December 17, 2020

REAL ESTATE

The Winding Path to Recovery:

Our 2021 Outlook for Commercial Real Estate

Introduction

- The economy is in a recovery. We expect GDP to grow by 3.6% in 2021, and the unemployment rate to fall below 6%.
- We believe private commercial real estate prices averaged a 7% peak-to-trough decline this cycle, but with dramatic variance by property type and market.
- A lingering effect of COVID-19 could be its impact on state and local finances, and changing property tax codes could drive uneven commercial real estate performance across, and within, markets.

MetLife Investment Management

Economic Outlook

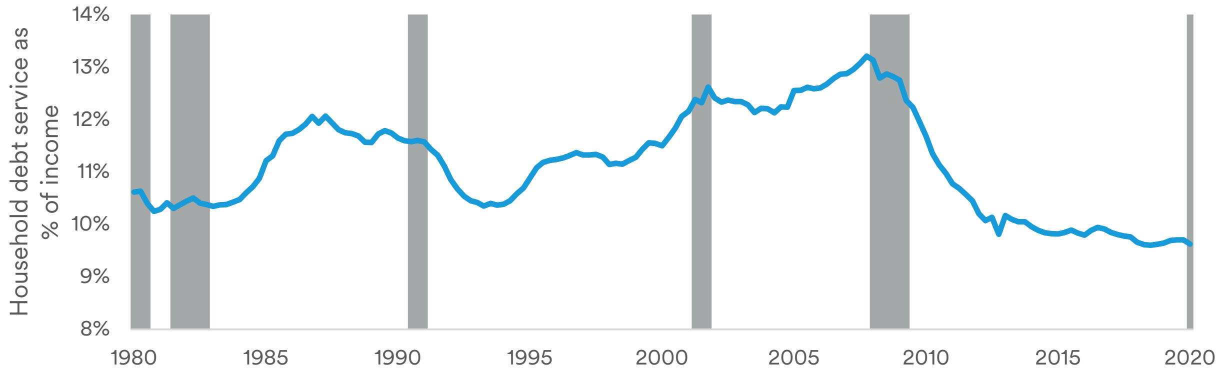
Some of the most positive economic indicators since the close of World War II were released in the final months of 2020. The announcement of several 90% effective vaccines now makes it more likely that the effects of the Covid-19 pandemic will diminish in the coming months rather than the coming years, and that demand for commercial real estate may begin slowly recovering. Although risks remain – from the spike in infections in recent weeks to the rate at which U.S. employment will continue to recover – we have a positive outlook for real estate investment opportunities in 2021.

Before looking forward, we believe it's worth reflecting on the past several quarters. At the start of the crisis, market consensus was for the U.S. unemployment rate to end the year above the GFC peak of 9.9% and remain elevated in 2021.[1] The reopening of businesses along with unprecedented fiscal stimulus have allowed the labor market to recover at a much more rapid clip, and the unemployment rate improved from 14.7% in April to 6.7% as of the most recent November reading.[2]

An improving labor market has translated into a modestly healthier consumer. The Conference Board's Consumer Confidence Index surpassed 100 in September and remained at or near that level in October and November.[3] For comparison, following the GFC the index did not cross above 100 until mid-2015, or a full six years after the crisis. Similarly, retail sales recovered to pre-COVID levels over the summer, and have been steadily increasing as of the most recent readings.[4]

While an improving labor market has certainly helped consumers re-gain their footing in recent months, we believe an equally important consideration is how well positioned the consumer was leading into 2020. Due in part to declining rates, household debt service payments were at a historically low level leading into the COVID crisis, leaving consumers relatively well positioned to weather a downturn (See exhibit 1).[5]

