— Third quarter U.S. office market velocity showed some retrenchment, suffering from seasonal slowdown coupled with the economic uncertainty clouding the start of the year.
— The CBD underperformed, most notably recording negative net absorption for the first time in this cycle, and a second consecutive quarterly increase in vacancy. Suburban market improvement was modest, showing a 10 basis point decline in vacancy during the third quarter.
— Total payrolls expanded 1.7% year-over-year as of third quarter, continuing to slow from the 2%-range in 2015.
— Office-using and high-tech sectors continue to outperform, expanding payrolls 2.3% and 2.1% year-over-year, respectively.
— The rate office-using employment growth was up 100 basis points, outpacing high-tech for the first time since 2007.
— High-tech continues to retract from a 2.9% growth rate in 2015, and is 98% of 2001 peak employment.
— Private office construction spending* is up 27.2% from a year ago. Spending surpassed its 2008 historical peak in June of this year. Public office construction showed an uptick for the first time since May to $7.6 billion.

*spending incl. renovation/improvement dollars on an annualized basis, not inflation-adjusted

Sources: CBRE-EA, Moody’s Analytics, and Deutsche AM. As of October 2016.

### U.S. Office Market Statistics

<table>
<thead>
<tr>
<th></th>
<th>3Q2016</th>
<th>2Q2016</th>
<th>3Q2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vacancy Rate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>10.7%</td>
<td>10.5%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Suburban</td>
<td>14.3%</td>
<td>14.4%</td>
<td>14.9%</td>
</tr>
<tr>
<td><strong>Net Absorption</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>0.4 MSF</td>
<td>2.1 MSF</td>
<td>13.6 MSF</td>
</tr>
<tr>
<td>Suburban</td>
<td>26.2 MSF</td>
<td>17.4 MSF</td>
<td>28.7 MSF</td>
</tr>
<tr>
<td><strong>Avg. Asking Rent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>$46.17</td>
<td>$45.70</td>
<td>$43.44</td>
</tr>
<tr>
<td>Suburban</td>
<td>$24.72</td>
<td>$24.43</td>
<td>$23.76</td>
</tr>
<tr>
<td><strong>Avg. Asking Rent Growth (% chg y/y)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>6.3%</td>
<td>7.0%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Suburban</td>
<td>4.0%</td>
<td>4.0%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Sources: CBRE Econometric Associates (CBRE-EA) and Deutsche AM. As of October 2016.

### U.S. Office Market Indicators

#### U.S. Employment Growth

- Total Employment
- Office Using
- High-Tech

Sources: Moody’s Analytics (U.S. Census Bureau) and Deutsche AM. As of October 2016.

#### Top 10 Metros: Office-Using Employment Growth

- San Jose
- Salt Lake City
- Seattle
- Dallas
- Phoenix
- San Francisco
- Portland
- Austin
- F-Lauderdale
- Denver

Sources: Moody’s Analytics (U.S. Census Bureau) and Deutsche AM. As of October 2016.

### U.S. Office Construction Spending (Commercial)

Sources: Moody’s Analytics (U.S. Census Bureau) and Deutsche AM. As of September 2016.

### U.S. Office Construction Completions

Sources: CBRE-EA and Deutsche AM. As of October 2016.
Office Market Fundamentals
— The office market is grappling with steady construction; completions will mark a seven year high by year-end. So far this year, 27.3 MSF was completed. Three-quarters of construction occurred in suburban markets, but it was the CBD to exhibit signs of weakness, with 1.7 MSF in negative net absorption.
— Vacancy in CBD markets inch ed up to 10.7%, still lower than the 12.7% long-term average. Suburban markets showed an improvement to 14.3%, down 100 bps in the last 21 months, a slower rate of improvement than in previous cycles.
— Asking rents and growth rates accelerated, likely boosted by new construction. CBD asking rents rose 1% during 3Q (v. 0.6% in 2Q). Suburban rates were up 1.2% (v. 0.5% in 2Q).
— The AIA Billings Commercial index showed a slower rate of billings growth, reflecting some slowness in the commercial construction market, and remains barely higher than 50.

In Focus: Los Angeles Office Market
— LA has long been defined by the entertainment industry. While still reliant on the entertainment and media circuit, structural changes within the industry are helping to grow a broader “creative” economy and also driving high-tech.
— Creative workers account for 18% of all private payrolls. The changes in how creative industry is using office space, and the growing high-tech presence are driving absorption in LA.
— High-tech/creative tenants occupy more than 1/3 of the LA office market, generating activity across the metro.
— West LA and the South Bay are the primary beneficiaries of creative and high-tech industry growth. Expansive presence of start-ups and investors across “Silicon Beach”, and south to El Segundo, is driving vacancy to eight-year lows. The Arts District (Downtown) is also capitalizing on this demand, boasting stock most appealing to these industries.

Sources: Sources: CBRE, Moody’s Analytics (U.S. Census Bureau), LA County EDC.

U.S. Office Market Indicators

Sources: CBRE-EA and Deutsche AM. As of October 2016.

