

# New York Life Real Estate Investors Overview

September 2018

New York Life Real Estate Investors ("NYL REI") is a division of NYL Investors LLC, a wholly owned subsidiary of New York Life Insurance Company.



Fixed Income Investors | Private Capital Investors | Real Estate Investors

NYL- 1756085

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# I. Organizational Overview

New York Life Headquarters  
New York, NY

# New York Life Insurance Company

## LEADING U.S. LIFE INSURER

- The nation's largest mutual life insurer<sup>1</sup>
- 173 year history
- Fortune 500 company (#69)<sup>1</sup>

## FINANCIAL STRENGTH

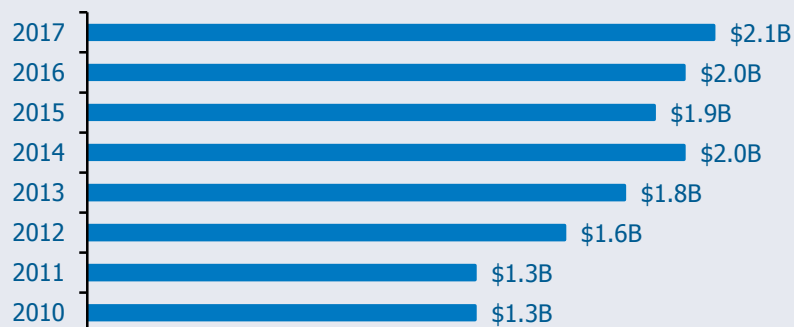
- Solid growth and operating profitability
- Strong balance sheet and capital position
- Aaa (Moody's), AA+ (S&P), AAA (Fitch), A++ (AM Best)<sup>2</sup>

## INVESTMENT CAPABILITIES

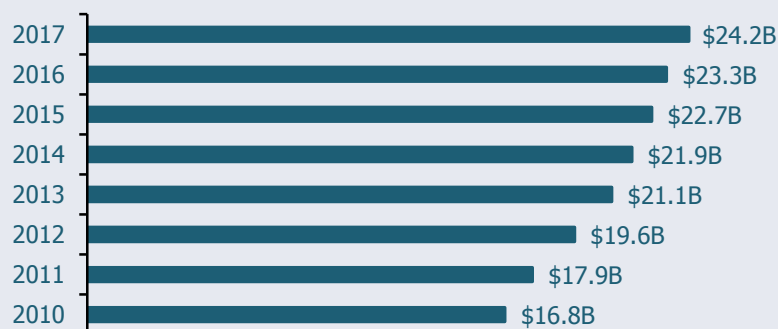
- \$551 billion of AUM<sup>3</sup> as of June 30, 2018
- 26th largest global money manager<sup>4</sup>
- Multi boutique structure

The information contained on this page is for general informational purposes and is subject to change without notice. Past performance is not indicative of future results. 1. Based on revenue as reported by "Fortune 500 ranked within Industries, Insurance: Life, Health (Mutual)," *Fortune* magazine, 6/1/2018. For methodology, please see <http://fortune.com/fortune500/>; 2. Source: Individual Third-party Ratings Reports as of 8/1/17. Ratings are based on the financial strength of New York Life and apply only to Guaranteed Products. These ratings are an opinion only, and are not a recommendation by the applicable Agency to take any action. 3. Assets under management (AUM) includes assets of Investment Advisors affiliated with New York Life Insurance Company and assets under administration (AUA) including Retail Annuities. AUM for Candriam and Ausbil is reported at the spot rate; 4. Source: "The Largest Money Managers." Pension & Investments May 2017. New York Life Investments (New York Life Investments is a service mark of New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC) ranked 26th among money managers based on total worldwide institutional AUM for the year-end 2016. 5. Non-GAAP measure. Based on the Fortune 500 revenue calculation. 2016 Earnings restated on a 2017 basis. Finance and Accounting 2017; 6. Includes Statutory Surplus and the Asset Valuation Reserve ("AVR") on a consolidated basis. The AVR on a consolidated basis includes the AVR of New York Life and its domestic insurance subsidiaries, New York Life Insurance and Annuity Corporation and NYLIFE of Arizona. Finance and Accounting 2017 and Company Financials as of December 2017.