Exhibit 1 | Household Budgets well Positioned Prior to COVID



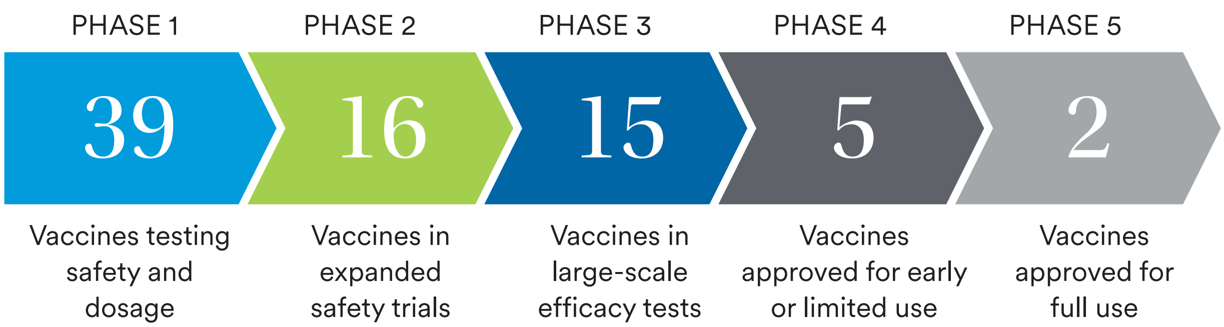
Source: MIM, Federal Reserve, December 2020.

[1] MIM, WSJ
[2] BLS, December 2020.
[3] https://conference-board.org/data/consumerconfidence.cfm
[4] U.S. Census, December 2020.
[5] Federal Reserve, December 2020.

Two near-term risks to the performance of the economy and commercial real estate markets include the future path of the COVID-19 pandemic and the timing and pace at which the labor market recovers. We believe the labor market recovery is sensitive to the magnitude and scope of the next round of fiscal stimulus.

Regarding the first risk, in November a number of pharmaceutical companies released late-stage results of COVID-19 vaccine trials, showing efficacy above 90%. This efficacy rate exceeded expectations from the medical community and indicates that additional vaccines in the pipeline (exhibit 2) which use similar technology may also be successful.[6] While this mitigates risks from the pandemic in 2021, we believe the recent rise in cases could hamper the recovery in coming months and acknowledge there is also risk related to the distribution of the vaccine.

Exhibit 2 | Global COVID-19 Vaccine Pipeline



Source: NY Times, December 2020.

In terms of a labor market recovery and fiscal stimulus, we believe the CARES Act passed earlier in the year had a positive effect on the economy, businesses, and therefore the labor market recovery that has been reported in recent months. CARES funds have largely been allocated, and while we expect a roughly $1 trillion fiscal stimulus package to be passed by the federal government, a delayed or non-existent next stimulus package is a downside risk to our expectation that unemployment could fall below 6% by year-end 2021.

Capital Markets Outlook

Like initial expectations for unemployment, market expectations for real estate performance may have been overly negative during the early months of the pandemic. At the onset of the crisis, we estimate publicly traded REITs implied a roughly 20% peak-to-trough decline in commercial real estate values, with retail and hotels in excess of 30%. Today, we estimate that REIT prices imply closer to a 5% decline, with a range of 0% to -20% depending on the property type.[7]

Private commercial real estate values may have already reached a trough, with the Green Street Commercial Property Price index reporting monthly appreciation since July, after declining 11% during the onset of COVID-19.[8] We expect the NCREIF Market Value Index, which is primarily comprised of institutional assets in core property types, to report a trough 7% below pre-COVID valuations by mid-2021, as appraisals catch up with market conditions. There are two reasons why initial expectation for 20% price declines may have missed to the downside.

[6] NY Times Coronavirus Vaccine Tracker, December 2020.
[7] MIM, Bloomberg, December 2020.
[8] Green Street Advisors, December 2020.

First, the speed at which vaccines have been developed and entered into clinical trials has greatly exceeded the expectations of the medical community. As indicated above, there are now 7 vaccines approved globally for limited or full use. This is orders of magnitude faster than the normal timeframe for vaccine development.

