

**Form ADV Part 2A**  
**Disclosure Brochure**  
As of April 9, 2024

**MetLife Investment Management, LLC**  
**MIM Real Estate**

One MetLife Way • Whippany, NJ • 07981  
(973) 437-0869

This brochure provides information about the qualifications and business practices of the MIM Real Estate business unit of MetLife Investment Management, LLC (the "Firm"). If you have any questions about the contents of this brochure, please contact us at (973) 437-0869. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

The Firm is registered with the SEC as an investment adviser. Registration with the SEC as an investment adviser does not imply any level of skill or training.

Additional information about the Firm is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Summary of Material Changes

This brochure dated April 9, 2024, updates and replaces MetLife Investment Management, LLC's Real Estate brochure dated March 29, 2024.

There have been no material changes since the Firm's last annual amendment filing. This brochure contains updated and expanded disclosures since the Firm's annual amendment filed on March 31, 2023 relating to the following areas:

- Item 4: Advisory Business
  - Updated information on the Firm's advisory business
- Item 8: Methods of Analysis, Investment Strategies and Risk of Loss
  - Updated and expanded disclosures relating to various risks including Economic Conditions, Market Disruptions, Equity Risk, Interest Rate Increases, Rating Risk, and Sustainable Investment Risk
- Item 10: Other Financial Industry Activities and Affiliations; Relationships with Other Affiliated Investment Advisers
  - Updated and expanded disclosures regarding the Firm's affiliates
- Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
  - Updated and expanded disclosures regarding the Firm's Code of Ethics, Receipt of MNPI and Information Barriers, and Personal Trading

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## Item 4: Advisory Business

MetLife Investment Management, LLC (the “Firm”) was founded in 2006 and is an indirect, wholly-owned subsidiary of MetLife, Inc. (together with its subsidiaries, “MetLife”), a publicly held company. The Firm is part of MetLife Investment Management (“MIM”), MetLife’s institutional investment management business.

The Firm offers investment management services in the following business units: Real Estate; Private Fixed Income; Public Fixed Income; Index Strategies; and other units (including private funds, capital markets, and alternative investments). Such business units are not separate legal entities or formal sub-divisions of MIM and the Firm but are utilized for purposes of the Firm’s Disclosure Brochures in order to more accurately describe the Firm’s business activities in specific asset classes to clients and prospective clients of the Firm.

This Disclosure Brochure relates solely to the investment management unit of the Firm dedicated to advising clients with respect to real estate assets (“MIM RE”). Each of the Firm’s other investment management business units is described in greater detail in its own disclosure brochure.

The Firm typically makes investments for clients in accordance with written investment guidelines or other investment specific documentation for each advisory mandate. Investment services can be tailored for each client’s specific needs and objectives, including restrictions on investing in certain securities or types of securities. The Firm has procedures and controls to monitor compliance with each client’s specific investment guidelines. Where the Firm is the investment adviser to a pooled investment vehicle, investment objectives, guidelines and any investment restrictions generally are not tailored to the needs of individual investors in those vehicles, but rather are described in the prospectus or other relevant offering document for such vehicle.

As of December 31, 2023, the Firm had \$499,516,358,508 in assets under management, of which \$496,466,586,170 was managed on a discretionary basis and \$3,049,772,338 was managed on a non-discretionary basis.

## Item 5: Fees and Compensation

The Firm is typically compensated for its advisory services based upon a percentage of assets under management and for certain clients the Firm charges an asset-based fee based on book value or principal balance outstanding. The Firm tailors its advisory services based on the needs of the client. As such, all advisory fees are agreed with the client depending on the scope of services the Firm is providing (other than for any pooled investment vehicles, where the fee is set forth in the offering documents, as amended from time to time). The amount and terms of the fee is either set forth in the fund offering documents or constituent fund documents (for any pooled investment vehicles) or in an agreement between the Firm and the client (for separately managed accounts).

For managed accounts, the Firm may also receive other fees such as acquisition fees, disposition fees, development fees, and debt placement fees, in connection with the mandate as agreed to between the client and the Firm. Additionally, certain clients pay a performance-based fee, the terms of which are agreed upon with the Firm. Any performance-based fee arrangements are structured to comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The valuation methodology, as well as the frequency in which portfolio holdings are valued used to calculate the Firm’s fee, is agreed to between the client and the Firm.

The Firm generally charges its fee in arrears on a quarterly basis. While the Firm does not solicit clients to pay in advance, it can accept such arrangement at a client’s request. For any fees collected in advance where a client terminates prior to the end of a billing period, any prepaid fees would be refunded on a pro rata basis.

In addition to the Firm’s fee, clients incur additional charges imposed by other service providers, including service providers that are affiliates of the Firm. As a general matter, these fees are separate from the Firm’s advisory fee, and the Firm receives no portion of them. In some

circumstances, the Firm has agreed to reduce its advisory fee to offset certain fees received by MIM's affiliates. These arrangements are negotiated on a case-by-case basis and agreed to by each client.

### **Common Types of Expenses Related to Alternative Investment Strategies**

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Clients and funds investing in alternative investment strategies either directly or through allocations by the Firm or its Affiliates to such strategies, bear, directly or indirectly, certain expenses relating to those investments. Examples of such expenses include, without limitation:

- fund organizational and operating expenses, including fees associated with the retention of service providers such as a custodian, transfer agent, auditors, among others;
- all fees, expenses and costs associated with making investments, including transaction fees, due diligence costs, legal fees, transfer taxes, title premiums, closing costs, among others;
- property, loan administration servicing and similar fees;
- taxes, fees, related interest, or other governmental charges; and
- The costs, fees, and expenses relating to marketing the fund to potential investors, including the costs, fees, and expenses associated with marketing, advertising, printing, wholesaling, (where applicable) registering the fund for marketing in certain jurisdictions and other capital raising expenses.

The above list is not exhaustive. Clients should refer to an applicable offering document for a more extensive description of the expenses associated with an investment in such a strategy. In addition, Clients will also incur brokerage and other transaction costs. Please refer to the section entitled "Brokerage Practices" below for more information on these practices.

### **Expense Allocation**

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Expenses frequently will be incurred by multiple client accounts and funds. Expense allocation decisions involve conflicts of interest (e.g., an incentive to favor advisory clients that pay higher incentive fees or conflicts relating to different expense arrangements with certain advisory clients). The Firm allocates aggregate costs among the applicable client accounts (and, in certain cases, among the Firm and applicable client accounts and funds) in accordance with expense allocation policies and procedures, which are reasonably designed to allocate expenses in a fair and reasonable manner over time among such advisory clients. Under its current expense allocation policies, the Firm generally allocates the expense among the client accounts and funds on a pro rata basis based on assets under management. However, the Firm will in certain cases bear the allocable share, or a portion thereof, of expenses for particular clients and funds and not for others, as agreed with such clients or funds or as determined in its sole discretion, which will lead to a lower expense ratio for certain clients and funds. The Firm can also allocate a portion of any expense to itself where a product or service is shared between the Firm and its Affiliates on the one hand and the Firm's client accounts and funds on the other. In these and other circumstances, the Firm can deviate from pro rata allocation if it deems another method more appropriate based on the relative use of, or benefit from, a product or service, or other relevant factors. While the Firm's policies and procedures are intended to result in expense allocation that is fair and equitable across client accounts over time, the portion of a common expense that the Firm allocates to a client account or fund for a particular product or service may not reflect the relative benefit derived by the relevant client account or fund in each instance.

## Investment in Affiliated Funds

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If a separately managed account or private fund is directly invested in a pooled investment vehicle managed by the Firm or its affiliates, the Firm generally does not receive advisory fees from both the client's separate account and the affiliated fund in which the separate account is invested.

Where permitted by applicable law, separate accounts and fund-of-funds advised by the Firm or an affiliate that are invested in an affiliated fund will also incur their pro rata portion of other fees and expenses charged at the affiliated fund level, e.g., custodian fees and transfer agency fees. Because the Firm and its affiliates receive fees from the funds, the investments in underlying funds benefit the Firm and/or its affiliates, which creates an incentive for the Firm to invest client assets in affiliated funds.

## Multi-asset Strategy

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Depending on the type of fee arrangement with the client, when managing multi-asset strategies, the Firm could face a conflict of interest in allocating client assets among the various investment strategies. For example, if a client pays a fixed account level advisory fee, then the Firm faces a conflict of interest when allocating clients' assets because it has an incentive to allocate to investment strategies that are more cost efficient for the Firm. Where there is no fixed account level advisory fee, the Firm faces a conflict of interest when allocating clients' assets because it has an incentive to allocate to investment strategies that have higher fund fees over investment strategies that have lower fund fees.

## Item 6: Performance-Based Fees and Side-by-Side Compensation

As disclosed in response to Item 5, MIM RE provides services for performance-based compensation. This gives MIM RE an incentive to take additional risks in these accounts or allocate to them more favorable investment opportunities. MIM RE has implemented policies and procedures, including an allocation policy, which is designed to manage the allocation of investment opportunities among all clients on a systematic basis. MIM RE believes this mitigates the conflicts that typically arise with performance-based compensation.

**Performance-Based Fees.** Clients of the Firm pay various types of fees for investment advisory services. For example, institutional account fees can be determined on a fixed rate, sliding scale, or incentive basis. Most client accounts are charged fees based on a percentage of assets under management, book value or principal balance outstanding. Certain accounts are charged an incentive or performance-based fee or carried interest together with, or in lieu of, an asset-based fee. Generally, performance-based fees are calculated on the appreciation of a client's assets or performance relative to a specified benchmark.

**Side-by-Side Management and Potential Conflicts of Interest.** Certain portfolio managers of the Firm simultaneously manage accounts that are charged performance-based fees and accounts that are charged asset-based fees. Frequently, the portfolio managers of these accounts utilize substantially similar investment strategies and invest in substantially similar assets for both account types. This portfolio management relationship is often referred to as side-by-side management. Accounts that pay performance-based fees reward the Firm and its portfolio managers based on the performance in those accounts. As a result, performance-based fee arrangements create incentives for portfolio managers to make investments that present a greater potential for return but also a greater risk of loss and that can be more speculative than if only asset-based fees were applied. On the other hand, compared to a performance-based fee account, the Firm will likely have an interest in engaging in relatively safer investments when managing accounts that pay asset-based fees. The side-by-side management of accounts that pay performance-based fees and accounts that only pay an asset-based fee creates a conflict of interest because there is an inherent incentive for the portfolio manager to favor accounts with the potential to receive greater fees. For example, a

portfolio manager will be faced with a conflict of interest when allocating scarce investment opportunities given the possibility of greater fees from accounts that pay performance-based fees as opposed to accounts that do not pay performance-based fees. To address these types of conflicts, the Firm has adopted policies and procedures pursuant to which investment opportunities will be allocated among similarly situated clients in a manner that the Firm believes is fair and equitable over time.

### **Item 7: Types of Clients**

Through MIM RE, the Firm provides its advisory services to institutional clients including corporate entities, pension and profit sharing plans (including government, Employee Retirement Income Security Act of 1974, as from time to time amended ("ERISA"), and Taft-Hartley plans), insurance companies, charitable institutions, foundations, and endowments, sovereign funds, limited partnerships, and MetLife general and separate affiliated accounts which includes MetLife's domestic insurance company subsidiaries (the "MetLife Accounts"), registered investment companies, pooled investment vehicles (including private funds), and public and government entities. With respect to any pooled investment vehicle, the Firm provides investment advice and other services directly to such vehicle and not individually to the investors in such vehicle.

### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

The information presented below relates to MIM RE. Information about the additional investment management business units of the Firm is contained in separate disclosure brochures. The current investment strategies offered by MIM RE are as follows:

#### **Real Estate Strategies**

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**Commercial Mortgages.** MIM RE offers investors a Commercial Mortgage Loan managed account strategy that seeks to identify mortgages that offer attractive relative value. Under this strategy, MIM RE sources loan opportunities for its clients. Upon closing of the loan, the client to whom the loan is allocated either becomes (x) the sole lender of record or (y) a lender of record alongside a MetLife Account on behalf of the client. MIM RE manages these loans. In certain instances, a client retains approval rights with respect to certain matters with respect to management of the loan. Each mandate can be customized to each client's individual goals, objectives, target markets, and guidelines. MIM RE generally targets loans on assets located in primary markets with the remainder in defined secondary and tertiary markets. MIM RE primarily sources loans secured by institutional quality office buildings, retail centers, apartment buildings, industrial properties and hotels. Professionals in MIM RE's regional field office network solicit, underwrite and process the loans and have in-depth real estate knowledge and longstanding industry relationships.

**Agricultural Loans.** MIM RE offers managed account agricultural loan strategies tailored to each client's individual goals, objectives, target markets, and guidelines. Upon closing of the loan, the client to whom the loan is allocated becomes the sole lender of record. Agricultural loans include agribusiness loans, timber loans, and farm & ranch loans. MIM RE sources agricultural loan opportunities for its clients by leveraging existing and building new relationships. MIM RE's platform relies on a decentralized regional office structure for the origination, administration and portfolio surveillance of loan assets. The regional offices are responsible for originating and managing long-term buy and hold mortgage loan opportunities in a defined geographic area and analyzing whether a proposed opportunity fits the client's guideline parameters. MIM RE may also manage certain mineral rights portfolios.

Participations in Commercial Mortgage Loans and Agricultural Loans: From time to time, MetLife Real Estate Lending, LLC ("MREL"), an affiliate of the Firm, in its discretion offers the Firm's clients, including MetLife Accounts, the opportunity to acquire participation interests in certain commercial mortgage loans or agricultural loans that MREL is originating for itself. Each party interested in



participating in these loan opportunities enters into a master participation and servicing agreement with MREL (“MPSA”) and the Firm. Each party specifies its own investment parameters, including target markets, desired characteristics, investment limitations, and other factors in its MPSA. Once a loan opportunity is identified, MIM RE on behalf of MREL will determine whether a proposed opportunity fits the participants’ guideline parameters and then allocate such opportunities to those participants. In certain mandates, clients have given investment discretion to MIM RE; however, others require client approval of each opportunity. For each loan participation acquired by the participant, the Firm earns a reporting and advisory fee from each third-party participant until the earlier of (x) the maturity of the loan or (y) the participant’s sale of its interest in the loan. Certain participants have major decision rights with respect to the management of the loan and certain participants, potentially including MetLife Accounts, may have the right to block the sale of their interest in a loan (or property related thereto) or have other rights. MIM RE sources loan opportunities for MREL the same way that it sources commercial mortgage and agricultural whole loans above.

**Secondary Sales of Participations in Mortgage Loans.** From time to time, the MetLife Accounts sell their loan participations in certain loans originated and held by MREL. If the MetLife Accounts wish to do so, MIM RE will offer these participations on behalf of the MetLife Accounts to its third-party clients, on a secondary sale basis, in accordance with its allocation policy. Each investment must be approved by the third-party client, on a case-by-case basis. Each third-party client acquiring a participation interest from the MetLife Accounts must enter into an MPSA with MREL and the Firm pursuant to which the Firm earns a reporting and advisory fee until the earlier of (x) the maturity of the loan or (y) the third-party client’s sale of its interest in the loan.

**Real Estate Equity.** MIM RE offers investors a Real Estate Equity strategy that seeks to achieve income growth and capital appreciation by acquiring high-quality properties in markets with favorable economic drivers. These investments are typically made through a joint venture structure between the client and a MetLife Account whereby MIM RE manages the venture and its investments subject to each client’s major decision rights. Each mandate can be customized to each client’s individual goals, objectives, target markets, and guidelines. MIM RE generally focuses on the top 30 U.S. markets in terms of commercial real estate asset value, and often prefers those with a concentration of knowledge workers in science, technology, engineering and mathematics occupations. MIM RE engages in the acquisition of stabilized assets, as well as build-to-core investing, a strategy that involves developing and holding assets after occupancy levels have stabilized. In certain instances, MIM also engages in the development of assets with the intention of liquidating after construction completion and stabilization. In sourcing real estate equity investments, MIM RE professionals leverage their extensive industry relationships and investment experience. These two factors help maintain active deal flow, underwriting discipline, and proper risk management.

### **Pooled Investment Vehicles**

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The Firm is the investment manager to pooled investment vehicles that invest in real estate equity and commercial mortgage debt. Information about these funds is disclosed in their respective offering documents. These pooled investment vehicles do not meet the definition of “private fund” as defined on Form ADV Part 1, Item 7B. As such, they are not required to be disclosed on Schedule D. Additional information on why each of these funds is not required to be disclosed on Schedule D is available by contacting the Firm.

### **Insurance Asset Management**

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**Insurance Asset Management Generally.** The Firm leverages its global scale and footprint, insurance asset management expertise, risk management and credit culture to create value for its insurance clients and offers such clients the following investment mandates:

- Single investment mandates
- Multiple investment mandates



- Outsourced CIO mandates
- Insurance core mandate solutions leveraging the Firm's global asset origination and portfolio management platforms

The Firm's insurance asset management services focus on portfolio analytics that include asset allocation advice, risk analysis, stress testing, and hedge modeling. This is customized to the needs of the individual client. The Firm leverages its in-house resources to review client data and provide custom analyses and solutions, which is used to shape the advice offered to the client.

Additionally, the Firm produces white papers and other forms of client research and education, which can be tailored to the needs of the client, including asset class diversification, information about hedging strategies, use of derivatives, or other topics at the client's request.

The Firm is also able to provide portfolio advisory services, which includes portfolio design and ongoing strategic asset allocation across multiple strategies. The investment management activities would be conducted by the asset class specialists within the Firm, with oversight from its insurance asset managers providing ongoing recommendations for how to strategically rebalance the portfolio.

### **Use of Derivatives**

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MIM RE uses derivatives (such as U.S. Treasury and currency options, futures and forwards, over-the-counter ("OTC") cleared interest rate and credit default swaps, total return and equity swaps and options on swaps) to hedge investments in a client's portfolio or seek to enhance returns. In implementing certain investment strategies, derivatives are used as a substitute to take a position in the underlying asset and/or as part of a strategy designed to manage exposure to other risks and used to attain leverage in an account.

### **Risk of Loss for All Investments**

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MIM RE's investment strategies may not achieve their performance objectives and can result in losses. MIM RE has summarized below certain important risks for clients and prospective clients to consider with respect to its strategies.

Information about the risks related to additional investment management units of the Firm is provided in separate disclosure brochures.

For purposes of the risk factors included herein, the term "Client," as context requires, should be read to include an investor in a pooled investment vehicle managed by the Firm. References to actions taken or investments made by a "Client" should be understood to mean, as context requires, that such actions are taken or investments made by the Firm or its affiliates acting on behalf of Client.

### **Risks Related to Investments in Mortgage Loans**

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*Mortgage Loans Generally.* Certain Clients invest in mortgage loans and are subject to all of the risks inherent in mortgage loan investments, including:

- Client is at risk of defaults by the borrowers on those mortgage loans. These defaults can be caused by many conditions beyond MIM RE's control, including interest rate levels as well as local and national economic conditions affecting real estate values. MIM RE will not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties drop, the risk to Client's investment in the mortgage loans on those properties, generally increases.
- A defaulted mortgage loan can also become subject to workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants with respect to the loan. Such negotiations or restructuring can be extensive and

protracted over time and could result in substantial uncertainty with respect to the ultimate recovery on Client's investment in the loan.

- If interest rates rise, the market value of fixed rate long-term mortgage loans generally decline. If interest rates decrease, Client could be adversely affected to the extent that mortgage loans are prepaid because Client may not be able to generate equivalent returns upon reinvestment of the funds.
- Declines in real estate values can induce mortgagors to voluntarily default on their loans, increasing the risk of foreclosure and loss of capital.
- Delays in liquidating defaulted mortgage loans could reduce Client's investment returns. If there are defaults under those mortgage loans, it is possible that MIM RE (or its agent) could not be able to repossess and sell the underlying properties quickly. The resulting time delay could reduce the value of Client's investment in the defaulted mortgage loans. An action to foreclose on a property securing a mortgage loan is regulated by state statutes and regulations and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims.

**Commercial Mortgage Loan Risk.** Certain Clients invest in or originate commercial mortgage loans. The value of Client's commercial mortgage loans can be influenced by the historical rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors influencing delinquencies, defaults and loss severity include:

- i. economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office);
- ii. the terms and structure of the mortgage loans; and
- iii. any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.

The ability of a borrower to repay a commercial mortgage loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses, and comply with applicable zoning and other laws) rather than upon the existence of independent income or assets of the borrower as many commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees.

Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining "balloon" amount at or prior to maturity of the mortgage loan. Accordingly, investors in, and originators of, commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligation.

Exercise of foreclosure and other remedies can involve lengthy delays and additional legal and other related expenses, including transfer taxes, in addition to potentially declining property values. In certain circumstances, the creditors could also become liable upon taking title to an asset for environmental or structural damage existing at the property.

**Agricultural Mortgage Loans.** Certain Clients invest in or originate agricultural mortgage loans. The risks associated with agricultural mortgage loans are similar to those described above with respect to commercial mortgage loans. The ability of a borrower to timely repay a mortgage loan secured by agricultural real property and/or outbuildings or facilities and to avoid default can be influenced by a variety of factors, including fluctuations in the price of agricultural commodities and the impact of the weather and catastrophic events such as droughts, flood and hurricanes, that are outside the

control of the borrower. To the extent a borrower defaults on an agricultural mortgage loan, the assets seized in a foreclosure will likely be highly illiquid.

**Loss of Invested Capital.** Investments in real estate are subject to risk of loss. The value of the assets will fluctuate based upon a multitude of factors, including (i) the financial condition, results of operations and prospects of the borrowers and/or properties, (ii) governmental intervention, (iii) market conditions and (iv) local, regional, national and global economic conditions. Therefore, Client could lose all or a portion of the invested capital if the investment strategy pursued on behalf of Client is not successful.

**Illiquidity.** Real estate investments are generally considered to be illiquid. Given the nature of such investments, there is a significant risk that the investment will be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy within any given period of time. In particular, these risks could arise from changes in the financial condition or prospects of the person or entity in which the investment is made, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which investments are made. Dispositions of investments can be subject to contractual and other limitations on transfer (including prepayment penalties with respect to property-level debt) or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

**Investment Due Diligence and Investment Research.** When conducting due diligence and investment research, MIM RE could be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues, often on an expedited basis, to take advantage of an investment opportunity. Detailed information necessary for a full evaluation may not be available, and the financial information available to MIM RE may not be accurate or provided based upon accepted accounting methods. Outside consultants, legal advisors, accountants and investment banks could be involved in the due diligence and investment research process in varying degrees depending on the type of investment. There can be no assurance that these consultants will evaluate such investments accurately.

