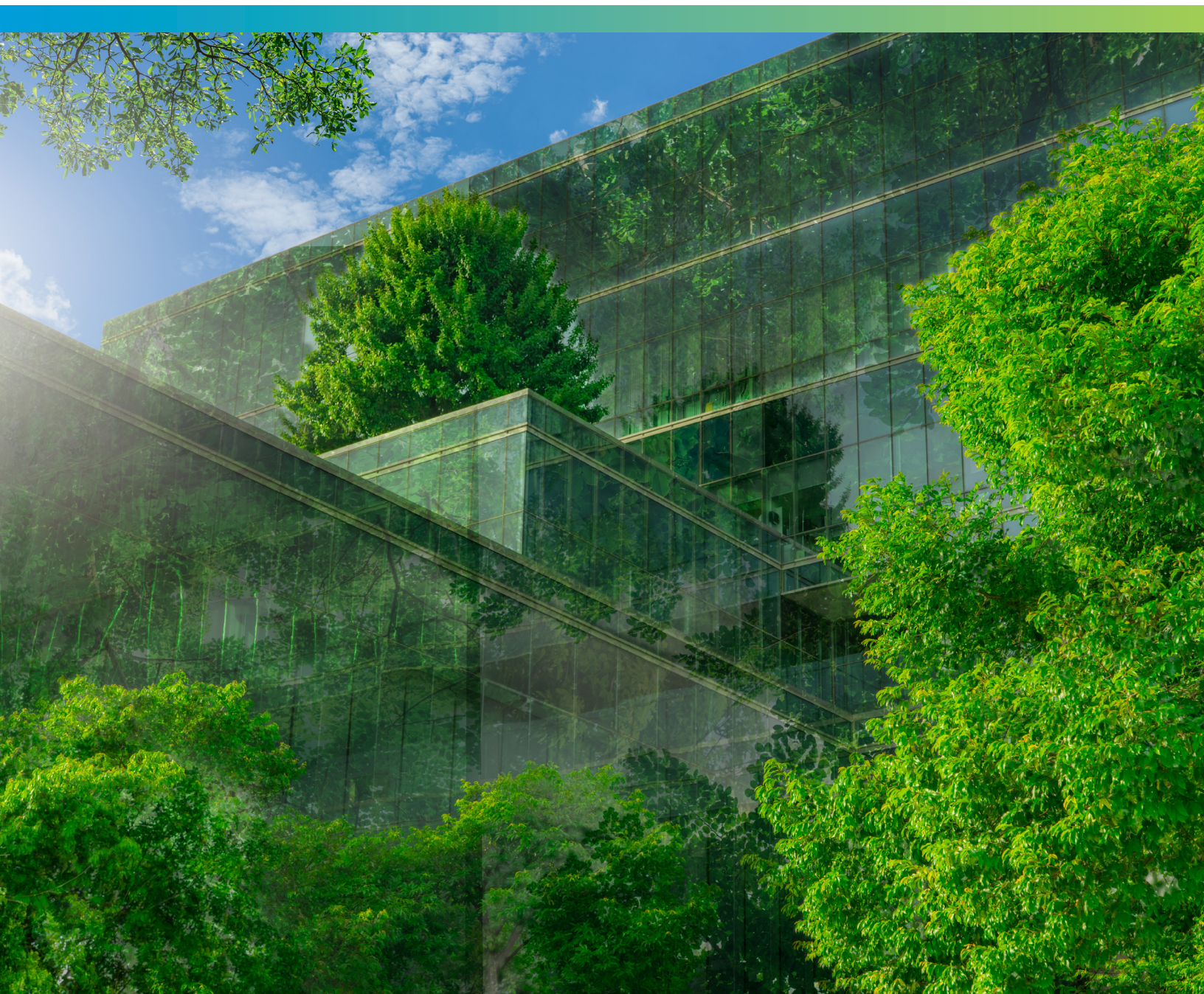


Real Estate Sustainable Investing



ESG at Our Firm

As a responsible real estate investor, we believe financially material environmental, social and governance (ESG) factors can have an impact on investment performance and are important considerations to effectively manage risk and achieve our clients' investment objectives. ESG factors have gained traction over the past decade with more investment management firms integrating sustainability or decarbonization strategies into short- and long-term planning. At MetLife Investment Management (MIM), our bottom-up credit culture seeks to identify companies, projects and real estate that are sustainable over the long term. As ESG factors have moved to the forefront of the investment conversation, MIM continually renews our focus on sustainability practices that have been at the core of our risk management-focused investment processes throughout MetLife's 155-year history.

