



*Morgan Stanley Dean Witter  
Commercial Real Estate  
Finance Program*

# *Agenda*



1. Overview
2. Program Objectives
3. Sponsorship
4. Market Perspective
5. Program Highlights
6. Process
7. Benefits & Timetable



# 1. OVERVIEW

## *Overview*

- The Real Estate Debt Capital Markets group (“REDCM”) now offers commercial mortgage financing to the investment management clients of Morgan Stanley Dean Witter (“MSDW”)
- REDCM has developed this program in partnership with IBD’s Branch Originator’s Program (“BOP”) and Morgan Stanley’s Lending Services Group (“LSG”)



## 2. PROGRAM OBJECTIVES

*MSDW set specific objectives for  
this program . . .*

- Offer attractive long term fixed rate financing for investment management clients owning commercial real estate
- Offer a product that will help Financial Advisors land new accounts, protect their existing account base, and earn additional fees
- Create a business franchise that will grow REDCM's leadership position in CMBS

*... which has features clients  
should find appealing ...*

- Direct access to capital markets financing
- Long-term fixed rate financing for a range of property types
- Non-recourse debt
- Superior client service

*. . . And we seek the endorsement  
of MSDW's Financial Advisors*

- 400 branch offices in the United States
- Comprising 11,000 Financial Advisors
- Managing 4.0 million accounts
- Covering 2.1 million households



## 3. SPONSORSHIP

*Three groups within MSDW are  
sponsoring this program . . .*

- Real Estate Debt Capital Markets (“REDCM”)
- Branch Originator’s Program (“BOP”)
- Lending Services Group (“LSG”)

*The Program will be administered  
by certain key representatives . . .*

- Spencer Young -- Principal-- REDCM
- Ray Smesko -- Principal -- BOP
- Scott Witherspoon--First Vice President--LSG
- Ben Black -- Associate -- REDCM
- Tania Kohlbecker -- Analyst -- BOP

*. . . And overseen by a senior  
REDCM management team . . .*

- John Westerfield -- Managing Director
- Anthony Tufariello -- Managing Director
- Warren Friend -- Managing Director
- George Kok -- Principal
- Steven Stern -- Principal
- Spencer Young -- Principal

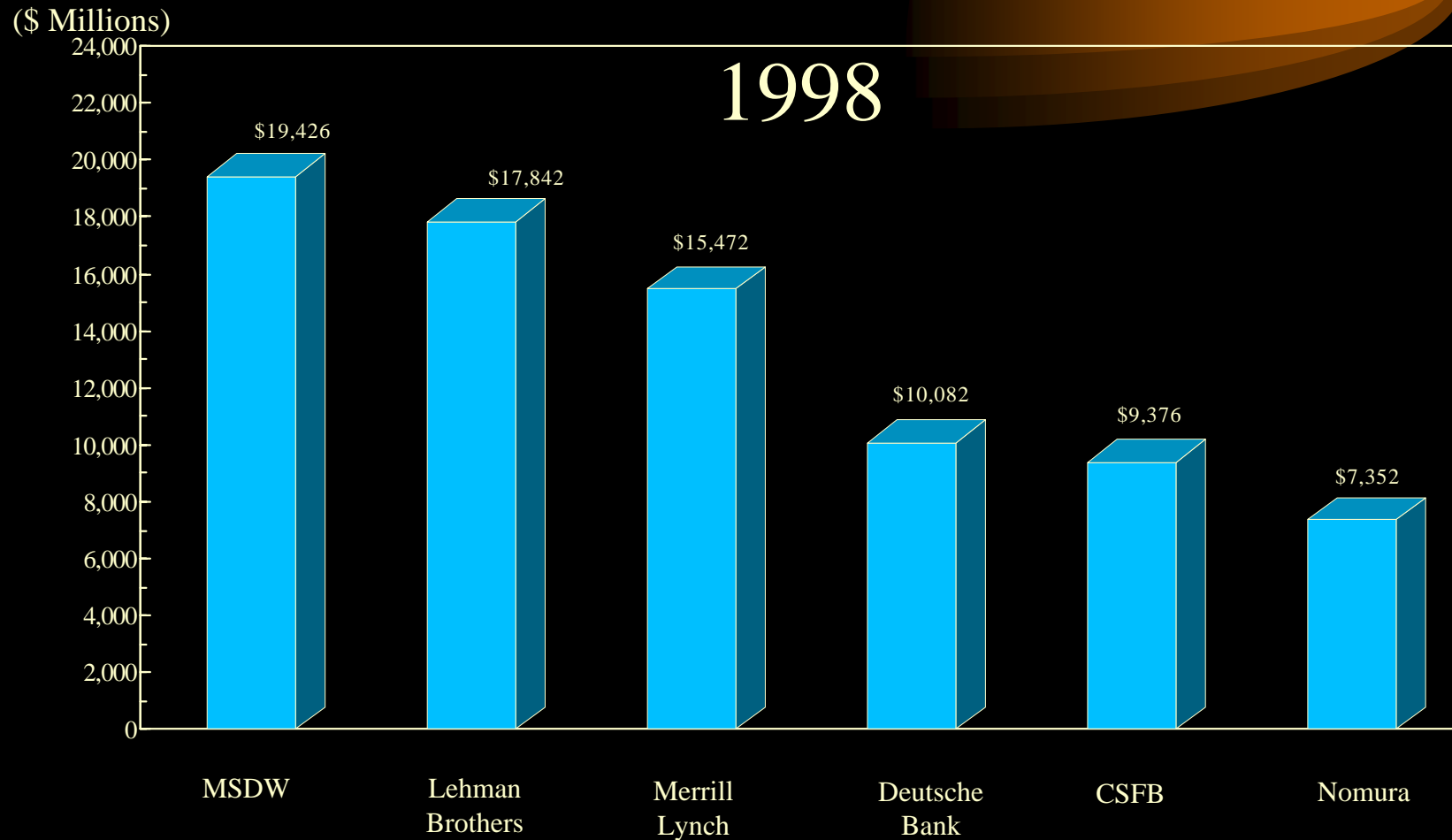
*. . . And supported by a strong infrastructure within REDCM*