## OPERATING EARNINGS<sup>5</sup>



## SURPLUS AND ASSET VALUATION RESERVES<sup>6</sup>



# Assets Under Management<sup>1</sup>

## Assets Under Management (\$ billions)

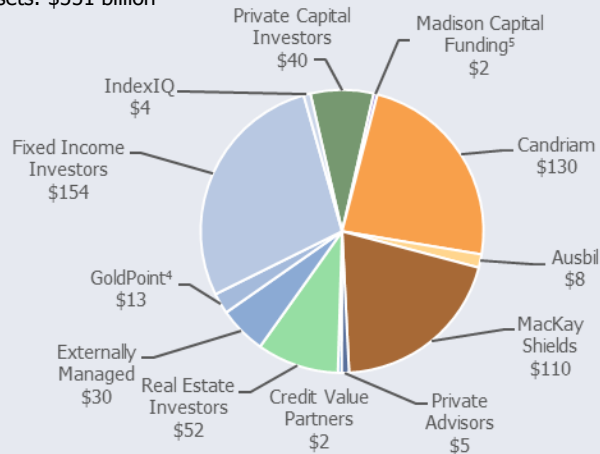
As of June 30, 2018



## Assets Under Management by Manager (\$ billions)<sup>3</sup>

As of June 30, 2018

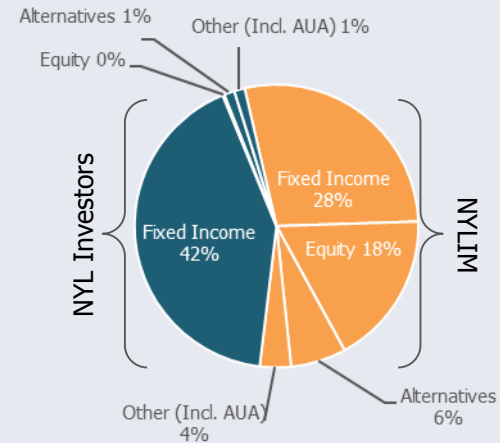
Total Assets: \$551 billion



## Assets Under Management by Strategy (\$ billions)

As of June 30, 2018







Total Assets: \$551 billion



1. AUM, including assets under administration, are assets that are managed or distributed by Investment Advisors affiliated with New York Life Insurance Company. AUM is reported in USD. AUM that are not denominated in USD are converted using spot rates as of the reporting date. 2. NYL Affiliated Assets includes NYL Pension Plans, NYL Separate Accounts, Variable Products, and NYL Other Affiliated Accounts. 3. Excludes gross AUM for Strategic Asset Allocation & Solutions, approximately \$12.6 billion as of June 30, 2018 as almost all assets (with the exception of \$539 million) are sub-advised by other affiliated managers and as such are included in those AUM totals. 4. As of March 31, 2018, 5. AUM represents \$2.4 billion of assets that are managed by Madison Capital Funding on behalf of third parties. Madison Capital Funding's balance sheet assets amounted to \$5.4 billion (inclusive of \$0.1 billion of mezzanine investments). Total Assets including commitments was \$9.7 billion as of 6/30/2018. 6. February 3, 2014, New York Life Investment Management completed the acquisition of Candriam (formerly Dexia Asset Management) and its investment boutique Ausbil adding \$100 billion in assets under management. 7. Effective April 14, 2015, New York Life Investment Management completed the sale of New York Life Retirement Plan Services (RPS), excluding the stable value business, to Manulife. Retained assets include Stable Value Products, MainStay Funds, and Pension Plan Accounts.