Our Approach to ESG Integration

At MIM, we have a strong heritage of credit underwriting. In fact, it's one of our core competencies. We seek to incorporate ESG best practices and innovations to deliver on our obligations to our clients. We recognize uncertainties such as climate change, resource scarcity and regulatory compliance may impact financial outcomes, and we work to mitigate these risks. As ESG principles have developed over the past decade, and as research tools in the market have been enhanced, MIM has formalized its approach to ESG integration. MIM tracks and shares its progress on a myriad of ESG topics by setting ambitious sustainability standards for our investment approach and by aligning to third-party benchmarks. Those third parties include benchmarking programs such as the EPA's ENERGY STAR® program, the Principles for Responsible Investment (PRI) survey and the Global Real Estate Sustainability Benchmark (GRESB), as well as certification programs including the United States Green Building Council's Leadership in Energy and Environmental

Design (LEED), BRE Global's Building Research Establishment Environmental Assessment Methodology (BREEAM) and the Active Design Advisors, Inc.'s Fitwel® certification.

Risk management is ingrained in MIM's culture and integrated throughout the organization. When assessing credit risk related to investment opportunities, we conduct bottom-up, fundamental research and focus on multiple factors. Financially material ESG considerations are an important part of our due diligence, as we seek to identify issues that may impact the reputation of a borrower as well as its financial condition, credit rating and transaction pricing. ESG considerations and related impacts are also an important part of due diligence for real estate equity acquisitions. We believe that adhering to sound ESG practices can help minimize financial risks such as controversy, triggered loss of customers, fines, penalties and environmental cleanup costs.

Sixty 11th, Atlanta, Georgia



Examples of ESG factors that may be considered as part of our qualitative assessment to the extent considered financially material, as guided by the Sustainability Accounting Standards Board's (SASB) sector-specific materiality mapping, include:

Environmental

Matters pertaining to environmental issues are identified and discussed to determine the impact on real estate equity acquisitions and commercial mortgages. These factors may include air, water, land protection, climate change, resource use and the risks that such issues present to the value of the real estate. As utility data is often unavailable, our team experiments with various technologies and methods to improve data collection, data coverage and data quality. Key environmental topics include:

- Data Management
- Energy, Water, Waste & Greenhouse Gas (GHG) Management
- Accelerating Change

We also evaluate prospective liabilities of properties we underwrite that result from environmental impacts, including potential payments relating to environmental laws and potential future remediation spending requirements.

Social

Our real estate equity asset managers recognize that the relationships with our tenants, residents and hotel guests, and the communities where the assets are situated, may have a direct impact on renewal rates and value. At our properties, we seek to create great places to live, work, shop and play. Key social topics include:

- Employee Engagement
- Occupant Engagement

Governance

MIM has layers of ESG governance embedded throughout the organization to ensure alignment with our approach to ESG incorporation. We monitor our progress by benchmarking our portfolio and buildings with trusted industry organizations. MIM evaluates the diversity, independence and qualifications of management teams to ensure properties and borrowers are prepared to face future risks and act in the best interests of the business. Key governance topics include:

- Oversight
- Transparency

We have dedicated resources offering support and advisory services specific to ESG-related matters. MIM Real Estate and Agricultural Finance has a dedicated ESG team including a Head of Environmental, Social & Governance. The Sustainable Investment Strategies (SIS) team is responsible for the development, implementation and oversight of our sustainable investment strategy and acts as an advisor to MetLife's Global Sustainability function and our investment teams. MIM also has an ESG Integration Council (Council), staffed with senior leaders from asset teams and support functions. The Council's primary objectives are to:

- Communicate and socialize ESG policies and practices across the MIM organization to ensure consistent application across departments and functions.
- Facilitate the sharing of best practices, knowledge and expertise across asset sector teams and business functions related to ESG activities, emerging risks and opportunities.