Top 10 Metros – 3Q2016 Ranking Tables

Sources: CBRE-EA and Deutsche AM. As of October 2016.

AIA Billings Index (Commercial)

Sources: Moody’s Analytics (American Institute of Architects) and Deutsche AM. As of September 2016.
Important Information

Deutsche Asset Management represents the asset management activities conducted by Deutsche Bank AG or any of its subsidiaries. Clients will be provided Deutsche Asset Management products or services by one or more legal entities that will be identified to clients pursuant to the contracts, agreements, offering materials or other documentation relevant to such products or services.

In the U.S., Deutsche Asset Management relates to the asset management activities of RREEF America L.L.C.; in Germany: RREEF Investment GmbH, RREEF Management GmbH, and RREEF Spezial Invest GmbH; in Australia: Deutsche Australia Limited (ABN 37 006 385 593) an Australian financial services license holder; in Japan: Deutsche Securities Inc. (For DSI, financial advisory (not investment advisory) and distribution services only); in Hong Kong: Deutsche Bank Aktiengesellschaft, Hong Kong Branch (for direct real estate business), and Deutsche Asset Management (Hong Kong) Limited (for real estate securities business); in Singapore: Deutsche Asset Management (Asia) Limited (Company Reg. No. 198701485N); in the United Kingdom: Deutsche Alternative Asset Management (UK) Limited, Deutsche Alternative Asset Management (Global) Limited and Deutsche Asset Management (UK) Limited; in Italy: RREEF Fondimmobiliari SGR S.p.A.; and in Denmark, Finland Norway and Sweden: Deutsche Alternative Asset Management (UK) Limited and Deutsche Alternative Asset Management (Global) Limited; in addition to other regional entities in the Deutsche Bank Group.

The views expressed in this document have been approved by the responsible portfolio management team and Real Estate investment committee and may not necessarily be the views of any other division within Deutsche Asset and Wealth Management.

Key Deutsche Asset Management research personnel are voting members of various investment committees. Members of the investment committees vote with respect to underlying investments and/or transactions and certain other matters subjected to a vote of such investment committee.

Additionally, research personnel receive, and may in the future receive incentive compensation based on the performance of a certain investment accounts and investment vehicles managed by Deutsche Asset Management and its affiliates.

This material was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. It is intended for informational purposes only. It does not constitute investment advice, a recommendation, an offer, solicitation, the basis for any contract to purchase or sell any security or other instrument, or for Deutsche Bank AG or its affiliates to enter into or arrange any type of transaction as a consequence of any information contained herein. Neither Deutsche Bank AG nor any of its affiliates gives any warranty as to the accuracy, reliability or completeness of information which is contained in this document. Except insofar as liability under any statute cannot be excluded, no member of the Deutsche Bank Group, the Issuer or any officer, employee or associate of them accepts any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage whether direct, indirect, consequential or otherwise suffered by the recipient of this document or any other person.

The views expressed in this document constitute Deutsche Bank AG or its affiliates’ judgment at the time of issue and are subject to change. This document is only for professional investors. This document was prepared without regard to the specific objectives, financial situation or needs of any particular person who may receive it. No further distribution is allowed without prior written consent of the Issuer.

An investment in real estate involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investors who can bear such losses. The value of shares/units and their derived income may fall or rise. Any forecasts provided herein are based upon Deutsche Asset Management’s opinion of the market at this date and are subject to change dependent on the market. Past performance or any prediction, projection or forecast on the economy or markets is not indicative of future performance.

© 2016 Deutsche AM Distributors Inc. All rights reserved.
The forecasts provided are based upon our opinion of the market as at this date and are subject to change, dependent on future changes in the market. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance.

For Investors in Switzerland: This presentation document has been prepared upon your request exclusively on a best effort basis and intends to respond to your investment objective/strategy as a sophisticated and qualified investor within the meaning of the Swiss Collective Investment Schemes Act of June 23, 2006 (“CISA”). This document has not been approved by the Swiss Financial Market Supervisory Authority (“FINMA”) under the Swiss Collective Investment Schemes Act of June 23, 2006 (“CISA”). The products contained in this presentation may not be registered with the Swiss Financial Market Supervisory Authority (“FINMA”), and therefore, not supervised by the FINMA. As a result, you cannot claim any protection for unregistered products under the CISA.

For Investors in the United Kingdom and in Denmark, Finland, Norway and Sweden: This document is issued and approved in the United Kingdom by Deutsche Alternative Asset Management (UK) Limited (“DEAAM UK”) of 1 Great Winchester Street, London EC2N 2DB. Authorised and regulated by the Financial Conduct Authority (146000). This material is intended for information purposes only and does not constitute investment advice or a personal recommendation. This document should not be construed as an offer to sell any investment or service. Furthermore, this document does not constitute the solicitation of an offer to purchase or subscribe for any investment or service in any jurisdiction where, or from any person in respect of whom, such a solicitation of an offer is unlawful.