# Investment managers summary

## Affiliated boutiques

			Access through MainStay Funds			
Boutique	  	  				
Overview	Boutique with expertise in active management across equities, asset allocation, and fixed interest	Private equity boutique focused on direct equity, direct mezzanine, and limited partnerships	Alternative investment boutique focused on investments in small to mid-sized managers and direct transactions across the liquidity spectrum	Multi-specialist asset managers specializing in fixed income, equity, thematic investing, absolute return strategies, sustainable investments, and asset allocation, as well as in tailored solutions and advanced liability-driven investing for pension funds and insurers	Focused on income and equity investment experts offering a broad range of related strategies	Asset allocation specialist
Location	Australia	New York, NY	Richmond, VA Austin, TX Cleveland, OH New York, NY	Europe	New York, NY Los Angeles, CA London, UK	New York, NY
AUM <sup>1</sup>	\$8.4 billion <sup>2</sup>	\$13.1 billion <sup>3</sup>	\$4.8 billion	\$129.8 billion <sup>4</sup>	\$110.5 billion	\$12.6 billion

1. In USD As of June 30, 2018, unless otherwise noted.

2. In USD based on June 30, 2018 spot rate (AUD/USD=0.74); excludes assets distributed by Ausbil but managed by other affiliates (e.g. Global ESG Equities distributed by Ausbil and managed by Candriam).

3. As of March 31, 2018.

4. In USD based on June 30, 2018 spot rate (EUR/USD=1.17); AUM excludes the assets distributed by Candriam and managed by other affiliates (e.g. Candriam Equities L Australia distributed by Candriam and managed by Ausbil). Candriam has about 14.6B of Assets Under Administration, which are their ManCo and Multi Manager Services assets.

5. Effective January 1, 2018, the portfolio managers from Cornerstone Capital Management Holdings LLC ("Cornerstone Holdings") who manage all or a portion of the day-to-day investment operations of the Funds will transition from Cornerstone Holdings to MacKay Shields LLC ("MacKay Shields"), a wholly-owned, fully autonomous subsidiary of New York Life Insurance Company. The transition of the portfolio managers from Cornerstone Holdings to MacKay Shields will not impact the investment strategies or risks of the Funds.

6. Multi-Asset Solutions is a division of New York Life Investment Management LLC, which is a registered investment advisor. AUM is comprised of Asset Allocation, Retirement Funds, and Mixed Asset Funds in which the Multi-Asset Solutions Group directs the investments into other Mainstay Funds or sets the allocation between the investment managers of the funds.

# Investment managers summary

## Affiliated boutiques (continued)



Access through MainStay Funds							
Boutique Overview Location AUM <sup>1</sup>	Fixed Income Investors	REAL ESTATE INVESTORS	PRIVATE CAPITAL INVESTORS	MADISON CAPITAL FUNDING A NEW YORK LIFE INVESTMENTS COMPANY	index IQ A NEW YORK LIFE INVESTMENTS COMPANY	CREDIT VALUE PARTNERS A NEW YORK LIFE INVESTMENTS COMPANY	
	Responsible for the management of NYL General Account fixed-income assets, third-party institutional accounts, stable value, CLOs, and mutual funds <sup>2</sup>	Real estate debt and equity investment management	Responsible for the management of private placement assets	Manages portfolios of commercial loans and related debt and equity investments	Formed in 2006, IndexIQ is a pioneer and leading provider of institutional-class exchange-traded funds (ETFs), focused on innovative strategies	Alternative investment boutique specializing in high yielding and distressed corporate credit	
	New York, NY	New York, NY	New York, NY	Chicago, IL	Rye Brook, NY	Greenwich, CT New York, NY	
	\$153.8 billion	\$51.9 billion <sup>3</sup>	\$39.7 billion	\$2.4 billion <sup>4</sup>	\$4.3 billion	\$2.2 billion	