At the enterprise level, MetLife has a Chief Sustainability Officer who is responsible for overseeing MetLife's corporate responsibility initiatives. Lastly, MIM may apply investment guidelines at the direction of a client to consider a client's particular ESG-related considerations for their own account.

Active Engagement

MIM believes active engagement is key to managing investment risk. Our professionals interact and engage in discussions with property stakeholders, throughout the initial due diligence process and as part of ongoing portfolio monitoring. Ongoing dialogue helps to raise awareness of sustainable business practices.

Industry Initiatives

MIM has been a signatory to the PRI initiative since 2019 and is committed to the adoption and implementation of PRI's six principles. We are committed to responsible investing through active participation in industry groups, such as the GRESB survey and the Mortgage Bankers Association's Commercial Real Estate Finance (CREF) Roundtable. MIM partners with voluntary initiatives and frameworks including SASB and TCFD, which foster transparency in disclosing climate-related risks and opportunities, and support better environmental outcomes. MIM is also a member of the Global Impact Investing Network (GIIN).

Our parent, MetLife, participates in the CDP's annual climate change survey (formerly Carbon Disclosure Project), as well as the annual, insurance industry-specific NAIC Climate Risk Survey and others. MetLife is listed on the Dow Jones Sustainability Index (North America) and the FTSE4Good Index, and has received significant third-party recognition for its enterprise-wide, sustainability-related efforts.

Integrating ESG into Our Real Estate Investment Process

Real Estate Debt

We seek to maintain industry-leading ESG best practices in our real estate lending business. We do so by incorporating ESG into our due diligence and loan approval process. Our investment committees consider the sustainability attributes of the buildings and borrowers as part of the broader strengths and weaknesses of the loan application. During the loan evaluation and approval process, some of the building factors that we may review (as applicable) include:

- Green building certification (LEED or BREEAM)—We believe the energy and sustainability performance of the properties we finance should be understood and regularly evaluated, both before and after loan approval. We collect information on LEED and BREEAM certification for new originations. We track and monitor this information in our loan asset management system so it is readily available.
- ENERGY STAR score/certification
- Environmental site assessment results
- Property condition assessment results
- Metrics for access to public or sustainable transportation, such as Bike Score, Walk Score and Transit Score
- Climate and natural hazard risk using different tools

We ask prospective borrowers to disclose information on their organization's ESG-related goals, commitments and performance.

Our [Real Estate Debt ESG Investment Policy](#) codifies our commitment to incorporate financially material ESG issues and analysis throughout our lending process, including origination, due diligence, deal approval and ongoing monitoring.

Real Estate Equity

In our real estate equity investment process, we emphasize consideration and incorporation of relevant ESG best practices in alignment with our clients' objectives. We believe that issues such as climate change, resource limitations, regulatory environments and tenant demands for operational efficiencies will continue to impact investment decisions and financial performance. Therefore, during our due diligence process, we assess the resilience and other net operating income (NOI)-related impacts of prospective assets, as well as the ability for occupants and building systems to withstand adverse events. We do this by applying an acquisition-ESG assessment with the goal to:

1. Identify elements of risk that may impact the asset during its life cycle.
2. Identify opportunities to increase NOI and value through initiatives that could:
 - a. Decrease expenses such as utilities, water and waste.
 - b. Increase revenues through the development or renovation of real estate that provides for healthy and productive, best-in-class workplaces that attract and retain commercial tenants and residential occupants.

Our ESG assessment centers around several industry best practices. We assess and identify energy, water, waste and other sustainability

challenges and opportunities, while also searching to improve the energy and water efficiency of new acquisitions. We also focus on increasing our investment in energy-efficient, sustainable and LEED- or BREEAM-certified properties. Lastly, we seek to increase awareness of efficiency and sustainability among all stakeholders, and maintain strong governance practices.