Second, policies by the Fed and U.S. Treasury have been more expansive than what has been observed in prior downturns. Following the GFC, for instance, the Fed's balance sheet grew to around 16% of GDP. In comparison, during the COVID-19 response the figure ballooned to around 35%, a level not seen since WWII.[9] Substantial monetary policy has helped to keep credit markets functioning, preventing the types of distressed sales activity that was observed during the GFC. Lower rates are also increasing returns to equity investors, helping to stabilize values.

Low Rates Buffering CRE Valuations

Although commercial mortgage spreads have widened as a result of the pandemic and associated recession, overall debt coupons are lower.

Exhibit 3 | Lower Mortgage Coupons Offsetting Lower NOI Growth[10]

	Going-in Cap	LTV	2021 NOI Growth	2022 NOI Growth	Mortgage Coupon	10yr IRR
Pre-COVID	4.50%	60%	3%	3%	3.40%	12.40%
Post-COVID	4.50%	60%	-1%	2%	2.40%	12.40%

Approximate figures based on an analysis of MIM, NCREIF, and ACLI data between January 2019 and October 2020.

Exhibit 3 illustrates the effects of lower interest rates in the current market, and helps to explain why real estate property prices have only modestly declined this year, despite depressed economic conditions. An equity investment originated pre-COVID may have been underwritten with a 4.5% going-in cap rate, 3% annual NOI growth, a 60% loan-to-value mortgage, and a fixed-rate mortgage coupon of 3.40%. A post-COVID equity investment with debt priced at a 2.40% coupon could achieve roughly the same returns at the same going-in cap rate, even if it is assumed that NOI would decline by 1% in 2021 and increase only 2% in 2022. But will this accommodative monetary policy and low rate environment persist in 2021 and beyond?

In August 2020, the Fed announced a significant policy shift, and one that may have received more media coverage were we not in the closing months of an election year. The Fed stated that interest rates will remain where they are "until labor market conditions have reached levels consistent with … maximum employment, and inflation has risen to 2 percent and is on track to moderately exceed 2 percent *for some time*". This policy stance leads us to believe the current low interest rate environment (and the potential for modestly higher inflation) could persist through the end of 2021 and beyond, supporting private commercial real estate values. The Fed's new policy stance of targeting inflation in excess of 2 percent also suggests that real estate allocations may benefit from an inflation hedging perspective. As low rates and an improving economic outlook help commercial real estate values stabilize in early 2021, we expect transaction activity to slowly gain momentum throughout the year.

[9] Federal Reserve, December 2020.
[10] Approximate figures based on an analysis of MIM, NCREIF, and ACLI data between January 2019 and October 2020.

Transaction Activity

With a few short weeks left in 2020, we believe total transaction volume will end the year 40% below 2019 levels. Despite the sharp year-over-year decline, there is evidence that real estate transaction markets are thawing.

Transactions totaling $73 billion changed hands in the third quarter, up from the second quarter of $50 billion.[11] Commercial mortgage origination activity has recovered at a faster clip than equity markets, particularly among originators of lower-risk commercial mortgages such as life insurance companies. Volume among insurance companies totaled $4.9 billion in September, above the $2.8 billion originated in August, and only modestly trailing the $5.4 billion monthly average from the third quarter of 2019.[12]

The availability of liquidity in the commercial mortgage market has helped equity transaction volume accelerate, however we also believe that the extensions and forbearance that have permeated the market over the last two quarters may end during the first half of 2021. Although this will likely be most acute in the retail and hotel sectors, we also expect modest mortgage stress to emerge in the apartment sector as several state and federal programs that support renters are likely to expire in coming months.

That said, we do not expect to see the level of mortgage distress that was exhibited in the GFC, and recent CMBS statistics may support our outlook. Specifically, the 30+ day delinquency rate appeared to peak during the summer months at 5.0%, well below the GFC peak of 8.0%. Of more importance, the peak-delinquency rate was not reached for 2 years following the onset of the GFC, and remained above 5.0% for a full 4 years into the recovery. As of this writing, the 30+ day delinquency rate has already recovered to about 3%.[13]

Unlike prior recoveries, we expect transaction activity to recover in primary, non-Gateway markets first. These markets generally face fewer social distancing challenges such as lower reliance on public transit and lower population density. Additionally, primary, non-Gateway markets are less reliant on international capital, which has been and will likely remain subdued in 2021.