1. In USD As of June 30, 2018, unless otherwise noted.

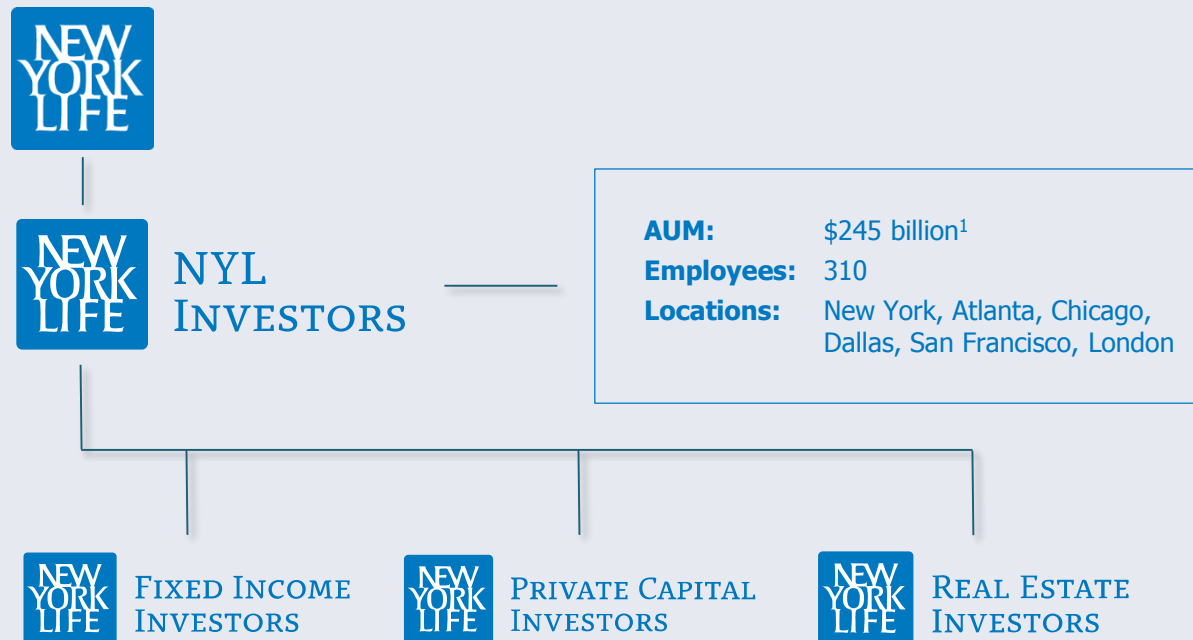
2. Fixed Income Investors, Real Estate Investors, and Private Capital Investors are all investment groups within NYL Investors LLC. NYL Investors AUM: book value - \$224.3 billion, market value - \$17.2 billion, cost + unfunded commitments - \$0.8 billion, notional - \$1.2 billion, AUA - \$1.6 billion.

3. Real Estate Investors AUM of \$51.9B is gross and includes AUA (\$1.6B) and debt (\$0.3B) as of 6/30/18. Net AUM for Real Estate Investors is \$50.0B as of 6/30/18. Equity AUM of \$7.2B is gross and includes debt (\$0.3B).

4. AUM represents \$2.4 billion of assets that are managed by Madison Capital Funding on behalf of third parties. Madison Capital Funding's balance sheet assets amounted to \$5.4 billion (inclusive of \$0.1 billion of mezzanine investments). Total Assets including commitments was \$9.7 billion as of 6/30/2018.

# NYL Investors

## Organizational Overview



Fixed Income Investors, Private Capital Investors and NYL REI are all investment groups within NYL Investors. Madison Capital Funding (MCF) reports internally to NYL Investors but is a separate legal entity and a subsidiary of New York Life and its insurance subsidiary NYLIAC. Total number of employees includes MCF.

1. As of 6/30/2018. AUM represents the combined assets under management of NYL Investors and MCF. NYL Investors AUM: book value - \$224.3 billion, market value - \$17.2 billion, cost + unfunded commitments - \$0.8 billion, notional - \$1.2 billion, AUA - \$1.6 billion.



# Our Global reach is broad and expanding

## North America



## EMEA



## Asia Pacific



STRATEGIC ASSET ALLOCATION & SOLUTIONS



NYL INVESTORS



MADISON CAPITAL FUNDING





## II. Real Estate Investors Overview

**525 Tryon  
Charlotte, NC**

# Real Estate Investors Overview

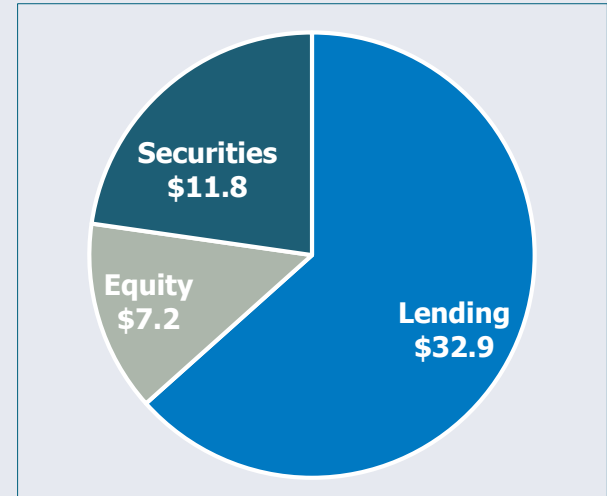
## Full service, multi-faceted real estate operation