**Portfolio Concentration.** There could be limited diversification or concentration constraints with respect to the assets. If Client investments become relatively concentrated in any one industry, region, country or type of investment, the value of the assets can be subject to greater volatility and can be more susceptible to any single economic, political, or regulatory occurrence or the fortunes of a single market or industry than would be the case if Client's investments were more diversified.

**Economic Conditions.** Negative economic trends nationally, in specific geographic areas of the United States and/or outside the United States, could result in an increase in debt or loan defaults and delinquencies. Inability of borrowers to obtain refinancing upon the maturity of their debt obligations (particularly as high levels of required refinancings due to maturity approach) can exacerbate an economic decline that could delay or derail an economic recovery and cause deterioration in the performance of debt investments generally.

Additionally, the following factors can disrupt financial markets and have a negative impact on the assets:

- The bankruptcy or insolvency of one or more major financial institutions that results in the disruption of payments with respect to the assets or triggers additional crises in the global credit markets and overall economy;
- Deterioration of the sovereign debt of certain countries, together with the risk of contagion to other, more stable, countries;
- Rating agency downgrades (or otherwise negative changes in their ratings outlook) on the sovereign long-term debt ratings of certain countries;
- Reduced liquidity in the fixed income markets as a result of proposed or implemented changes in the laws and/or regulations applicable to financial intermediaries;

- Issues affecting the economies of the United States and/or non-U.S. economies; and
- The impact of (i) military operations, (ii) the possibility or actual occurrence of terrorist attacks domestically or abroad (iii) pandemics, such as Covid-19, and/or (iv) political instability in some parts of the world which could have a material adverse effect on general economic conditions, world financial markets, particular business segments, world commodity prices, consumer confidence and/or market liquidity.

*Market Disruptions; Governmental Intervention.* The assets can incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions indicated pricing levels. Market disruptions can from time to time cause dramatic losses for the assets, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

The downturn in the credit markets and the global economic crisis experienced in 2007-2009 led to extensive and unprecedented governmental intervention. These interventions were, at times, unclear in scope and application, resulting in confusion and uncertainty which in itself was materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. In response to the financial crises of 2007-2009, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") was enacted in July 2010. Dodd-Frank established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially altered the regulation of many other markets, market participants and financial instruments. It is difficult to predict the ultimate impact of Dodd-Frank on the assets, the Firm and the markets in which they trade and invest, including whether Dodd-Frank will impact market liquidity in a manner adverse to Client or the assets. Further additional legislative or regulatory action could be taken, and the effect of such actions could have a negative impact on the assets.

*Insolvency and Bankruptcy.* Various laws enacted for the protection of creditors can apply to Client investments. In a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy, a court could find that the borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such Client investment. If, after giving effect to such indebtedness, the borrower (i) is insolvent, (ii) is engaged in a business for which the remaining assets of such borrower constituted unreasonably small capital or (iii) intends to incur, or believes that it will incur, debts beyond its ability to pay such debts as they mature, such court could determine (i) to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, (ii) to subordinate such indebtedness to existing or future creditors of the borrower or (iii) to recover amounts previously paid by the borrower in satisfaction of such indebtedness. The borrower could enter bankruptcy, receivership, insolvency or similar proceedings (collectively, "bankruptcy"). Bankruptcy can result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related Client investments. There are a number of risks inherent in the bankruptcy process, including:

- Rulings in a bankruptcy case are the product of adversarial proceedings determined by a court with equitable powers and are beyond the control of specific creditors.
- A bankruptcy filing can adversely and permanently affect the borrower making such filing. The borrower could lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the borrower may not equal the liquidation value that was believed to exist at the time of the Client's investment.
- A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. In addition, the administrative costs of

the debtor and official committees in connection with the case are frequently high and will be paid out of the debtor's estate prior to any return to general unsecured creditors. Certain claims that have priority by law (for example, claims for taxes) also could be significant.

- If Client makes an investment for less than its par amount, recovery of the discount (the difference between the loan amount and the par amount) could be disallowed or limited in whole or in part in a bankruptcy.
- Creditors' claims against bankrupt or insolvent entities can be subject to equitable subordination or re-characterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors can be subject to avoidance and disbursement as preferences or fraudulent conveyances.

**Lender Liability Risk.** U.S. courts have upheld the right of borrowers to sue lenders or bondholders based on a variety of evolving legal theories (sometimes referred to as "lender liability"). Generally, lender liability is founded on the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or stockholders. The assets also could be subject to claims from creditors of an obligor that debt obligations issued by such obligor should be equitably subordinated. For example, because the Firm or its affiliates could hold equity or other interests in a borrower, the assets could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

**Call and Prepayment Risk.** The ability of borrowers to prepay assets will vary. The assets will experience a loss if a Client investment was purchased at a price greater than par and is prepaid at par or at a price lower than the purchase price. The rate of prepayments, amortization, delinquencies and defaults can be influenced by various factors including:

- Changes in borrower or property performance and requirements for capital;
- Interest rate movements;
- Unavailability of credit or a decline in credit underwriting standards; and
- The overall economic environment.

Further, in the case of prepayment, Client bears reinvestment risk, because Client can be required to invest the proceeds at a lower rate than the original investment. Finally, the assets may pay floating interest rates which vary over time.

**Interest Rate Increases.** To the extent interest rates increase, periodic interest obligations owed by the related borrower also will increase. As prevailing interest rates increase, some borrowers could not be able to make the increased interest payments on assets or refinance their loans or bonds at maturity, resulting in payment defaults.

**Spread Widening Risk.** For various reasons, the prices of the assets can decline substantially. In particular, purchasing debt instruments or other assets at high spread levels because they appear to be "undervalued" or "discounted" is no guarantee that these assets will not be trading at even wider spreads at a future valuation or at a time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. Additionally, the perceived discount in pricing from previous environments described herein could still not reflect the true value of the assets underlying debt instruments in which Client invests.

**Syndicated Debt and Secondary Market Investments.** Client can acquire investments in primary transactions and also buy secondary market investments. To the extent Client trades in any syndicated debt, it can be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, Client generally will be dependent on the lender to enforce its rights and obligations under the loan arrangements. Such investments will be subject to the credit risk of both the borrower and the lender, because they depend on the lender to make payments of principal and interest received on the underlying loan.



**Limited Control of Administration and Amendment of Investments.** Client could have limited consent and control rights with respect to an investment, and such rights may not be effective in view of the expected proportion of such obligations held by Client. MIM RE may exercise or enforce, or refrain from exercising or enforcing, any or all of Client's rights in connection with the assets or any related documents or will refuse amendments or waivers of the terms of any assets and related documents in accordance with its portfolio management practices. Client will not have any right to compel MIM RE to take or refrain from taking any actions other than in accordance with its portfolio management practices.

**Loan Participations.** MetLife Real Estate Lending, LLC ("MREL") has hired the Firm to originate and manage its loans. Accordingly, should Client acquire a loan participation from MREL, directly, or on a secondary basis from the MetLife Accounts, Client will not have the ability to control the management of the loan, terminate the Firm as the manager of the loan or remove MREL as the lead lender. Accordingly, if Client disagrees with the way that the loan is being managed, Client's only recourse will be to sell its participation interest in the market and Client shall be required to pay MIM its reporting and advisory fee until it does so.

## **Risks Relating to Real Estate Equity Investments**

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**Real Estate Investments Generally.** The main risk of real estate related investments is that the value of the real estate can go down. Many factors affect real estate values. Real estate investments generally will be subject to the risks incident to the ownership and operation of real estate, including (i) risks associated with both the domestic and international general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in the tax, real estate, environmental and zoning laws and regulations; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) the ability of MIM RE or third-parties to manage the real properties. The availability of mortgages and changes in interest rates can also affect real estate values. If Client's real estate related investments are concentrated in one geographic area or in one property type, Client will be particularly subject to the risks associated with that area or property type. There can be no assurance of ability to implement investment strategy and investment approach or achieve investment objective.

**Failure to Complete Projects.** There is a risk that sellers fail to complete construction or do not satisfactorily lease-up newly constructed properties prior to closing. If these situations occur, closing on a property could be delayed until the conditions have been satisfied, or the manager can choose not to proceed with closing on a property. There can be no assurance that steps taken to minimize risks of contracting with a nonperforming seller will in all cases protect against financial loss. Moreover, to the extent the Client is not able to purchase properties because of a seller's failure to cause completion thereof, there could be a loss of opportunity to make alternative investments in properties and a corresponding delay in investment.

**Competition; Difficulty of Locating Suitable Investments.** Although MIM RE's professionals have been successful in identifying suitable investments in the past, MIM RE could be unable to find a sufficient number of attractive opportunities to meet the Client's investment objectives. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. MIM RE competes for investments with other real estate investment vehicles, as well as individuals, publicly-traded REITs, financial institutions (such as mortgage banks, insurance companies and pension funds) and other institutional investors, including other MetLife affiliates. Additional funds and REITs with similar investment objectives could be formed by the Firm in the future. Success depends on the ability of MIM RE's professionals to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of a sufficient number of suitable investments. There can be no guarantee of ability to locate, complete and exit investments that satisfy rate of return objectives, or realize upon their values.

**Risks of Leverage.** The use of leverage will increase the exposure of the investments to adverse economic factors, such as rising interest rates, economic downturns, or deteriorations in the condition of the Investments or their respective markets. In addition, lenders could impose restrictive covenants on the actions MIM RE can take with respect to a particular asset providing security of a loan. In the event an investment is unable to generate sufficient cash flow to meet debt service payments or there are other defaults under any loan documents underlying its indebtedness, the lender will be entitled to exercise the remedies specified under the loan documents, as well as its remedies under law. These remedies can include acceleration of the indebtedness and foreclosure on any collateral securing the loan. Debt also may not be available on the terms and conditions and at the rates or in amounts that are consistent with investment strategy.

**Development and Redevelopment.** Clients can acquire direct or indirect interests in undeveloped land or underdeveloped real property (which is often non-income-producing), real estate developments or redevelopments. To the extent that a Client invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities. Such risks include risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of MIM RE, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on investment. Properties under development or properties acquired for development could receive little or no cash flow from the date of acquisition through the date of completion of development and can continue to experience operating deficits after the date of completion. In addition, market conditions can change during the course of development that makes such development less attractive than at the time it was commenced.

**Risks Relating to Non-Fee Simple Investments.** Investments through leasehold interests in the land on which the buildings are located, leases of air rights for the space above the land on which the buildings are located, or other similar restrictive arrangements rather than acquiring fee-simple title to an Investment. Many of these ground lease, air rights and other restrictive agreements can impose significant limitations on uses of the subject investments, restrict ability to sell or otherwise transfer interests in such investments or restrict the leasing of such Investments. These restrictions could limit the ability to timely sell or exchange such Investments, impair such investments' value or negatively impact ability to find suitable tenants for such investments. In addition, it could be more difficult to obtain financing for such investments as fewer lenders are willing to finance such investments and those lenders that are willing to do so can impose less favorable pricing and more requirements and restrictions on any such loans. Furthermore, Clients could lose their interests in the subject investments if the ground lease, air rights or other restrictive agreements are breached or terminated.