Taken together, we believe these trends point to around $450 billion in transaction volume in 2021, below the 2019 level of $596 billion.[14]

2021 Property Type Outlook

Office

Overall, we are slightly more negative than the market on office fundamentals in 2021, at least as measured by recent ULI and PREA consensus surveys. Specifically, we expect many firms to attempt to downsize space while expanding remote working policies. By the mid-2020s, however, and as we outlined in *Back to Work, Office Demand in a Post Pandemic World*, we believe many firms will have reversed remote working decisions and generally returned to using office space.

We expect 2021 office fundamentals to be uneven by metropolitan area. As we outlined in *The Pandemic Pitfall*, factors such as public transit usage, household income levels, the concentration of computer science workers, and the age of the office using workforce could separate outperforming and underperforming office markets. As the report concluded, and somewhat counterintuitively,

[11] RCA, December 2020.
[12] ACLI, September 2020 Commercial Mortgage Commitments Flash Report.
[13] Bloomberg, December 2020.
[14] RCA, December 2020.

the markets that could have the most significant short-term headwinds such as San Francisco, Washington DC, Seattle, Denver, and San Jose, are also those that we believe could have the strongest long-term office fundamentals, presenting a unique buying opportunity in future quarters.

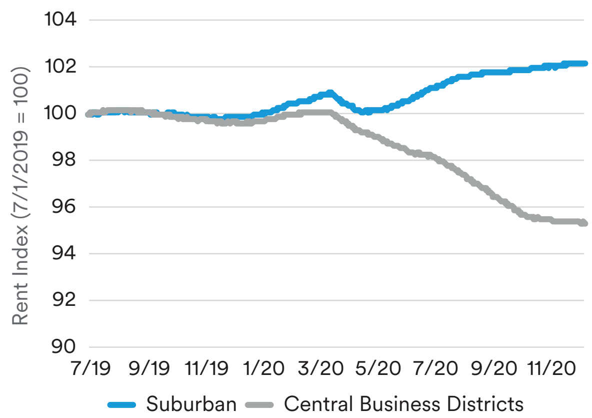
Lastly, while we expect suburban office markets to exhibit more stability relative to central business districts for the duration of the COVID crisis, we do not believe a significant long-term shift in favor of suburban locations is underway. When the perception of health and safety returns to cities and their transportation networks, we believe firms will again choose locations that provide access to the largest number of highly productive employees.

Apartment

Apart from smaller/studio apartments in CBD locations, apartment investments have generally performed well during the downturn, and we expect this to continue in 2021.

The apartment sector benefitted most directly from the CARES Act, allowing rent collections to remain stable even as the unemployment rate rose to the mid-teens. At the national level, occupancy levels have only shown modest deterioration, and remain better than their historical average.

Exhibit 4 | Suburban Apartments Outperforming CBD



Source: MIM, CoStar, December 2020.

CBD apartment asking rents have declined by around 5% on average, while suburban rents increased by around 1% since the start of COVID.[15] We believe this divide is being driven by a decline in the "location premium", which is often higher in CBD areas with public transit and walkable retail/amenities. While there are longer-term demographic tailwinds that modestly favor suburban assets, we believe CBD apartment fundamentals will begin to recover, and perhaps quickly, following the distribution of a COVID-19 vaccine in 2021.

Retail

COVID-19 has brought near-term and long-term challenges to the retail sector. Many retail establishments are operating at limited capacity. In addition, retail continues to face e-commerce related headwinds which have been accelerated by the pandemic.[16] We believe that many previously infrequent online shoppers may not revert to their prior in-store shopping habits, and retailers that were troubled leading into 2020 will continue to experience stress.