- Headquartered in New York with five regional offices
- Over 100 years of real estate investing<sup>1</sup>
- 167 team members including dedicated legal team
- 19 years of average experience for investment professionals
- Active in over 150 MSAs nationwide

## \$51.9 billion of AUM<sup>2</sup>

- Real Estate Commercial Lending
  - Senior and subordinate debt
- Real Estate Securities
  - Commercial Mortgage Backed Securities
- Real Estate Equity
  - Direct and structured equity investments

**\$51.9 billion AUM as of 6/30/18**



1. Real Estate Investors is an investment group within NYL Investors. Includes tenure when Real Estate Investors was an operating division of New York Life Insurance Company and New York Life Investment Management LLC; 2. Real Estate Investors AUM of \$51.9B is gross and includes AUA (\$1.6B) and debt (\$0.3B) as of 6/30/18. Net AUM for Real Estate Investors is \$50.0B as of 6/30/18. Equity AUM of \$7.2B is gross and includes debt (\$0.3B) as of 6/30/18. Net AUM for equity is \$6.9B as of 6/30/18.

# Real Estate Investors – Office Locations



**New York, NY**



**Chicago, IL**



**San Francisco, CA**



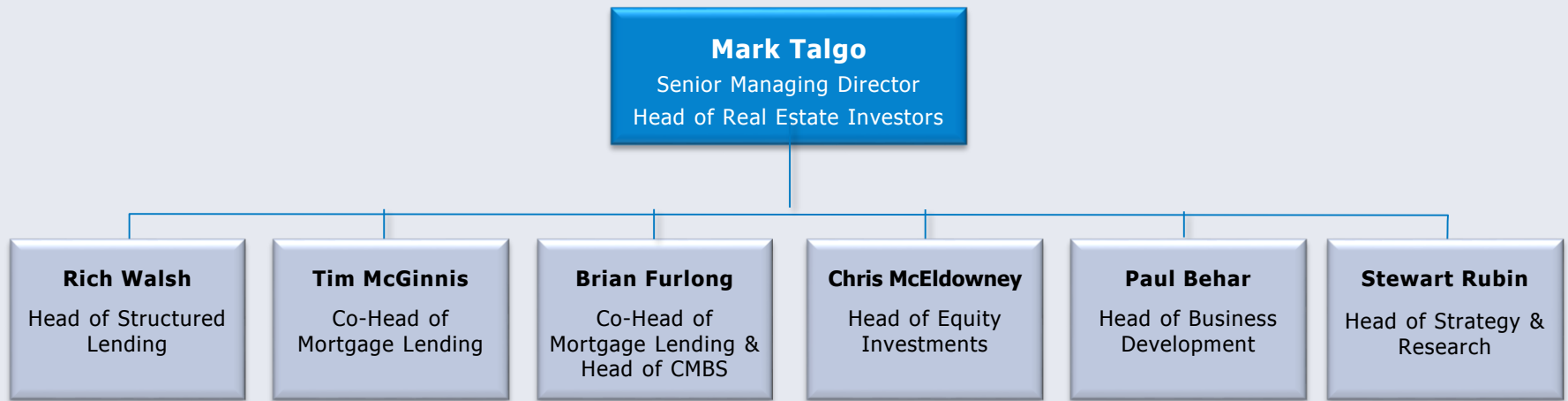
**Atlanta, GA**



**Dallas, TX**

- Total transaction activity of ~\$9 billion in 2017 across the three platforms with ~\$10 billion projected for 2018
- Approximately 100 employees in corporate headquarters with ~65 in the field offices
- Provides for effective originations and local expertise across targeted markets

# Real Estate Investors Team



Accounting & Reporting ◆ Architectural & Engineering ◆ Valuation & Research ◆ Legal ◆ Compliance ◆ Risk Management