**Insurance Could Not Cover All Losses.** MIM RE will attempt to maintain insurance coverage for investments on a per-occurrence and annual aggregate basis to the extent such coverage is available at commercially reasonable rates, as determined by MIM RE. MIM RE will attempt to maintain insurance coverage against liability to third parties for injury and property damage. However, the insurance industry is currently in an unpredictable state, and, as a result, the actual premiums and deductibles payable can be substantially different than projections of premiums and deductibles. Insurance against certain risks, such as earthquakes, floods, windstorms, biological agents (e.g., mold) or damage by terrorism, could be commercially unavailable, available in amounts that are less than the full market value or replacement cost of an Investment, subject to a large deductible or not economically insurable. In addition, there can be no assurance that the particular risks that are currently insurable will continue to be insurable on an economic basis. There is no guarantee that any insurer will pay the full amount of any claim, that the insurer will not dispute or refuse to pay on any claim of loss or that the insurer will be solvent or financially able to pay any claim, especially in the case of a catastrophic loss in one geographical area. Additionally, the properties can be at risk in the event of an uninsured liability to third parties. Should an uninsured



loss or a loss in excess of insured limits occur, the investment could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, the investors might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the investments ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the investment from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds received might be inadequate to restore the economic position on the damaged or destroyed investment.

**Environmental Matters.** Under various federal, state and local laws, ordinances and regulations, an owner of real property can be liable for the costs of removal or remediation of certain hazardous or toxic substances or petroleum products on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, the presence of, or the failure to properly remediate, such substances could adversely affect the Client's ability to borrow using such real property as collateral or to sell such property. In connection with the ownership (direct or indirect), management and development of an investment, Clients that hold title to the asset could be considered an owner or operator of the investment and can be liable for removal or remediation costs, as well as certain other potential costs relating to such hazardous or toxic substances or petroleum products.

Although each investment will be subject to environmental assessments before acquisition, no assurances can be given that the environmental assessments reveal all environmental liabilities, or that the investment has established adequate reserves for such liabilities, or that no prior owners created any environmental condition not disclosed in the environmental assessment for such investment.

**Harmful Mold and Other Air Quality Issues.** When excessive moisture accumulates in buildings or on building materials, mold can grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants could require Clients to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose Clients to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

**Real Estate-Related Regulatory Risks.** Each investment is subject to various laws and regulations, including building codes, laws and regulations pertaining to fire safety and handicapped access (including the Americans with Disabilities Act of 1990) and other laws and regulations. Clients can be required to incur significant costs to comply with any future changes in such laws or regulations. However, noncompliance with the existing or future laws and regulations to which each investment is subject could result in substantial capital expenditures to bring the relevant investment into compliance, as well as the imposition of fines or an award of damages to private litigants, which might adversely affect Clients.

**Market Conditions.** MIM RE's investment strategy is based, in part, upon the premise that real estate businesses and assets will be available for purchase at prices that are considered favorable. Further, the strategy for an investment can rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics), or, in some circumstances, a local market recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable, or, as

applicable, recover or improve, since this will depend, in part, upon events and factors outside the control of MIM RE.

**Dependence on Tenants.** Properties depend on tenants for the majority of revenue. Any defaults on lease payment obligations by a tenant will cause properties to lose the revenue associated with the relevant lease. If such defaults become significant, Clients will be forced to use other funds to make payments on the mortgage indebtedness secured by the impacted property to avoid foreclosure and pay other obligations. If a tenant defaults, there can be delays in enforcing landlord rights. There also may be substantial costs incurred in connection with protecting investments. In addition, if a tenant at a single user facility, which has been designed or built primarily for a particular tenant or a specific type of use, fails to renew its lease or defaults on its lease obligations, the property may not be able to readily market a single-user facility to a new tenant, if at all, without making substantial capital improvements or incurring other significant re-leasing costs. Further, the investment could enter into leases containing co-tenancy provisions. Co-tenancy provisions can allow a tenant to exercise certain rights if, among other things, another tenant fails to open for business, delays its opening or ceases to operate, or if a percentage of the property's gross leasable space or a particular portion of the property is not leased or subsequently becomes vacant. A tenant exercising co-tenancy rights can be able to abate minimum rent, reduce its share or the amount of its payments of common area operating expenses and property taxes or cancel its lease.

**Tenant Bankruptcy Risks.** Assurance cannot be provided that any tenant that files for bankruptcy protection will continue to pay rent to the investment. A bankruptcy filing by, or relating to, one of the investment's tenants or a lease guarantor would bar efforts by the investment to collect pre-bankruptcy debts from that tenant or lease guarantor, or its property, unless the investment receives an order from the bankruptcy court permitting the investment to do so. In addition, the investment cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay efforts to collect past due balances under the relevant leases and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to the investment in full. If, however, a lease is rejected by a tenant in bankruptcy, the investment would have only a general, unsecured claim for damages. An unsecured claim would only be paid to the extent that funds are available and only in the same percentage as is paid to all other holders of general, unsecured claims. Restrictions under the bankruptcy laws further limit the amount of any other claims that the investment can make if a lease is rejected. As a result, it is likely that the recovery would be substantially less than the full value of the remaining rent during the term.

**Residential Properties.** The value and operation of residential properties (including multifamily, single family rentals, student housing, and manufactured housing) can be affected by a number of factors, including, among others, the location of the property; the services and amenities provided by the property; the property's age, condition, appearance, construction quality and other physical attributes; management's ability to provide adequate maintenance and insurance; access to transportation; the level of mortgage interest rates; home values and affordability; the degree to which the tenant mix is dependent upon a particular segment or segments of the population (e.g., military personnel); the property's reliance upon governmental or rent subsidy programs; and state and local regulations that can affect the ability to increase rents. In addition, various laws and regulations regulate the relationship of a landlord and its tenants. These laws and regulations, to a greater or lesser extent, provide certain protections or rights for tenants or limit the landlord's ability to take action against a tenant in certain circumstances, including consumer protection statutes that prohibit certain landlord practices.

**Hotel Properties.** The value and revenue of hotel properties are influenced by several factors, such as the location of the property, the brand of the hotel, labor costs, the services and amenities provided by the property, its condition, convenience, and overall attractiveness. Hotel revenue is reliant on group and business travel as well as leisure travel. Both segments are usually sensitive to the overall health of the economy. Hotel revenue can be volatile since rental rates for the rooms can be adjusted daily. Rates are often adjusted frequently based on current, and seasonal, supply and demand characteristics. Operating expense ratios in hotels are also higher than in other major

property types, as general operations are more labor-intensive. The capital requirements for hotels are also high, with the regular replacement of furniture, fixtures, and equipment, being necessary to remain competitive and/or maintain brand affiliations. Unlike most other major property types, hotels are operating businesses, and the knowledge and experience of the hotel operator is a key component of hotel performance.

**Office Properties.** A number of factors affect the value of office properties, including, among other things, diversification of the tenant base (i.e., reliance on one or only a few tenants versus a greater number of tenants or tenants in similar types of businesses versus a greater diversity of businesses); and the location, appearance, amenities and other physical attributes of the properties; and competition from other office properties. Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of re-letting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses can become functionally obsolete and thus noncompetitive or could require substantial capital investment to upgrade facilities in order to be competitive. Office properties can also be adversely affected if there is an economic decline in the businesses operated by their tenants. The risks of such an adverse effect are increased if the property revenue is dependent on a single tenant or if there is a significant concentration of tenants in a particular business or industry.

**Industrial Properties.** Although owners of industrial properties are not generally required to expend substantial amounts for general capital improvements, tenant improvements or re-letting costs, various other factors can affect the returns from this type of property in addition to the risks generally applicable to real estate, including, among other things, the design and adaptability of the property and the degree to which it is generally functional for industrial purposes, the proximity to highways and other means for the transportation of goods, the number and diversity of tenants among businesses or industries and the cost of converting a previously adapted space to general use. An industrial property could be more likely to have one or only a few tenants, which increases the risk that a decline in their operations or their particular business or industry segments can adversely affect the returns from the property.

Industrial properties typically have short-term leases, which increases the risk of vacancies. Additionally, a property designed for a particular use or function can be difficult to re-let to another tenant or could become functionally obsolete compared to other properties. Particular uses of industrial properties can increase their risk of environmental problems.

In addition, because of unique construction requirements of many industrial properties, many vacant industrial property spaces cannot be easily converted to other uses. Thus, if the operations of any industrial property become unprofitable, the liquidation value of that industrial property could be substantially less than would be the case if the industrial property were readily adaptable to other uses.

**Retail Properties.** The revenues and values of retail properties are subject to a number of factors, such as the overall health of the economy, shifts in consumer demand and spending habits, competition from other forms of retail selling (e.g., discount centers, outlet malls and internet sales), trends in the retail industry and the safety, convenience and attractiveness of the properties. A number of retail leases, in addition to or in lieu of base rent, can include a provision for percentage rent that is dependent upon the amount of a tenant's sales. Rental income attributable to leases with percentage rent provisions can decrease in a general economic downturn that adversely affects tenant sales. Additionally, traditional retail centers often have anchor tenants (i.e., typically a tenant occupying a significant amount of the space). If an anchor tenant suffers a substantial downturn in its business, becomes insolvent or does not renew its lease, the center could experience a material reduction in the income and value of the center. Certain tenants at a retail center could have provisions in their leases permitting them to terminate their leases in the event an anchor tenant no longer occupies its space there. Other tenants at the retail center could refuse to renew their leases when the time comes. These events, individually or collectively, can result in large vacancies at the center for an extended period of time and, thus, have a substantial adverse effect on the revenues from the center and, consequently, its value. There can also be significant costs incurred to relet the

vacant space of a former anchor tenant and any other tenants that terminate or refuse to renew their leases due to the anchor tenant's vacancy.

**Inflation Risks.** Increases in the rate of inflation can adversely affect the property's net operating income from leases with stated rent increases or limits on the tenant's obligation to pay its share of operating expenses, which could be lower than the increase in inflation at any given time. Inflation could also have an adverse effect on consumer spending, which could impact the tenants' sales and, with respect to those leases including percentage rent clauses, the average rents.

**Recharacterization of Sale-Leaseback Transactions.** Investments can include a sale-leaseback transaction where the investment purchases a property and then leases the property to the seller. The transaction can, however, be characterized as a financing instead of a sale in the case of the seller's bankruptcy. In this case, the investment would not be treated as the owner of the property but rather as a creditor with no interest in the property itself. The seller could have the ability in a bankruptcy proceeding to restructure the financing by imposing new terms and conditions. The transaction also could be recharacterized as a joint venture. In this case, the Client would be treated as a joint venturer with liability, under some circumstances, for debts incurred by the seller relating to the property.

**Inability to Pass On Operating Expense Increases to Tenants.** Operating expenses, such as expenses for fuel, utilities, labor, building materials and insurance are not fixed and can increase in the future. There is no guarantee that the investment will be able to pass these increases on to its tenants. To the extent these increases cannot be passed on to the tenants, any increases would cause the investment's cash flow and operating results to decrease.

**Dependence of Public Utilities and Services.** Public utilities, especially those that provide water and electric power, are fundamental for the sound operation. The delayed delivery or any material reduction or prolonged interruption of these services could allow certain tenants to terminate their leases or result in an increase in costs, as investors can be forced to use backup generators, which also could be insufficient to fully operate its facilities and could result in its inability to provide services. Accordingly, any interruption or limitation in the provision of these essential services could adversely affect the investment.