That said, we expect the long-term secular trend of consumers increasingly favoring experiences over goods could leave top performing retail centers well positioned following widespread distribution of a COVID-19 vaccine. We believe retail centers boasting experiential elements in locations with favorable demographics will likely also benefit from obsolescence of older retail stock that is demolished or repurposed. Retail real estate construction has been low for the last 15 years, and with an average life of around 50 years, U.S. retail real estate stock is getting older.[17] This dynamic could help keep supply and demand more balanced than many expect and could create select acquisition opportunities for centers with low operating expense ratios.

[15] CoStar, December 2020.
[16] https://www.wsj.com/articles/pandemic-speeds-americans-embrace-of-digital-commerce-11605436200
[17] MIM, CBRE-EA, December 2020.

Industrial

Unlike many of our peers in the industry, we do not believe the growth in e-commerce sales has been the primary driver of industrial demand over the past five years. Instead, and as we outlined in *Industrial, Opportunity, and CRE*, we believe that the continued push for shorter "click-to-door" e-commerce delivery times is driving outperformance. Although this may not at first seem like an important distinction, this investment theme both provides us with greater conviction in pushing for assets in infill locations, and also draws a clear line as to when we will begin pulling back from the top performing property type since around 2014.

As of the second quarter of 2020, click-to-door speeds for non-amazon retailers was 5.9 days (3.4 days for Amazon), down from 8.0 days in 2015 (5.9 days for Amazon).[18] We believe that industrial demand will remain strong until same day delivery is common in most major markets, which we believe is still at least 2 years, and probably closer to 6 or 7 years, in the future. As a result, we maintain a positive view on industrial acquisitions in 2021, especially those that support last-mile logistics, and even with cap rates that are in the mid 3% range.

Hotel

Unlike the retail sector, we believe hotel headwinds are cyclical, not structural. Hotel occupancies have modestly recovered from April lows, and now hover around 50%.[19] We believe business travel could be slower to return to pre-COVID levels and will likely not even begin to recover until a vaccine has been widely available both in the U.S. and internationally for several quarters. Pent-up demand for leisure travel could partially offset these headwinds, potentially allowing the overall hotel sector to recover pre-COVID NOI levels by 2023. Over the longer-term we expect in-person connections will necessitate business travel and expect business travel to recover pre-COVID levels.

Local legislation: Navigating changing property tax codes

Aside from a focus on COVID-19, much of the macroeconomic news in 2020 has been dominated by the U.S. general election. For a variety of reasons, we don't believe the ushering in of a new administration will create material new risks or opportunities for commercial real estate investors in 2021, but there are state and local legislative trends that we are considering. In particular, property taxes could face upward pressure as state and local governments seek ways to support municipal budgets that were strained by the COVID crisis.

As an example, we believe a number of Florida and Texas markets could enact higher property taxes in 2021 or 2022. At the state level, we believe Texas and Florida are both facing tax revenues decline in excess of 10% as a result of COVID-19, which is more than the national average.[20] Additionally, these states do not levy an income tax, which could put more pressure on real estate taxes. So how should an investor respond to these types of risks?

Although property tax increases generally negatively impact real estate investment returns, the relationship is not as straight forward as it may first appear. We believe there are three factors investors should take into account.

First, we believe rising property taxes have the potential to curtail the development pipeline in a given metro. This is most likely to be the case in the apartment and hotel sectors where there is

[18] eMarketer, 2Q2020.
[19] STR, December 2020.
[20] Urban Institute, 3Q2020.

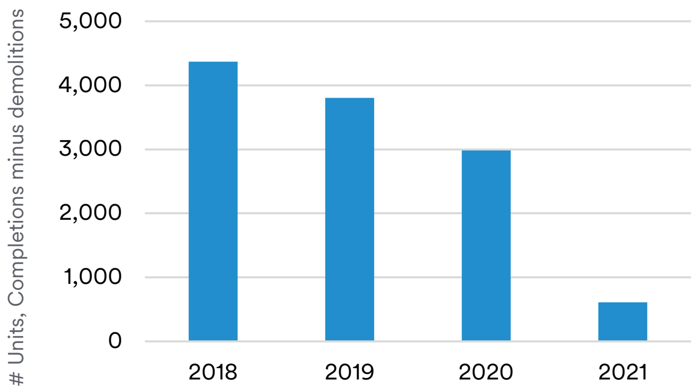
no pass-through of rising property tax expenses to tenants. While higher property taxes negatively impact NOI, a more moderate supply pipeline could support future occupancy and rent growth. This dynamic is not always considered by investors and appraisers.

