valuations of senior secured first lien loans backed by development or transitional properties throughout the U.S. for a real estate-focused fund with more than $500 million of AUM.
Nontraded REIT	Houlihan Lokey prepares quarterly valuations of CRE loans backed by industrial and residential properties as well as CMBS for a nontraded REIT with more than $50 billion in net assets.
Private Credit Platform of Large Asset Manager	Houlihan Lokey prepares 35+ quarterly valuations of development loans, preferred equity, and senior secured loans for a real estate private credit platform of an alternative asset manager with more than $40 billion of AUM.
Long-Short Fund	Houlihan Lokey prepares quarterly valuations for a long-short hedge fund with certain illiquid investments in bonds issued by public REITs.
Insurance Company	Houlihan Lokey prepares 10+ annual valuations of CRE-backed mortgage loans for a life insurance company with more than $300 billion of AUM.
Hedge Fund	Houlihan Lokey prepares periodic valuations of a single-borrower multiple-property CMBS investment. The collateral portfolio consists of multiple properties leased to two large-name retail borrowers across the nation that are currently distressed or in bankruptcy.
Real Estate Investment Trust	Houlihan Lokey prepares quarterly valuations of portfolios containing various U.S. and U.K. construction/bridge loans, including bridge loans held in CRE CLOs for a REIT.
Investment Bank	Houlihan Lokey prepares quarterly valuations of a JV structured vehicle backed by commercial HUD loans for an asset management arm of a large investment bank.
CRE CLO	Houlihan Lokey prepared a one-time valuation of a $170+ million UPB portfolio of SASB CMBS and CRE CLO bonds across capital structures in various deals.
Distressed Property	Houlihan Lokey prepared a one-time valuation of an $800+ million UPB portfolio of subordinate tranches of a single-borrower CMBS backed by multiple properties of two large retail names in bankruptcy and litigation.

Selected Property and Corporate Real Estate Restructuring Experience

Columbia Property Trust
has confirmed a loan modification of approximately $1.84bn of debt including $1.71bn of CMBS debt and $0.13bn of Mezzanine debt
Debtor Advisor

PWM Property Management LLC
245 PARK AVENUE
181 MADISON
has sold substantially all its assets pursuant to two Chapter 11 Plans of Reorganization, including 245 Park Avenue to an affiliate of SL Green Realty Corp. and 181 West Madison to an affiliate of HNA Group Co.
Company Advisor

PREIT
has confirmed a joint Chapter 11 Plan
Creditor Advisor

AMERICAN DREAM
has completed an out-of-court restructuring
Company Advisor

GREAT VALUE STORAGE
has sold substantially all of its assets through a Chapter 11 Plan of Reorganization
CBRE Investment Management
THE WILLIAM WARREN GROUP
SELF STORAGE MANAGEMENT ACQUISITIONS DEVELOPMENT
Company Advisor

ACCORINVEST
has completed an A&E of its existing €4,500m financial debt, alongside €477m equity injection from Shareholders and €477m "Prêt Guaranti par l'Etat" from its existing lender group
Bank Group Advisor

Selected Real Estate Strategic Advisory and Debt Capital-Raising Experience

TPG REAL ESTATE FINANCE TRUST
Series B Cumulative Redeemable Preferred Stock with Warrants
Recapitalization
$325,000,000
Exclusive Placement Agent

convene
has completed a recapitalization transaction including new money debt and equity investments from existing shareholders and
HBC ARES
Company Advisor

MOBILE INFRASTRUCTURE
Revolving Credit Facility
Refinancing
Exclusive Placement Agent

Tombstones included herein represent transactions closed from 2020 forward.

Houlihan Lokey’s **Real Estate Expertise**

Houlihan Lokey has a successful track record of assisting its clients—comprising real estate investors, owners, and other stakeholders—with various valuation, transaction, and special situation needs.

Valuation and Advisory Services

We have deep valuation expertise in investment, financial reporting, and tax matters.

We advise boards of directors and special committees as they navigate a range of strategic situations and challenges.

We value large portfolios of real estate equity and debt positions and offer bespoke valuation services (e.g., positive assurance) to help clients mitigate valuation risk.

Leveraging our accounting and real estate expertise, we help clients with transaction advisory services related to real estate equity and debt investments.

Our bench of experts includes dispute resolution counselors to advise on valuation matters involving disputes, mediation, arbitration, and litigation.

We provide fairness opinions, solvency opinions, and valuation opinions to clients across a variety of property- and entity-level transactions.

Investment Banking

We have a track record of structuring and executing value-optimizing transactions for our clients.

We run efficient, momentum-driven processes that drive results in M&A and capital raising for both healthy corporate finance and restructuring transactions.

We advise clients on strategic alternatives that enable them to accomplish next-level strategic goals—whether the aim is accelerated growth or divestitures—for PropCo and/or OpCo structures.

Our team of experienced finance professionals has an extensive and expansive reach of traditional and nontraditional real estate debt and equity investors around the world.

We are well versed in crafting tailored solutions to achieve client objectives, with deep experience across sectors, company types, and market cycles.

We are uniquely positioned to help address special situations, ranging from liquidity management to recapitalizations.

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Please reach out to one of our team members to discuss this quarter’s market update or to explore how we can serve your business needs.

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