**Increase in Real Estate Taxes.** Local real property tax assessors can seek to reassess properties as a result of the acquisition of the property. Generally, from time to time property taxes will increase as property values or assessment rates change or for other reasons deemed relevant by the assessors. An increase in the assessed valuation of a property for real estate tax purposes will result in an increase in the related real estate taxes on that property. Although some tenant leases can permit the pass through of tax increases to the tenants for payment, there is no assurance that all leases will be negotiated to provide the investment with such right. Increases not passed through to tenants will adversely affect the property's income, cash available for distributions, and the amount of distributions.

**Real Estate Investment Trusts.** In addition to the risks facing real estate related securities, investments in real estate investment trusts ("REITs"), which pool investor money to invest in real estate and real estate related holdings, involve unique risks. REITs can have limited financial resources, trade less frequently and in limited volume and be more volatile than other securities. REITs depend generally on their ability to generate cash flow to make distributions to shareholders or unitholders and are subject to the risk of defaults by borrowers and to self-liquidations. Many issuers of real estate related securities are highly leveraged, which increases the risk to holders of such securities. REITs are also subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws, or failure by the REIT to qualify for tax-free pass-through of income under the Internal Revenue Code. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property, which could make such REITs more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Also, the organizational documents of a REIT can contain provisions that make changes in control of the REIT difficult and time-consuming. REITs and other real estate related securities tend to be small- to mid-



cap stocks that are subject to risks of investing in small- to mid-cap stocks, including the risk that the prices of such securities can be more volatile than prices of large-capitalization securities and that an investment in such securities can be less liquid.

## **Risks Relating to Derivatives**

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*In General.* The use of derivatives instruments such as convertible securities, options, futures, over-the-counter cleared swaps, forwards and interest rate, credit default, total return and equity swaps and options on such swaps, involves a variety of material risks, including, but not limited to, those described below. Market liquidity for certain derivatives instruments can be limited, which can make it difficult and costly to terminate, unwind or close out open positions in order to either realize gains or limit losses.

Derivatives may be used to mitigate a wide range of risks for Clients. Hedging and other management procedures might prove ineffective in reducing the risks the Firm seeks to hedge for clients, and when combined with adverse market events, could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of trading derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the implementation of Dodd-Frank and comparable international derivatives regulations.

*Market Risk.* Market risk is the risk that the value to Client of a transaction will be adversely affected by such factors as:

- fluctuations in the level of interest rates, currency exchange rates, credit indices or equity indexes,
- changes in volatility levels of interest rates, currency exchange rates, credit indices or equity indexes,
- variances in the correlations or other relationships between various market factors including the derivatives transaction and the asset or liability sought to be hedged or synthetically created, and
- the level of liquidity, or illiquidity, in the market for the relevant transaction or related markets.

*Counterparty Risk.* Although MIM RE will transact derivatives on a collateralized basis with counterparties that it believes to be creditworthy, there is no guarantee that such counterparties will be able to perform their economic obligations under the derivatives transactions. In addition, centralized clearing of certain OTC derivatives exposes Client to the risk of a default by a clearing member or clearinghouse with respect to its cleared derivative transactions. If counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations under Client's derivatives, hedges of the related risk will be ineffective. A counterparty's or central clearinghouse's insolvency, inability or unwillingness to make payments under the terms of derivatives agreements or inability or unwillingness to return collateral will have a material adverse effect on Client's returns on investment.

*Funding Risk.* Client bears the risk that Client or its counterparty could not have adequate cash available to fund current obligations, which might occur because of mismatches in cash flows due from or to Client's counterparties in OTC derivatives transactions or related hedging, trading, collateral, or other transactions, or delays in payment.

*Operational Risk.* Client can incur losses because of inadequacies in systems or controls for monitoring and quantifying the risks and contractual obligations associated with OTC derivatives and related transactions, for recording and valuing the transactions or for detecting human error, or from systems failure or management failure.

*Special Risks.* There could be other significant risks that Client can be exposed to based on the terms of a specific transaction. Highly customized OTC derivatives transactions, in particular, could present heightened liquidity risk and introduce other significant risk factors of a complex character. Unusual or extreme changes in market factors can affect the value of the transaction and the risks

associated with it in ways that are not taken into account in most available systems for modeling transaction risk.

**Pricing.** Because the price and other terms on which Client may enter into or terminate an OTC derivatives transaction are individually negotiated, these may not represent the best price or terms available to Client from other sources.

**Increased Cost of Hedging Due to Derivatives Regulation.** Dodd-Frank includes a framework of regulation of the OTC derivatives markets which requires clearing of certain types of transactions and imposes additional costs, including reporting and margin requirements. For example, Dodd-Frank imposes requirements to pledge variation and initial margin (i) for “OTC-cleared” transactions (OTC derivatives that are cleared and settled through central clearing counterparties), and (ii) for “OTC-bilateral” transactions (OTC derivatives that are bilateral contracts between two counterparties). The margin requirements for OTC-cleared OTC- bilateral derivatives are already in effect. These increased margin requirements, combined with increased capital charges for OTC-bilateral counterparties and central clearinghouses with respect to non-cash collateral, (i) will likely require Clients to increase holdings of cash and highly liquid securities with lower yields causing a reduction in income, (ii) could adversely affect the liquidity of a Client’s investments and the composition of a Client’s investment portfolio, and (iii) could result in less favorable pricing for OTC-cleared and OTC- bilateral transactions.

**Hedge Effectiveness/Basis Risk.** Client is subject to the risk that derivatives used for hedging and other management procedures might prove ineffective, which could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of writing derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the implementation of Dodd-Frank and comparable international derivatives regulations. Derivative types include options, forwards, interest rate, credit default and currency swaps with a number of counterparties on a bilateral basis for uncleared OTC derivatives and with clearing brokers and central clearinghouses for OTC cleared derivatives. If counterparties, clearing brokers or central clearinghouses to such derivatives fail or refuse to honor their obligations under these derivatives, hedges of the related risk will be ineffective.

## **Risks Relating to Foreign Investments**

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**In General.** A portfolio may invest in companies located in countries other than the U.S. Accordingly, Client can be exposed to risks associated with foreign investments, including:

- The value of holdings denominated in a currency other than the United States Dollar (and any hedging transactions in foreign currencies) will be affected by changes in currency exchange rates.
- The costs of non-U.S. securities transactions tend to be higher than those of U.S. transactions.
- Foreign holdings could be adversely affected by foreign government action, including expropriation or seizure.
- International trade disputes or economic sanctions against certain non-U.S. countries can adversely affect these holdings.
- The economies of certain countries can compare unfavorably with the U.S. economy.
- Foreign securities markets could be smaller than the U.S. markets, which may make trading more difficult.
- Foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.
- In the event of a default of any foreign debt obligations, it could be more difficult for Client to obtain or enforce a judgment against the issuers of such securities.

- Changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications could apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain on-U.S. securities which could adversely impact the Client's portfolio.

**Anti-Bribery and Corruption.** The U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K Bribery Act of 2010, and other anti-corruption laws and regulations, as well as anti-boycott regulations, apply to, and can restrict the activities of the Firm and its Clients.

**Sanctions.** The Firm operates a program designed to ensure compliance with economic and trade sanctions-related obligations applicable directly to its activities, including but not limited to, those administered by the U.S. Treasury's Office of Foreign Assets Control ("OFAC"). These sanctions prohibit, among other things, transactions with and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals. It should be expected that any economic and trade sanctions, and the application by the Firm of its compliance program, will restrict or limit a Client's investment activities, can require the Firm to cause a Client to sell its position in an investment at an inopportune time or when the Firm would otherwise not have done so, and preclude the Firm from selling a Client's position in investment when the Firm would otherwise wish to do so. The application of sanctions can also have significant adverse impacts on the valuation and liquidity of a Client's investments to the extent such investments are related to the sanctioned entities or individuals, potentially rendering specific investment illiquid or worthless.

Additionally, sanction laws in the U.S. and other jurisdictions or other governmental action could significantly restrict the Firm and its Clients from investing or continuing to hold an investment in, or transacting with or in certain countries, individuals, and companies, including, among other things, transactions with, and the provision of services to certain foreign countries, territories, in entities and individuals.

If the Firm determines that a Client is subject to trade, economic or other sanctions imposed by a governmental or regulatory authority, the Firm will take such actions as it determines appropriate to comply with applicable law and its related policies and procedures. These actions could include, without limitation, (i) blocking or freezing Client accounts or Client investments, (ii) where permitted or required by the applicable sanctions law, requiring a Client to redeem or withdraw from the vehicle, and delaying the payment of any redemption or withdrawal proceeds, without interest, until such time as such payment is permitted under applicable law, (iii) excluding an Client in a pooled investment vehicle from allocations of net capital appreciation and net capital depreciation and distributions made to other Clients, (iv) ceasing further dealings with such Client's interest until such sanctions are lifted or a license is obtained under applicable law to continue dealings, and (v) excluding a Client in a pooled investment vehicle from voting on matters on which investors are entitled to vote, and excluding the net asset value of such investor's interest in the pooled investment vehicle for purposes of determining the investors entitled to vote on or required to take any action in respect of the pooled investment vehicle.

Sanctions-related requirements imposed by governmental or regulatory authorities can be complex, changing, conflicting, unclear or subject to opaque, changing or conflicting guidance. Accordingly, the Firm may take or refrain from taking action it determines appropriate to comply with applicable law and its related policies and procedures even though it turns out that doing so was not required or appropriate.

The Firm maintains risk-based compliance programs that include:

- a) Senior Management Commitment to ensure there is sufficient authority to deploy policies and procedures in a manner that effectively controls the sanctions risk of each respective MetLife Entity.



- b) Risk Assessment to conduct a routine, and if appropriate, ongoing “risk assessment” for the purposes of identifying potential sanctions issues that each Entity is likely to encounter.
- c) Internal Controls including policies and procedures, to identify, interdict (screen), escalate, report (as appropriate), and keep records pertaining to activity that may be prohibited by the regulations and laws administered by OFAC and the other applicable sanctions regimes in the countries in which MetLife operates.
- d) Testing to ensure that each MetLife Entity is aware of where and how their programs are performing and should be updated, enhanced, or recalibrated to account for a changing risk assessment or sanctions environment, as appropriate.
- e) Training to ensure that each MetLife Entity understands the compliance requirements of the applicable sanctions regulations.

### **Additional Risks**

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*Public Health Crises, including Covid-19.* Major public health issues, such as a pandemic (e.g. the novel coronavirus COVID-19) or other event that causes a large number of illnesses or deaths, have had and could continue to have a major impact on the global economy and financial markets, including financial market volatility and changes in interest rates, which could negatively impact client investments. Governmental and non-governmental organizations may not effectively combat the spread and severity of such a pandemic, increasing their harm to us. In particular, disruptions to commercial activity relating to the imposition of quarantines and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact clients’ investments, both in the near- and long-term. In addition, the imposition of travel restrictions (including “shelter-in-place” or “lock-down” directives) could impact the ability of the Firm’s personnel to travel in connection with potential or existing investments, or otherwise disrupt business activities, which could negatively impact the Firm’s ability to effectively identify, monitor, operate and dispose of client investments.