Second, not all properties in markets with multiple counties are treated equally by tax changes. Markets that are split by dividing county lines could see properties in lower tax jurisdictions benefit from both lower supply in higher tax counties, and higher demand from tenants avoiding tax hikes or increases in effective rents. We believe recent events in Cook County (Chicago, IL) highlight this.

In 2017 Cook County announced[21] increases in residential and commercial property taxes, to be effective starting in 2018. Although existing construction projects continued to complete in 2019 and 2020, the new construction pipeline slowed (see exhibit 5). While this slowdown cannot be entirely attributed to property tax increases, and indeed new affordable housing requirements likely also played a role, we believe higher tax rates made it more difficult for investors to underwrite required rates of return on potential developments. Investors who are concerned with Cook County further raising property taxes, which we acknowledge is a concern, could consider opportunities in neighboring DuPage County which could benefit from the reduction in new supply within the Chicago market.

The third factor that we believe is important for investors to consider is the property tax pattern that some municipalities have followed after a recession. There are a number of markets who have consistently raised property tax rates following a recession, then lowered them as the recovery and economic expansion of the next cycle continues. Based on discussions with other investors and appraisers, we do not believe this "upside risk" of declining property tax rates is commonly considered in underwriting, Miami may be an instructive example of this trend.

Exhibit 5 | Downtown Chicago Apartment Inventory Changes



Source: MIM, CoStar, 3Q2020.

Following the 2008 Global Financial Crisis, Miami raised its millage rate in 2010 and 2011[22]. In the years that followed 2011, however, the economic recovery progressed, and as the municipal budget improved, Miami lowered property tax rates every year. Possibly in part due to this conservative-leaning miss in acquisition underwriting, Miami apartment investors have had some of the best real estate returns in the country since 2010, according to return data tracked by NCREIF. Today, we believe it could be one of many markets worth monitoring for opportunities if and when (and after) property tax increases are announced in 2021 or 2022.

Conclusion

While there are challenges ahead, and indeed as of this writing the U.S. is reporting over 150,000 new COVID-19 infections per day, our commercial real estate outlook for 2021 is cautiously optimistic. We also believe transaction volume will gain momentum, totaling around $450 billion in 2021.

[21] https://www.illinoispolicy.org/cook-county-property-tax-bills-set-to-increase-by-5-percent/

[22] https://www.miamitodaynews.com/2018/07/31/first-time-seven-years-city-miami-doesnt-lower-overall-millage-rate/

With 3 of the 4 quarters already reported, we expect 2020 commercial real estate prices to finish down 3.4%, and unlevered returns to finish at +1%.[23] For new investments in stabilized core assets, we expect a total rate of return of roughly 6% in 2021.[24] The low mortgage rate environment could provide attractive yields with only modest levels of leverage, despite unlevered returns potentially coming in at 6%, which is below historical averages. Additionally, lingering uncertainty in the hotel, retail, and office sectors, as well as diverging geographic recovery rates, could offer yield enhancements for investors willing to pursue moderately higher risk assets.

[23] As measured by the NCREIF Property Index of unlevered gross real estate returns.
[24] We expect the NCREIF Property Index to report +1.0% total rate of return, which is lower than our new investment forecast of 6% due to appraisal lag, primarily in the retail and office sectors.