MIM believes that responsible real estate investing can improve communities, increase financial performance and reduce risk, while generating positive environmental impacts. By implementing certain principles and best practices, as outlined in our [Real Estate Equity ESG Investment Policy](#), we believe MIM can better meet the investment objectives and other outcomes that our clients and investors have come to expect, while also building strong, sustainable and resilient communities.

Real Estate ESG Programs We Offer/Participate In

For the past several years, we have participated in several programs which have the ultimate goal of promoting sustainable real estate. A few of these programs include:

MetZero™, a MIM-established program with the goal to achieve carbon neutrality across various real estate portfolios. One key component of MetZero™ is our Carbon Cascade™ approach, which attempts to systematically lower carbon emissions in the real estate properties we invest in and the properties under our operational control. The Carbon Cascade Approach™ includes the following tranches:

- **Tranche 1:** Energy Efficiency: Our primary focus is to reduce energy and therefore greenhouse gas emissions.
- **Tranche 2:** On-Site Renewables: Installing solar or other technologies where feasible.
- **Tranche 3:** Off-Site Renewables: Procuring renewable energy where available.

- **Tranche 4:** Renewable Energy Certificates (RECs): Purchasing RECs when financially feasible.
- **Tranche 5:** Carbon Offsets: Purchasing carbon offsets for some vehicles, focusing on accretive strategies that result in lowering GHG emissions.

The first three tranches are the key strategies to lower net emissions, year over year.

GRESB Real Estate Assessment. MIM completes the GRESB assessment annually for several equity investment vehicles. In our most recent 2022 submission (based on 2021 data), four of our investment vehicles achieved a “four-star” rating, and one received a “five-star” rating, placing MIM in the top quintile among its peers.²

ENERGY STAR Partner of the Year. MetLife works with the U.S. EPA to deliver cost-saving, energy efficiency solutions in our buildings. MetLife has been named ENERGY STAR Partner of the Year from 2019 through 2023 and achieved the Sustained Excellence designation in years 2021-2023.

Fitwel Champion. MIM has been named a Fitwel Champion by the organizations that govern this program. Fitwel certifications are an indication of our focus on Health & Wellness factors with regard to our MIM-managed equity portfolio.

The Department of Energy’s Better Buildings Challenge and Better Climate Challenge: MIM is a Partner in this effort and, in doing so, is aligned with the Better Buildings Challenge commitment to improve energy efficiency within its portfolio of equity buildings by at least 20% by 2026. We have worked toward achieving this goal by continuing to implement ESG best practices at the property level. In January 2022, MIM became an Inaugural Partner to the DOE’s new Better Climate Challenge, which includes a goal to reduce Scope 1 and 2 GHG emissions by 50% by 2030. MIM also joined the Urban Land Institute’s (ULI) Greenprint Net Zero Framework, which shares the same goal.

MIM’s ESG Challenge. This challenge is an annual competition that launched in 2014, which recognizes and celebrates properties for their sustainability achievements. With the results, we share and highlight the top strategies, innovations and best practices related to sustainability with other assets in our portfolios.

Focus on Physical and Transition Risk from climate change. All assets, including those undergoing due diligence review and existing assets, are run through a climate risk assessment tool to identify whether they may be subject to physical risks from climate change. Factors include wind, flooding, storm surge, wildfires, heat stress and drought.

Green lease. Our standard lease includes language that ensures that both landlord and tenant share ESG goals and responsibilities.

Development Guidelines. We recognize that designing and constructing to be sustainable is more cost effective than renovating later.

1 MIM’s 2022 GRESB submittal was the first submittal for MetLife’s general account (Affiliated Insurance Companies) and another investment vehicle.