*Litigation Risk.* Client’s investment activities can subject Client to the risks of becoming involved in litigation. The expense of defending against claims against Client by third parties and paying any amounts pursuant to settlements or judgments would be borne by Client. Client may not be able to defend or prosecute legal proceedings brought against it (or lenders as a group) or that Client (or lenders as a group) might otherwise bring to protect its (or their) interests.

*Operational and Information Security Risk from Cyberattacks and other Computer-Related Attacks.* The Firm relies on the effective operation of its computer systems and, in certain instances, the computer systems of its service providers, for a variety of functions, including, transactions, providing information to Client, and maintaining financial records. The Firm also retains confidential and proprietary information on its computer systems and the computer systems of its service providers, and relies on sophisticated technologies to maintain the security of that information. The Firm’s computer systems and the computer systems of its service providers are subject to computer viruses or other malicious codes, unauthorized or fraudulent access, social engineering, phishing, human error, cyberattacks or other computer-related penetrations, and such threats have increased over recent periods. The administrative and technical controls and other preventive actions the Firm takes to reduce the risk of cyber-incidents and protect its information technology could be insufficient to prevent physical and electronic break-ins, cyber-attacks, compromised credentials, fraud, other security breaches or other unauthorized access to its computer systems or the computer systems of its service providers. In some cases, such cyber-incidents may not be immediately detected. Such incidents can impede or interrupt the Firm’s business operations and could adversely affect the Firm’s operations, and in turn could adversely affect Client or the assets.

In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyberattack or war, unanticipated problems with the Firm’s disaster recovery systems could have a material adverse impact on the Firm’s ability to conduct business,

particularly if those problems affect the computer-based data processing, transmission, storage and retrieval systems and destroy valuable data of the Firm. In addition, if a significant number of the Firm's managers, or associates generally, are unavailable following a disaster, its ability to effectively conduct business could be severely compromised. These interruptions also could interfere with the ability of the Firm to provide services to Client and the ability of the Firm's associates to perform their job responsibilities.

The failure of the computer systems of the Firm or its service providers, or the disaster recovery plans of the Firm or its service providers for any reason, could cause significant interruptions in the Firm's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Client or the assets, and could potentially result in financial losses.

**Sustainable Investment Risk.** An account's sustainable investment strategy could possibly lead to different returns than accounts without a sustainable investment strategy or sustainability guidelines. The criteria related to sustainability strategies could limit the universe of issuers in which an account may be invested. In addition, sustainability-related screens in place based on Client-directed guidelines could result in a Client's account forgoing an opportunity to make certain investments. In seeking to comply with sustainability strategies or Client guidelines, the Firm relies upon internal and/or external research and data. Sustainable investing is qualitative and/or subjective by nature and the Firm and its affiliates' internal research and rating processes could differ from the views of others. The Firm is sometimes dependent upon information and data obtained through third-party reporting that may be incomplete, inaccurate, or unavailable, which would impact the Firm's ability to assess an issuer's business practices with respect to sustainability practices. This data is not available with respect to all issuers, sectors, or industry and is often based upon estimates, comparisons or projections that could prove to be incorrect. As a result, a Client could disagree with the classification of an issuer by third-parties of the Firm.

### **Risks Relating to Conflicts of Interest**

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Client should be aware that there will be occasions when the Firm and its affiliates will encounter potential conflicts of interest in connection with activities relating to investments on behalf of Client.

**Allocations.** The Firm serves as the investment manager for third party pooled investment vehicles and accounts, the MetLife Accounts, and certain other investment vehicles sponsored by the Firm. Accordingly, potential conflicting interests or duties will likely arise over time where the Firm undertakes investment management activities for another account or accounts, including a MetLife Account, investing in the same assets or the same issuers as Client. The Firm acts as adviser to other accounts, including the MetLife Accounts and there will likely be times during which the Firm will give advice and take action with respect to any of those accounts which will differ from the advice given, or the time or nature of action taken, with respect to the Client's portfolio. For example, the Firm could cause a MetLife Account and Client's account to co-invest in an investment but later, to the extent permitted under the applicable constituent documents, decide to dispose of the investment owned by the MetLife Account, but not Client's account. The value of the investment retained by Client might be negatively impacted as a result of the sale of the MetLife Account's investment. There can be no assurance that any MetLife Account that makes an investment alongside Client will continue to hold such investment until its maturity. In addition, investment opportunities will likely be appropriate for more than one of these accounts. This presents a potential conflict of interest for the Firm as there are competing benefits it derives depending upon which account is allocated a specific investment opportunity. Those competing benefits include different management fee arrangements, different performance based compensation and different levels of ownership by MetLife Accounts (among such MetLife Accounts or compared to third-party clients). Consistent with its fiduciary duties to its clients, the Firm has adopted policies and procedures designed to appropriately manage this conflict, including its allocation policy (as discussed in greater detail in response to Item 10 below); however, while diligent efforts will be made to allocate opportunities where appropriate to each account in a fair and equitable manner over time and in accordance with the applicable investment allocation policy, Client will not receive every allocation

every time one is sourced and Client can be disadvantaged or harmed by the manner or timing of allocated investment opportunities and decisions to sell these investments. For example, effecting a transaction in a security for one account can adversely affect the price at which a transaction in the same instrument can be effected for Client.

The Firm may invest in the same issuers for client accounts, but at different levels in the capital structure. For example, one client could hold securities in an entity that are senior or junior to the debt securities held by another client, and in the event of restructuring or insolvency clients will be entitled to different payment or other rights. In a workout or other distressed scenario, the interests of one client might be adverse to those of other clients so that some clients might recover all or part of its investment while the other clients might not.

*Conflicts Related to Leases to Affiliates.* From time to time, MetLife may enter into leasing arrangements for properties owned by MIM clients. In cases such as these, client consent is obtained before proceeding with the lease to MetLife, and the process is otherwise consistent with the process used for all tenants/prospective tenants, whether or not they are affiliated with MetLife.

*Use of Material, Non-Public Information.* From time to time, employees of MetLife can come into possession of material, non-public information in connection with their other activities. In such cases, the Firm would be restricted from investing in certain transactions it otherwise may have initiated or from selling an investment it otherwise would have sold.

*Side Letters.* The Firm and its affiliates are permitted, from time to time, to enter into side letters or other similar arrangements with one or more investors in a pooled investment vehicle without the consent of the other investors, which have the effect of establishing rights under, or altering or supplementing the terms of, the governing documents of such pooled investment vehicle as they apply to a particular investor. As a result of such side letters, certain investors receive additional benefits (such as information rights, transfer rights, confidentiality obligations or rights or terms necessary in light of the particular legal, regulatory or public policy characteristics of an investor) that other investors will not receive.

## **Item 9: Disciplinary Information**

The Firm does not have disciplinary events that would require a response to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

As disclosed in response to Item 4, the Firm is a subsidiary of MetLife, Inc. The Firm is under common control with other registered investment advisers, broker dealers and insurance companies. Any relationship between the Firm and another MetLife affiliate material to a prospective client's evaluation of MIM Real Estate, including conflicts of interest, is disclosed as appropriate within this Disclosure Brochure or in applicable offering documents.

## Relationship with MetLife Investment Management Affiliates<sup>1</sup>

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The Firm is part of MetLife's institutional investment management business, MetLife Investment Management, which is affiliated with many types of U.S. and non-U.S. financial service providers, including other investment advisers, broker-dealers and insurance companies. The Firm has also entered into arrangements with certain investment advisory affiliates of the Firm pursuant to which certain employees of the affiliate have been designated to provide investment services to the Firm with respect to the Firm's clients as more specifically described below. Such arrangements are commonly referred to as "participating affiliate arrangements." These designated employees are deemed "associated persons" of the Firm as defined under the Investment Advisers Act of 1940, as amended, and, in this capacity, are subject to the oversight of the Firm and its Chief Compliance Officer. Some Firm employees also are directors, officers and/or employees of some of these affiliates and are likely to recommend the same security to clients of both the Firm and the affiliate. In addition, as more specifically described below with respect to each affiliate, the Firm provides investment research and sub-advisory services to certain of these affiliates. When the Firm is managing an affiliate's client account through a sub-advisory relationship, such client will be treated as a client of the Firm for purposes of investment allocations. Both the Firm and these affiliates have adopted trade allocation policies to address this particular conflict of interest where it arises, as further discussed below in response to this Item 10.

*Canada Investment Management Affiliate.* MIM I, LLC ("MIM I") is a wholly owned subsidiary of MIM, LLC that is registered with the Ontario Securities Commission (as its primary regulator) in Canada to provide portfolio management services to certain Canadian institutional investors. While MIM I has a limited number of employees, it leverages the capabilities of MIM, LLC. MIM I's activities are limited to portfolio management for public fixed income separately managed accounts.

*UK Investment Management Affiliates.* MetLife Investment Management Limited ("MIML"): Located in London, England, MIML is authorized by the U.K. Financial Conduct Authority as an investment adviser and investment manager. MIML provides investment management services to institutional investors located in the U.K. and globally. The Firm has entered into participating affiliate arrangements with MIML under which the Firm may delegate a portion of its investment management responsibilities to MIML as well as related investment services, including trade execution services and the receipt of investment research and recommendations to invest in certain securities and other investments for the benefit of the Firm's clients. In addition, MIML has entered into similar arrangements with Firm under which the Firm may provide trade execution services, investment research and recommendations to invest in certain securities for the benefit of MIML's clients.

MetLife Investments Limited ("MIL") is another affiliate of the Firm located in London, England and provides portfolio management and advisory services solely to affiliates.

Affirmative Investment Management Partners Limited ("AIM") is registered with the U.K. Financial Conduct Authority as an alternative investment fund manager (AIFM) with MiFID top-up permissions. The Firm has entered into an agreement with AIM under which the Firm may delegate a portion of its investment management responsibilities to AIM as well as related investment services, including trade execution services and the receipt of investment research and recommendations to invest in certain securities and other investments for the benefit of the Firm's clients. In addition, AIM has entered into similar arrangements with the Firm under which the Firm may provide trade execution

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<sup>1</sup>Subsidiaries of MetLife, Inc. that provide investment management services include, in addition to the Firm, Metropolitan Life Insurance Company, MetLife Investment Management Limited, MetLife Investments Limited, MetLife Investments Asia Limited, MetLife Latin America Asesorias e Inversiones Limitada, MetLife Asset Management Corp. (Japan), MIM I LLC, MetLife Investment Management Europe Limited, and Affirmative Investment Management Partners Limited.

services, investment research and recommendations to invest in certain securities for the benefit of AIM's clients.

**Japan Investment Management Affiliate.** The Firm's affiliate, MetLife Asset Management Corp. (Japan) ("MAM"), is a Financial Services Agency registered discretionary investment manager located in Japan. MAM provides investment management services to institutional investors located in Japan. MAM has entered into arrangements with the Firm pursuant to which it delegates to the Firm a portion of its investment management responsibilities in connection with MAM's clients outside the US. The Firm has entered into arrangements with MAM under which MAM provides investment research services to the Firm. In addition, the Firm has delegated a portion of its investment management responsibilities for certain non-US affiliates to MAM.

**Hong Kong Investment Management Affiliate.** The Firm's affiliate, MetLife Investments Asia Limited ("MIAL"), is licensed by the Securities and Futures Commission of Hong Kong ("SFC") to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. MIAL provides investment management services to professional investors located in Hong Kong. The Firm has entered into participating affiliate arrangements with MIAL under which the Firm may delegate a portion of its investment management responsibilities to MIAL as well as related investment services, including trade execution services, investment research and recommendations to invest in certain securities for the benefit of the Firm's clients. In addition, MIAL has entered into similar arrangements with Firm under which the Firm may provide investment management services, trade execution services, investment research and recommendations to invest in certain securities for the benefit of MIAL's clients.