MetLife Investment Management Real Estate Research and Strategy

WILLIAM PATTISON
Head of Real Estate Research

William Pattison is the head of the real estate research & strategy team within the risk, research & analytics group of MIM. He is responsible for research and strategy development in support of MIM's real estate equity and debt platforms, working closely with MIM's regional offices and portfolio managers to craft the strategic house view, drive thought leadership initiatives, and project domestic and international capital markets. Will has over 15 years of experience in institutional real estate research, valuation, and portfolio management. He is a graduate of Iowa State University, where he earned his Bachelor of Science degree in economics.

REGINALD ROSS
Associate Director

Reginald Ross is an Associate Director in the Risk, Research, and Analytics Division of MetLife Investment Management (MIM). He is responsible for market forecasts, client engagement, investment committee participation. Reginald has over 16 years of experience in CRE financial and econometric modeling. He joined MetLife in 2019. Prior to joining MetLife, Reginald was a Director at JLL focusing on redevelopment finance and advisory. He began his career in investment banking at Wolfensohn & Co and UBS. Reginald earned a Bachelor's degree in Economics from Morehouse College and an MBA from the Wharton School of Business at the University of Pennsylvania.

MetLife Investment Management Real Estate Research and Strategy

MICHAEL STEINBERG
Associate Director

Michael Steinberg is a member of the real estate research & strategy team within the risk, research & analytics group of MetLife Investment Management (MIM). He is responsible for development and maintenance of the team's quantitative research models, market forecasting, and communicating the team's investment strategies and economic outlook. Prior to MetLife, Michael worked in both research and portfolio management capacities at UDR, a national multifamily REIT, and Reis, a leading real estate market research firm. Michael received a Bachelor's degree in economics from the College of the Holy Cross and an M.B.A. from Columbia Business School.

AUSTIN IGLEHART
Senior Analyst

Austin Iglehart is an analyst on the real estate research & strategy team within the risk, research & analytics group of MetLife Investment Management (MIM). He is responsible for research & strategy development in support of MIM's real estate equity and debt platforms. In this role, Austin develops and maintains analytical tools for the research team, conducts market analyses in preparing team members for investment committee, contributes to the authoring of strategy whitepapers, assists team members in client service, and supports senior members of the research team in the development of long-term investment strategies. Austin earned his Bachelor of Science degree in finance at Wake Forest University before joining the real estate research & strategy team in 2018.

About MetLife Investment Management

MetLife Investment Management (MIM),[1] MetLife, Inc.'s (MetLife's) institutional investment management business, serves institutional investors by combining a client-centric approach with deep and long-established asset class expertise. Focused on managing Public Fixed Income, Private Capital and Real Estate assets, we aim to deliver strong, risk-adjusted returns by building tailored portfolio solutions. We listen first, strategize second, and collaborate constantly as we strive to meet clients' long-term investment objectives. Leveraging the broader resources and 150-year history of the MetLife enterprise helps provide us with deep expertise in navigating ever changing markets. We are institutional, but far from typical.

For more information, visit: **investments.metlife.com**

Disclosures

This material is intended solely for Institutional Investors, Qualified Investors and Professional Investors. This analysis is not intended for distribution with Retail Investors.

This document has been prepared by MetLife Investment Management ("MIM")1 solely for informational purposes and does not constitute a recommendation regarding any investments or the provision of any investment advice, or constitute or form part of any advertisement of, offer for sale or subscription of, solicitation or invitation of any offer or recommendation to purchase or subscribe for any securities or investment advisory services. The views expressed herein are solely those of MIM and do not necessarily reflect, nor are they necessarily consistent with, the views held by, or the forecasts utilized by, the entities within the MetLife enterprise that provide insurance products, annuities and employee benefit programs. The information and opinions presented or contained in this document are provided as the date it was written. It should be understood that subsequent developments may materially affect the information contained in this document, which none of MIM, its affiliates, advisors or representatives are under an obligation to update, revise or affirm. It is not MIM's intention to provide, and you may not rely on this document as providing, a recommendation with respect to any particular investment strategy or investment. Affiliates of MIM may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned herein. This document may contain forward-looking statements, as well as predictions, projections and forecasts of the economy or economic trends of the markets, which are not necessarily indicative of the future. Any or all forward-looking statements, as well as those included in any other material discussed at the presentation, may turn out to be wrong.