- 10 Originating Bankers
- 7 Contract Finance Personnel
- 4 Information Systems Personnel
- 18 Analysts and Underwriters
- 7 Traders
- 20 Securitization Personnel
- 18 Administrative Personnel

*... MSDW is a dominant force in commercial real estate ...*

- In the past three years, we have intermediated or invested in over \$115 billion in all types of commercial real estate
- \$5 billion in commercial mortgage origination in 1998
- Longest uninterrupted real estate presence of any Wall Street firm, dating back 30 years

*... enabling MSDW to be a market leader in CMBS*



Note: (1) Full credit to Lead and Co-Managers

Source: Commercial Mortgage Alert

*The Branch Originator's Program is an important initiative of MSDW...*

- Business leads are originated through the various branches of Morgan Stanley
- Cross-selling of products and services is emphasized
- Attractive financial incentives are offered to those who are able to refer successful business

*... which focuses on marketing IBD products within MSDW ...*

- Business leads are referred to the appropriate product area within the Investment Banking Division
- The competitive advantage of capitalizing on Morgan Stanley's vast array of financial products and services is then realized

*.. And Lending Services has successfully marketed other innovative programs*

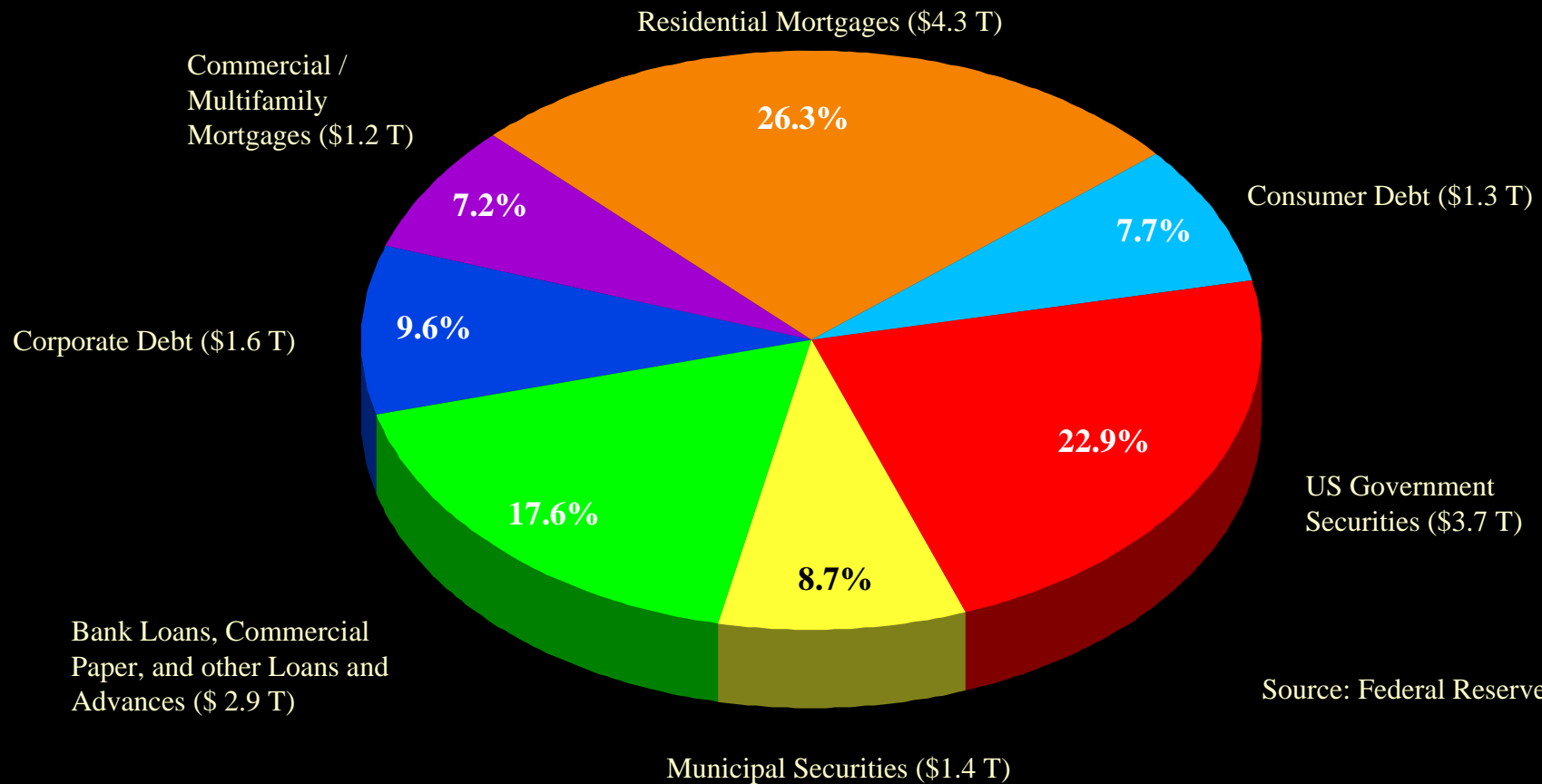
- CreditSource Program for Home Equity Loans and Residential Mortgages
- ICS Non-Purpose Margin Loans for a variety of needs
- And there other lending initiatives forthcoming later in 1999



## 4. MARKET PERSPECTIVE

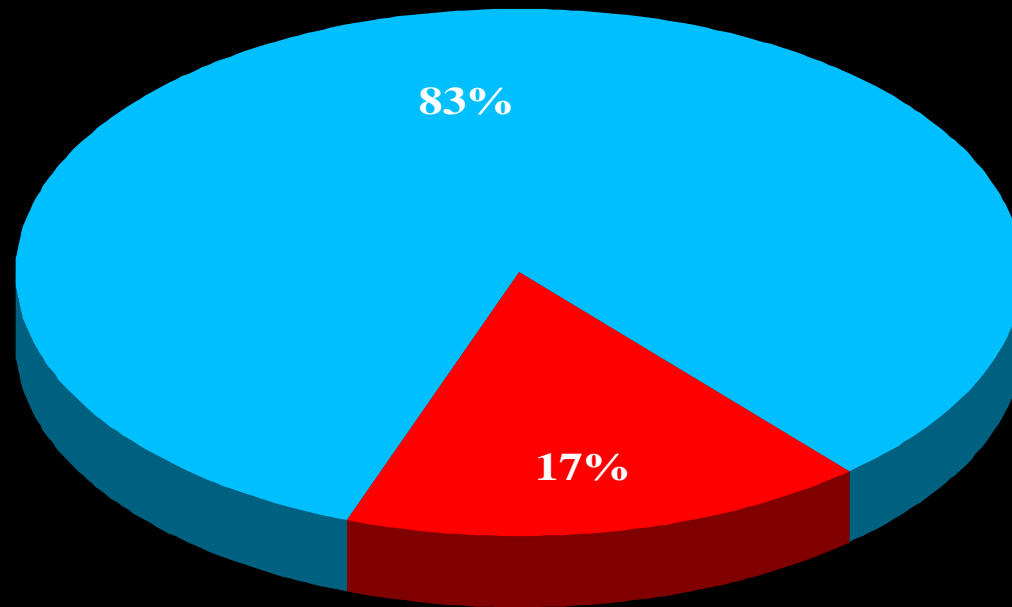
# *Commercial & Multifamily Mortgages comprise 7% of US Debt . . .*