**European Investment Management Affiliate.** The Firm's affiliate, MetLife Investment Management Europe Limited ("MIM Europe") is authorized by the Central Bank of Ireland as a manager for alternative investment funds ("AIFs") and undertakings for the collective investment in transferable securities ("UCITS"). MIM Europe provides fund management services to AIFs and UCITS for distribution to institutional investors within the European Union. MIM Europe also has additional regulatory permissions to provide investment services to separately managed accounts, non-discretionary investment advice and the reception and transmission of orders ("MiFID Services"). MIM Europe has entered into arrangements with the Firm under which the Firm provides sub-advisory and related services to MIM Europe and pursuant to which MIM Europe may provide such services in return.

**Chile Investment Management Affiliate.** The Firm's affiliate, MetLife Latin America Asesorias e Inversiones Limitada ("MILA"), provides investment management services solely to MetLife affiliates in the LatAm region. The Firm has entered into arrangements with MILA under which MILA provides investment research services to the Firm.

#### **Relationship with Broker-Dealer Affiliate**

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**MetLife Investments Securities, LLC.** The Firm's affiliate, MetLife Investments Securities, LLC ("MISL"), is a FINRA registered broker-dealer. MISL provides marketing and distribution support related to the offering and selling of securities of certain private funds managed by the Firm to institutional clients. Certain of the Firm's personnel are also registered representatives of MISL and engage in the marketing activities associated with the private funds managed by the Firm; however, they do not receive any sales commissions for these activities.

**MetLife Investors Distribution Company.** MetLife Investors Distribution Company (MLIDC) serves as the principal underwriter of MetLife, Inc.'s, variable contracts. The Firm provides investment advisory services on behalf of the US Insurance business whose products are sold by MLIDC.

#### **Relationship with Affiliated or Sponsored Investment Vehicles**

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**Private Funds.** The Firm serves as the investment adviser to multiple private funds located globally. One or more subsidiaries of the Firm serve as the general partner to certain of such funds.

**Mutual Funds.** The Firm serves as investment adviser to mutual funds which the Firm sponsors.



*Collective Investment Trust Funds.* The Firm serves as investment adviser to certain trust companies organized under the Pennsylvania Banking Code that are sponsored by the Firm.

The Firm and its affiliate employees could have an ownership interest in these affiliated or sponsored investment vehicles.

### **Relationship with Commercial Mortgage Loan Originator**

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MetLife Real Estate Lending, LLC ("MREL"), an affiliate of the Firm, can from time to time provide the Firm's clients (including MetLife Accounts) with the opportunity to acquire participation interests in certain mortgage loans it originates. In addition, from time to time, the Firm, on behalf of the MetLife Accounts, could offer certain participation interests in loans originated by MREL to the Firm's other clients on a secondary sale basis. The Firm will manage the loans that have been originated for MREL. The Firm will have responsibility to provide the participants with reports and other information summarizing the activity of these loans in exchange for a reporting and advisory fee. Conflicts of interests will exist where loan participation opportunities are appropriate for more than one participant from which differing fees are paid to the Firm. This presents a conflict of interest for the Firm as there are competing benefits it and its affiliates derive depending upon which participant is allocated a specific investment opportunity. As an SEC registered investment adviser, the Firm is committed to addressing conflicts of interest and in that regard has adopted policies and procedures designed to appropriately manage this conflict, including its allocation policy.

### **Property Management Affiliates**

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The Firm as the manager of each real estate equity joint venture receives an advisory fee (the "MIM Advisory Fee") and generally selects a property management company to provide services with respect to each property owned by the venture. For certain properties, the Firm has selected (and is likely to select in the future) MIM Property Management, LLC ("MIM PM"), a wholly-owned subsidiary of the Firm. In such instances, the venture pays MIM PM a property management fee (the "MIM PM Fee"). MIM PM in turn typically delegates, and is expected in the future to delegate, some of its responsibilities to a third party property management company (each, a "sub-manager") and pays the sub-manager a fee (the "Sub-Manager Fee"). Any MIM PM Fee in excess of the Sub-Manager Fee is received by MIM PM and used to reduce the MIM Advisory Fee, otherwise payable by the clients in the venture, on a dollar-for-dollar basis. The Firm and its affiliates do not receive a financial benefit from this arrangement; however, the client benefits through a reduction in the MIM Advisory Fee. Though it has not happened to date and the Firm views it as an unlikely occurrence, should the balance of the MIM PM Fee (after paying the Sub-Manager Fee) exceed the MIM Advisory Fee so that it cannot be 100% used to offset the MIM Advisory Fee payable by the venture, any such excess would be paid to each of the clients in the venture on a pro rata basis. Neither the Firm nor MIM PM would be entitled under any circumstances to retain any portion of any excess or to benefit from any such amounts in excess of the MIM Advisory Fee. Lastly, because selecting its affiliate to perform these services raises a conflict of interest, the Firm either obtains the client's consent to this activity with respect to each property or includes the right to engage in this arrangement in the joint venture agreement with the client.

With respect to the Firm's commingled core real estate equity fund, the Firm has retained an affiliated property management company (indirectly owned by the fund) to service one of the fund's real estate properties (and may do so for future real estate properties). This affiliated property manager has engaged a third party property sub-manager and would expect to hire a third party property sub-manager for any future real estate properties of the fund for which it acts as property manager. Any fees paid to the affiliated property manager in excess of the fees paid to the third party property sub-manager inure to the benefit of the fund and its investors. Lastly, because selecting its affiliate to perform these services raises a conflict of interest, this arrangement is disclosed in the fund's offering documents.

## **Additional Conflicts Related to Affiliations**

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*Conflicts Related to the Financial Interests of Affiliates.* Given the broad nature of MetLife's business, affiliates of the Firm can have financial interests in, or relationships with, companies whose securities the Firm purchases or sells for its third party client accounts. At any time, these affiliates' interests and relationships could be inconsistent or in potential or actual conflict with positions held or actions taken by the Firm on behalf of its' third party client accounts. For example: (1) due to the fact that MetLife affiliates hold public and private debt and equity securities of a large number of issuers, the Firm's third party clients could invest in some of the same issuers, but at different levels in the capital structure, and (2) it is possible that a MetLife affiliate will hold the senior debt of an issuer whose subordinated debt is held by the Firm's third party clients or hold secured debt of an issuer whose public unsecured debt is held in the Firm's third party client accounts. In the event of restructuring or insolvency, the MetLife affiliates as holders of senior debt can be expected to exercise remedies and take other actions without regard to whether they are in the interest of, or are adverse to, other clients of the Firm that are the holders of junior debt. In addition, MetLife affiliates sell various products and/or services to certain companies whose securities the Firm could purchase and sell on behalf of clients or who have other relationships with the Firm (such as a tenant in a building owned by a client or a counterparty on a derivatives trade). While the Firm makes investment decisions for each client independently, in consideration of the best interests of such client, there can be no guarantee that any actual or potential conflicts will be resolved in favor of such client or that actions taken by a MetLife affiliate will not adversely affect the value of a client investment.

*Transactions with Related Parties.* The Firm from time to time engages certain of its affiliates to provide services to its clients. The use of MetLife affiliates to provide these services creates conflicts of interest because there is an incentive for the Firm to favor its affiliates over unaffiliated third parties.

*Conflicts Related to Investment Consultants.* Certain of the Firm's clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers (including with respect to the selection of investment funds). The Firm could have dealings with these investment consultants in their roles as discretionary managers or non-discretionary advisers to their clients. The Firm also could have independent business relationships with investment consultants, or other interactions with such consultants. In general, both the Firm and the investment consultant make appropriate disclosure to their respective clients, as applicable of any conflict it believes to exist due to their business relationships.

*Conflicts Related to Service Providers.* The Firm retains third party advisors and other service providers to provide various services to the Firm as well as for funds that the Firm manages or sub-advises. If a service provider is engaged to provide services to the Firm or one or more of the Firm's funds and managed accounts while also providing services to other MetLife affiliates, such service provider will generally negotiate rates in the context of the overall relationship with the Firm or MetLife. In such a scenario, the Firm will generally benefit from negotiated fee rates offered to the Firm's funds and managed accounts and vice versa. The Firm will not necessarily be able to obtain advantageous fee rates from a given service provider negotiated by MetLife affiliates based on their relationship with the service provider.

*Valuation.* The assets and liabilities of the Firm's clients will be valued in accordance with the Firm's valuation policy, which is designed to comply with relevant industry standards and represent current best practices for valuations and impairments. The Firm faces a conflict of interest where the Firm or an affiliated entity is performing valuations for the Firm's clients receives management fees (or, in certain cases, performance-based compensation) based on such valuations. In addition, for certain assets held by MetLife Accounts, the Firm's valuation policy provides for different valuation methodologies to be used for such assets as compared to that used for assets held by third-party clients. As a result, there will likely be instances where the Firm attributes a different value to the same asset, depending on whether such asset is held by a MetLife Account or a third party client



and the Firm has no obligation, legal or otherwise, to conform its valuation of assets for the MetLife Account to valuations of assets maintained by third party clients.

**Conflicts Related to Overlapping Client Investments.** Where clients hold the same investment, the differing investment objectives of such clients, as well as other factors applicable to the specific situation, can result in a determination to dispose of, or retain, all or a portion of an investment on behalf of a client at different times as such investment or portion thereof is being disposed of, or retained, by other clients. In addition, particularly with respect to illiquid or private investments, conflicts of interest arise when disposing of a particular investment would be beneficial for one client while retaining such investment would be beneficial for another client. The Firm could also recommend investments to or purchase securities for the account of one client (or supervised persons could purchase such securities) that differ from investments recommended or purchased for other clients, even though the investment objectives of these other clients are similar. Moreover, the Firm and its affiliates can make investments or engage in other activities that express inconsistent views with respect to an entity in which the Firm has invested client assets, a particular security or relevant market conditions. For example, if the Firm or its affiliate makes an investment on behalf of one client that expresses a negative outlook on a particular investment in which other clients are invested, this could reduce the value of other clients' investments.

In addition, MIM Real Estate's portfolio managers generally make investment decisions for the respective clients whose accounts they manage independently of the manner in which a similar or even the same investment could be viewed by other portfolio managers or other Firm business units. In addition, the Firm can take different approaches to hedging for certain clients.

The Firm may invest in the same issuers for client accounts, but at different levels in the capital structure. For example, one client could hold securities in an entity that are senior or junior to the debt securities held by another client, and in the event of restructuring or insolvency, clients will be entitled to different payment or other rights. In a workout or other distressed scenario, the interests of one client might be adverse to those of other clients so that some clients might recover all or part of its investment while the other clients might not.

### **Allocation Policy**

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In order to address the conflicts related to the affiliations described herein, the Firm has implemented compliance policies and procedures, including an allocation policy that covers each asset class. This allocation policy is designed to ensure that investment opportunities are allocated in a fair and equitable manner over time to Firm clients, including third party clients and the MetLife Accounts. For Real Estate transactions, the allocation policy generally provides for allocation of each investment opportunity on a rotational basis with certain exceptions based on existing holdings and/or relationships. A copy of the Firm's allocation policy is available upon request.