MIM manages a fund which is a component of the NCREIF Index; and any statements regarding NCREIF or the NCREIF Index, the direction it moved in historically and projections of its future movement are not intended to be statements or projections concerning any MIM-managed fund or product..

Risk of loss. An investment in the strategies described herein are speculative and there can be no assurance that any investment strategy's objectives will be achieved. Investors must be prepared to bear the risk of a total loss of their investment. More specifically, investments in private placements involve significant risks, which include certain consequences as a result of, among other factors, issuer defaults and declines in market values due to, among other things, general economic conditions, the condition of certain financial markets, political events or regulatory changes, and adverse changes in the liquidity of relevant markets. Investments may be subject to periods of illiquidity, and such securities may be subject to certain transfer restrictions that may further restrict liquidity. Any person contemplating corporate private placement investments must be able to bear the risks involved and must meet the qualification requirements of the underlying investments.

In the U.S. this document is communicated by MetLife Investment Management, LLC (MIM, LLC), a U.S. Securities Exchange Commission registered investment adviser. MIM, LLC is a subsidiary of MetLife, Inc. and part of MetLife Investment Management. Registration with the SEC does not imply a certain level of skill or that the SEC has endorsed the investment advisor.

For investors in the EEA - This document is being distributed by MetLife Investment Management Limited ("MIML"), authorised and regulated by the UK Financial Conduct Authority (FCA reference number 623761), registered address Level 34 1 Canada Square London E14 5AA United Kingdom.

Institutional Investors in the Middle East: This document is directed at and intended for institutional investors (as such term is defined in the various jurisdictions) only. The recipient of this document acknowledges that (1) no regulator or governmental authority in the Gulf Cooperation Council ("GCC") or the Middle East has reviewed or approved this document or the substance contained within it, (2) this document is not for general circulation in the GCC or the Middle East and is provided on a confidential basis to the addressee only, (3) MetLife Investment Management is not licenced or regulated by any regulatory or governmental authority in the Middle East or the GCC, and (4) this document does not constitute or form part of any investment advice or solicitation of investment products in the GCC or Middle East or in any jurisdiction in which the provision of investment advice or any solicitation would be unlawful under the securities laws of such jurisdiction (and this document is therefore not construed as such).

For investors in Japan - This document is being distributed by MetLife Asset Management Corp. (Japan) ("MAM"), a registered Financial Instruments Business Operator ("FIBO").

For Investors in Hong Kong - This document is being issued by MetLife Investments Asia Limited ("MIAL"), a part of MIM, and it has not been reviewed by the Securities and Futures Commission of Hong Kong ("SFC").

Past performance is not indicative of future results. No representation is being made that any investment will or is likely to achieve profits or losses or that significant losses will be avoided. Investments in real estate involve significant risks, which include certain consequences as a result of, among other factors, a decline in the real estate market as a whole, deterioration in the prospects for a particular industry or company, or changes in general economic conditions. Significant disruptions to the real estate markets could adversely affect the ability to sell certain real estate investments. Any person contemplating an investment in real estate equity must be able to bear the risks and the strategies discussed herein may not be suitable for all investors. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. You should consult your tax or legal adviser about the issues discussed herein. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

[1] MetLife Investment Management ("MIM") is MetLife, Inc.'s institutional management business and the marketing name for the following affiliates that provide investment management services to MetLife's general account, separate accounts and/or unaffiliated/third party investors: Metropolitan Life Insurance Company, MetLife Investment Management, LLC, MetLife Investment Management Limited, MetLife Investments Limited, MetLife Investments Asia Limited, MetLife Latin America Asesorias e Inversiones Limitada, MetLife Asset Management Corp. (Japan), and MIM I LLC.

L1220009823[exp1222][All States] L1220009822[exp1222][All States L1220009816[exp1222][All States] L1220009814[exp1222][All States]

MetLife Investment Management