2 GRESB, October 2022

3 www.energystar.gov

4 As of December 31, 2020

5 Borrower reporting, verification via Forest Stewardship Council (FSC) and Sustainable Forestry Initiative SFI MIM analysis 2020

Alta Peak Apartments



ESG Case Studies¹

The following case studies demonstrate how material ESG factors drive our investment process and implement efficiencies. These case studies illustrate MIM's approach to applying ESG across our real estate debt and equity strategies.

Paragon Point Solar Power

Overview

Paragon Point is a 4-story, 245,351 square foot LEED O+M Platinum-certified, Class A office property, built in 1985 and located in Redwood Shores in Redwood City, California. Paragon Point continues to earn ENERGY STAR® certifications, and as of this report, it is 97% occupied. The property is part of the San Francisco Regional Office portfolio and has undergone energy efficiency improvements prior to incorporating solar production onsite.

Solar Project

Paragon Point's decarbonization efforts have been advanced through rooftop solar arrays on both buildings located on the site: 1 Lagoon Drive and 3 Lagoon Drive. The solar rooftop project at 1 Lagoon Drive achieved Permission to Operate (PTO) in December of 2022, and 3 Lagoon Drive is on track to earn PTO in Q1 of 2023.

Quick Facts

1 Lagoon Drive system

- System size: 133 kW
- Production capacity: 189,693 kWh annually
- GHG Emissions Reduction: 44 MTCO₂e annually
- 16% of Property's Energy served by the system

3 Lagoon Drive System

- System Size: 164 kW
- Production capacity: 232,162 kWh annually
- GHG Emissions Reduction: 54 MTCO₂e annually
- 20% of property's energy served by the system



Future Solar Initiatives at Paragon Point

In a phase two development, a solar carport is being planned for the parking spaces onsite at Paragon Point. Set to commence in 2023, the solar parking canopy will serve as an amenity for tenants and is sized at 1.1 megawatts (MW) of power. Future ESG efforts onsite will also look to replace the chilled water system and building management system to make the property even more efficient.

kW= kilowatt

kWh= kilowatt hours

MTCO₂e= metric tons of carbon dioxide equivalent

¹ Case studies presented herein were selected to illustrate MIM's ESG process and were not selected on the basis of investment performance.

NorthLight at Edge-on-Hudson²

Overview

NorthLight at Edge-on-Hudson is a 246-unit, Class-A apartment building located in Sleepy Hollow, New York. It was designed to be at the forefront of sustainable design, while supporting a health-and-wellness-centered lifestyle. Its features include Fitwel certification (one-star), and certifications are in progress for LEED and WiredScore. NorthLight at Edge-on-Hudson prioritizes efficiency measures and is poised to support residents' health-and-wellness-centered lifestyles.

- Walk Score of 70 or above with transit stops located within a ½ mile or 800 meters of main entrances. All access points are secured.
- 205.22 kW of On-site Solar Energy was installed to power common areas; remaining power will be supplied by a mix of renewable sources.³
- 44 EV Charging Stations installed in the first year of operations with the capability to expand to 72 charging stations by 2024.
- Common areas and apartment homes are mechanically ventilated with filtered fresh air for a healthier indoor environment.
- A Water Recycling Program is in place that includes water filling stations.
- The building maintains a comprehensive Emergency Preparedness Plan and provides an automated emergency notification system.
- State-of-the-Art Fitness Center, co-working lounge, outdoor pool and three rooftop terraces.



Awards & Recognition

- Achieved Fitwel certification (one-star).
- WiredScore Certification (in progress): Building is currently at Silver designation, with Gold achievable once master-planned development is complete.
- LEED Certification in progress.

Estimated Project Payback & Savings from On-Site Solar Project

- Three-Year Payback
- 60% Energy Savings

² The specific investments described herein are meant to provide an example of recent transactions. These transactions have not been selected to highlight past specific profitable recommendations made by MIM, and there is no guarantee that these investments will continue to be held by a MetLife investment vehicle. These descriptions do not constitute a recommendation for the securities identified or take into account the particular investment objectives, financial situation or needs of any potential investors or clients. There is no guarantee these investments will be profitable or incur losses.

³ Current mix of renewable energy in the Northeast typically consists of hydro, solar and wind.

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