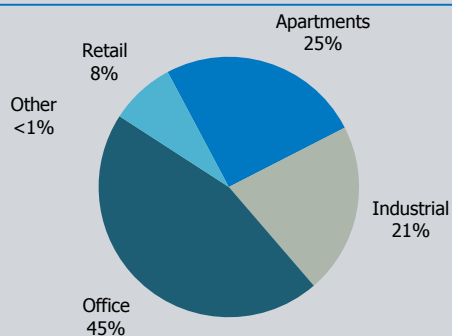
# Real Estate Platforms

Integrated platforms provide a strong value proposition

## EQUITY

**\$7.2B in equity / 107 properties and 35.2M square feet**

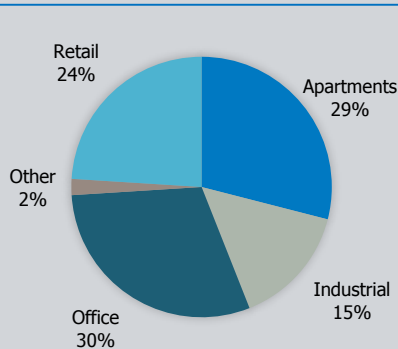
- Direct investments via wholly owned, joint ventures, and structured investments
- Strategies: Core / Core-Plus, Value Add, and Opportunistic / Development
- Investment Scope
  - Apartments, industrial, retail, office
  - 33 MSAs, 22 states
- \$600M to \$1B of annual acquisitions
- Investments through funds and separate accounts



## COMMERCIAL LENDING

**\$32.9B loan portfolio - over 1,000 assets**

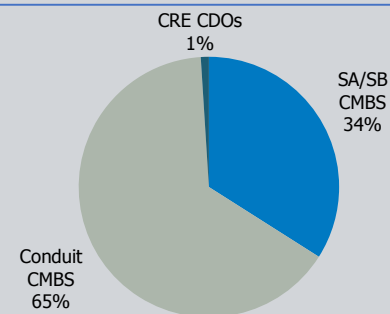
- Loan Types: Fixed / Floating Rate, Stabilized / Transitional, Bridge, Construction to Permanent, Mezzanine
- Loan Terms: 3 to 30 years; 50 - 80% LTV
- Property Types
  - Apartments, industrial, retail, and office
  - 155 MSAs, 45 states
- ~\$6B of annual lending activity
- Loans through separate accounts and co-lending agreements