**TOTAL SIZE OF US DEBT MARKET = \$16.4 TRILLION**



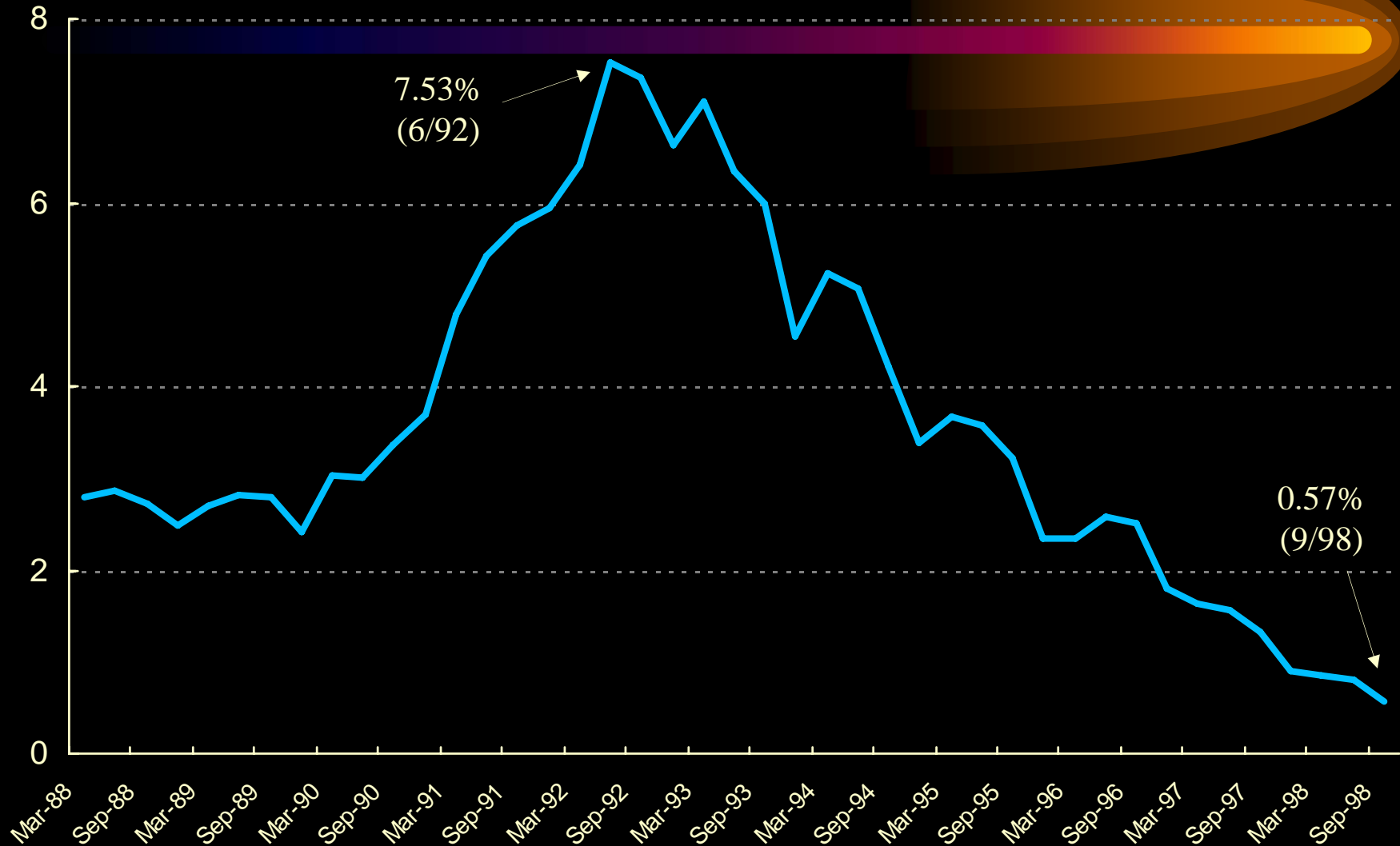
*Only 17% of the Commercial Mortgage Market is securitized . . .*