It should be noted that for commercial mortgages and agricultural loans (other than participations therein), until a loan is funded, the loan is merely an investment opportunity and MIM RE is free to negotiate that loan opportunity without the input of any client even after the loan has been allocated. While not common, it is possible for the economic terms of a loan opportunity to change after it has been allocated to an account. If the borrower requests such a change and MIM RE approves it, it is MIM RE's practice to go back to the account for which the loan was allocated (the "allocated account") to determine if the changes are acceptable if such changes would cause the loan to fail to meet the allocated account's investment guidelines. However, if the allocated account decides that it is unwilling to accommodate the changes, MIM RE will re-allocate the loan to another account. Notwithstanding the foregoing, MIM RE will not take any actions in the course of the loan negotiations to favor any one account (i.e., request a change so that a particular loan opportunity becomes available (or not available) for a particular account). In the event that a loan opportunity is not consummated for any reason, MIM RE can elect in its sole discretion to return any amounts paid by the prospective borrower in connection with its loan application.

As MIM RE's investment programs and clients develop and change over time, a client could be subject to additional and different conflicts which the Firm will address consistent with its fiduciary obligations.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Firm has implemented a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Firm holds its employees to a high standard of integrity and business practice and has an obligation to act in the best interest of its client. The Code establishes the principles, standards, roles and responsibilities for incorporating this commitment into the Firm's practices globally and sets forth personal trading requirements and restrictions. A copy of the Firm's Code of Ethics is available to any client or prospective client upon request.

In addition to its Code of Ethics, the Firm:

- Maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information ("MNPI") by the Firm or any of its employees.
- Has implemented information barrier policies and procedures to limit the receipt of MNPI to personnel who often have access to confidential information, such that the investment activities of the rest of the Firm are not otherwise restricted due to the imputation of such MNPI to the rest of the Firm (as described in further detail below).
- Has implemented policies and procedures that prohibit favoring any MetLife Account over a third party client's account (as described in further detail in response to Item 10 above).
- Has adopted policies that prohibit asset transfers between client portfolios unless such transactions are executed in accordance with the requirements of the Advisers Act.
- Has adopted policies and procedures reasonably designed to address potential conflicts of interest, including guidance relating to gifts and entertainment, political contributions, charitable contributions, and outside interests.

*Receipt of MNPI and Information Barriers.* In the ordinary course of business, the Firm may receive MNPI under varying circumstances. As a result, the Firm has established policies and procedures that are designed to control the receipt of MNPI and appropriately manage related trading issues. These policies and procedures include information barriers between the Firm's business units primarily investing in private asset sectors (collectively, "private asset classes") and the Firm's business units primarily investing in public asset sectors (collectively, "public asset classes"). The Firm relies upon these information barriers to ensure that the public asset classes are not exposed to the MNPI, protect the integrity of its investment process, comply with fiduciary duties and regulatory obligations, and mitigate potential conflicts. The Firm's information barriers include, where appropriate, information system separation, physical separation of employees from different departments, and written policies and procedures.

As a result of information barriers in place between the Firm's public asset classes and private asset classes, the Firm's public asset classes will make investment decisions independently of the private asset classes. Notwithstanding the policies and procedures in place, conflicts of interest arise among and between the public asset classes and private asset classes of the Firm. In certain cases, the investment objectives and programs of the Firm's public asset classes or its clients are similar to, or overlap with, the investment strategies and objectives of the firm's private asset classes or its clients. The Firm's public asset classes could invest in the same securities or issuers in which a Firm's private asset classes is invested. In addition, the Firm's public asset classes and private asset classes could invest in a particular security or entity at substantially the same time. The information barrier could result in differences in price, terms and amount of leverage (if any), and associated

transaction costs between investments. In addition, the Firm's public asset classes likely will not dispose of such an investment at the same price or time as the Firm's private asset classes. The Firm's private asset classes could also make investments or engage in other activities that express views inconsistent with those of the Firm's public asset classes, which could reduce the value of client investments managed by the Firm's public asset classes.

The Firm's public asset classes could also invest in entities or assets in which the Firm's private asset classes have an existing investment. Similarly, the Firm's private asset classes could later invest in entities or assets in which the Firm's public asset classes are invested, which could have an effect (either positive or negative) on the market prices. This would potentially result in the Firm's private asset classes' clients being senior to the Firm's public asset classes' clients in the capital structure of an issuer, which could mean that, in a workout or other distressed scenario, the interests of private asset classes clients will be different from and potentially adverse to public asset classes' clients and the Firm's private asset classes' clients might recover all or part of the investment while public asset classes' clients may not receive any recovery. The Firm's private asset classes will not be required to take any action or withhold from taking any action to mitigate losses by public asset classes' clients in such a scenario. In addition, the Firm's private asset classes could seek to exercise creditor's rights under the applicable loan agreement or other documents in a manner which could be detrimental to other investors, including the Firm's public asset classes' clients.

The Firm maintains Restricted Lists for issuers about which the Firm or its employees may possess MNPI (or securities issuer confidential information) as well as Watch Lists for issuers about which a select group of employees may have MNPI (or securities issuer confidential information), such as in connection with a confidential project or transaction. The Restricted Lists and Watch Lists are maintained by the Firm's Compliance department, which monitors firm level and personal investments against these lists. The Firm's Restricted Lists and Watch Lists are aligned to the Firm's information barriers, as described above.

*Personal Trading.* The Firm's Code governs the personal trading activities of our employees as well as their household members, dependents, and securities accounts over which they have discretionary control. Subject to certain limited exceptions, Access Persons (as defined in the Advisers Act and other applicable rules) are required by the Code to:

- Report securities holdings, including annual certifications
- Report securities transactions, including quarterly certifications
- Pre-clear personal securities transactions
- Maintain brokerage accounts only with certain approved brokers that report transaction information to the Firm's Compliance department

Access persons are subject to additional restrictions under the Code, including but not limited to, blackout periods and holding period requirements.

*Principal Transactions.* Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. These transactions present conflicts of interest because the adviser is transacting directly with client accounts. The Firm effects principal transactions with clients in accordance with Rule 206(3)-2 under the Advisers Act and in accordance with the Firm's policies and procedures on such transactions, which are reasonably designed to mitigate the conflicts of interest associated with such transactions.

*Cross-Transactions.* From time to time, the Firm will sell a security from a client account and purchase the same security in another client account through a so called "cross transaction" in accordance with the Firm's procedures if the Firm deems the transaction to be in the best interest of each participating client and is permitted by applicable client's investment management agreement, other constituent fund documents and regulatory requirements.

## **Item 12: Brokerage Practices**

MIM RE generally does not engage in transactions on behalf of clients that are required to be executed through a broker or dealer, although it can rely on real estate brokers in connection with the purchase, sale or financing of real estate investments. MIM RE evaluates the services and compensation of brokers on a transaction-by-transaction basis and seeks to select the broker who is best able to provide services at a reasonable rate of compensation.

To the extent any of MIM's other business units engage in transactions on behalf of clients that are required to be executed through a broker or dealer, the brokerage practices related to those activities are disclosed in the applicable Disclosure Brochure.

## **Item 13: Review of Accounts**

MIM RE monitors account portfolios on an ongoing basis and conducts regular account reviews on at least a quarterly basis. Such reviews are conducted by investment professionals within MIM RE. MIM RE contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's investment objectives.

In addition to periodic reviews, the Firm performs reviews as it deems appropriate or otherwise required. Additional reviews of client accounts can be triggered by client request, compliance monitoring, industry factors, market developments, statutory and regulatory changes, and any issues identified with respect to a client account. Events that trigger reviews of client accounts are generally directed to the attention of portfolio management.

MIM RE provides clients with supplemental reports that can include such relevant account and/or market-related information. The content of those reports, as well as the frequency with which they are delivered by MIM RE, are set forth in the applicable agreement between the Firm and the client.

## **Item 14: Client Referrals and Other Compensation**

The Firm does not receive economic benefits from someone who is not a client for providing investment advisory services to its clients. The Code of Ethics, and other related policies and procedures adopted by the Firm restrict the receipt of personal benefits by employees of the Firm or its affiliates in connection with the Firm's business. Subject to compliance policies, in limited circumstances exceptions can be made for certain nominal non-cash gifts, meals, refreshments and entertainment provided in the course of a host attended business-related meeting or other occasion.

In certain instances, the Firm or its affiliates pay unaffiliated solicitors a referral fee for client introductions in accordance with regulatory requirements. Any referral fee is paid by the Firm or its affiliate and does not result in any additional charge to the client. Unaffiliated solicitors will provide clients with a copy of the Firm's written disclosure brochure which meets regulatory requirements and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement (including compensation).

## **Item 15: Custody**

As discussed in Item 13, the Firm prepares periodic supplemental reports. Any supplemental reports should be carefully reviewed and compared against statements received directly from the client's account custodian to the extent the account contains the types of investments that would be held with a custodian.

Other than as described below, the Firm does not generally accept custody of clients' securities. To the extent the Firm has the authority to request a financial institution to debit its advisory fee from a client's account and remit the fee directly to the Firm, the Firm ensures that it has written authorization from the client and that any such debit is done in accordance with applicable custody rules. For clients where the Firm is authorized to carry out certain actions on behalf of the client that could be deemed to constitute custody, the Firm has policies and procedures in place to comply with applicable custody rules.

**Surprise Examination Requirement.** Where applicable, the Firm has contracted with an independent accountant to obtain a surprise examination of any assets over which it may be deemed to have custody (as required by applicable custody rules. In addition, these assets are maintained with a qualified custodian, and the Firm ensures it has a reasonable belief that the custodian is sending the client quarterly statements.

**Delivery of Audited Financial Statements.** The Firm obtains and distributes US GAAP audited financials, as applicable, for pooled investment vehicles it manages to the funds' investors within the required timeframe for each such vehicle to comply with applicable custody rules.

## **Item 16: Investment Discretion**

For certain MIM RE client accounts, the Firm has the authority, without obtaining specific client consent, to determine any purchases and sales to be made within an account. This discretionary authority is, however, subject to the terms of the investment management agreement or offering documents, which can limit the scope of the Firm's discretionary authority. In the case of loan participations, these investment opportunities are offered to each client on a non-discretionary basis and accordingly, each client must affirmatively consent to each investment.

## **Item 17: Voting of Client Securities**

MIM RE generally does not provide investment management services on the type of investments that generate proxies. However, MIM RE is typically granted voting authority in its advisory agreement with respect to all matters involving the property or loan, subject to any major approval rights the client may negotiate. In such instances, MIM RE will vote in the best interest of each client based on the individual facts and circumstances. In the case of loan participations, the client typically has no voting rights with respect to the management of the loan.

To the extent that other areas of MIM votes proxies on behalf of clients, it is disclosed in the applicable Disclosure Brochure. Clients can obtain a copy of the Proxy Policies and information regarding how the Firm voted securities held in their accounts, by contacting Israel Grafstein, Chief Compliance Officer of the Firm, at (973) 437-0869.

## **Item 18: Financial Information**

The Firm does not require or solicit fees of more than \$1,200 per client, six months or more in advance. In addition, the Firm does not have any financial conditions reasonably likely to impair its ability to meet contractual commitments to clients. Lastly, the Firm has not been the subject of a bankruptcy petition in the past 10 years.

**Item 19: Requirements for State-Registered Advisers**

The Firm is not a state-registered adviser and is not required to respond to this Item.