\$1.0 Trillion Not Securitized



\$200 Billion Securitized

*... And commercial mortgage delinquency rates are at their lowest levels in 10 years...*



*. . . And therefore MSDW has made a significant commitment to this business*

- Established a vast client base covering financial institutions, commercial mortgage banks, REITs, and other direct borrower relationships
- 120 people located worldwide specifically dedicated to serving the real estate industry
- Committed capital exceeds \$5.0 Billion
- Significant investment in information systems and infrastructure



# 5. PROGRAM HIGHLIGHTS

*This Program has attractive features for  
MSDW clients. . .*



- Low fixed interest rates and low closing costs
- Loan amounts of \$2 million +
- 10 year terms
- Early rate locks
- 25-30 year amortization
- Non-recourse debt

*... which Financial Advisors should find appealing*

- A referral fee of 20 bp of loan amount payable to Financial Advisors upon loan closing
- A new product that can strengthen current account relationships
- An effective tool by which new accounts can be obtained

*Properties financed include ski resorts Snowmass, CO...*



*... as well as hospitality properties in warmer climates.*



*. . . We finance modest  
apartments in the Southeast, . . .*



*... middle class multifamily complexes in Phoenix, AZ, ...*



*... and high end multifamily properties in San Francisco CA.*



*... We've done suburban offices  
in the Pacific Northwest, ...*



*... CBD office buildings in  
Washington DC, ...*



*... and free-standing office headquarters in the Midwest.*



*... We finance Regional Malls, ...*



*... and neighborhood power centers.*



*... We do flex industrial space, ...*



*... high clear ceiling industrial  
warehouses ...*



*... and even mobile home parks.*






## 6. PROCESS

*We have designed a simple referral process  
for Financial Advisors (“FA”). . .*

- FA, after client contact and branch manager discussion, contacts the BOP concerning loan request
- Loan request is pre-qualified and brief questionnaire is completed (20 yes/no questions)
- If criteria are met, FA compiles required information from the client (per short checklist)
- Information package submitted to BOP for review and forwarded to REDCM

*. . . that all told, takes 45 - 60 days to close.*

- REDCM will handle the processing of the loan, as it regularly does
- Periodic updates as to the status loan requests are provided by the BOP to Financial Advisors
- After third party reports are received and evaluated, a commitment is issued directly to the client
- Referral fee is paid at closing to the Financial Advisor via wire transfer



## 7. BENEFITS & TIMETABLE

*In summary, we are excited about the benefits of this program . . .*

- Supports MSDW's initiative to grow and control client assets
- Merger synergies are realized through cross-selling between MSDW's retail and institutional franchises
- Meaningful additional fee income can be earned by Financial Advisors
- Will help to preserve and enhance REDCM's market leadership position in CMBS

*... which we will be rolling out in  
three phases ...*

- Phase I (Feb 99) - NYC Branch “Pilot Program” Launch
- Evaluation of program effectiveness and resource requirements will be conducted
- Phase II (Apr 99) - Regional Branch Kickoff of 8 to 10 large offices covering a representative cross-section of key regions in the US)
- Program refinements made as necessary
- Phase III (June 99) - Full national roll out

*. . . and we seek your support as we launch this promising program*

- Marketing brochures for Financial Advisors and their clients are being developed through LSG in a style consistent with other MSDW marketing materials
- Your viewpoints during the “Pilot Phase” will be helpful in refining the Program’s process and effectiveness
- And we look forward to working with you and formally presenting the program to the FA’s in your respective branches.

*Thank you for your time*



. . . We look forward to working  
with you.