## SECURITIES

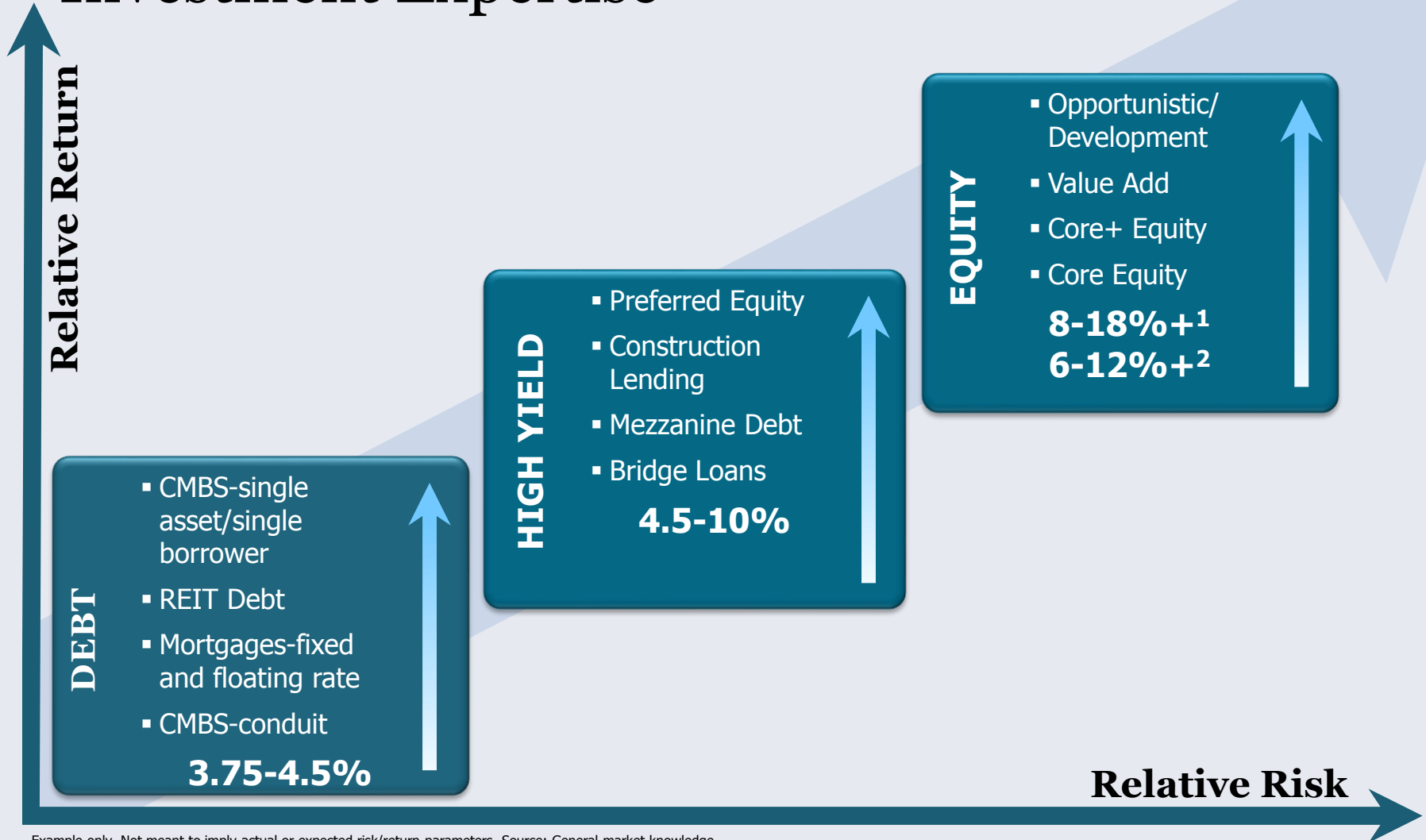
**\$11.8B portfolio of Commercial Mortgage Backed Securities**

- Investment types:
  - Conduit bonds
  - Single asset / single borrower (SA/SB)
  - CRE CDOs
- 393 positions in 255 transactions
- \$2.0 - \$2.5B in annual activity
- Investments through separate accounts



Real Estate Investors AUM of \$51.9B is gross and includes AUA (\$1.6B) and debt (\$0.3B) as of 6/30/18. Net AUM for Real Estate Investors is \$50.0B as of 6/30/18.

# Investment Expertise



Example only. Not meant to imply actual or expected risk/return parameters. Source: General market knowledge.

1. Levered equity returns are total returns/IRR based on 40-50% leverage assumption for core / core-plus and 65% for value add and Opportunistic.

2. Unlevered equity total returns/IRR.

# Real Estate Investors Value Proposition

## Leadership Position

- Long standing relationships with key market decision makers from over 100 years<sup>1</sup> of real estate investing
- Stable and experienced team, with 19 years average experience for investment professionals
- Over \$50 billion in real estate debt and equity AUM in the U.S.
- Roughly \$10 billion in annual investment activity across real estate investment platforms
- Strong experience up and down the capital stack

## Vertically Integrated Platform

- Deep resources, nationwide scope, effective collaboration between debt and equity platforms
- Access to a wide variety of transactions through regional office network
- Dedicated asset and portfolio management teams to effectively manage and dispose of the investments
- Continuous contact with co-investment partners including reporting, market insights and knowledge transfer

## Strategic Partnership with New York Life

- Small number of “like-minded” clients means limited competing interests
- Ability to make meaningful co-investment enables diversification and alignment of interest
- Mutual ownership structure provides the ability to take a long term view
- Shared resources with top-rated parent, including Compliance, Risk Management, and Information Technology

There is no guarantee that investment objectives will be achieved. Past performance is not indicative of future results.

1. Real Estate Investors is an investment group within NYL Investors. Includes tenure when Real Estate Investors was an operating division of New York Life Insurance Company and New York Life Investment Management LLC.



A photograph of the Westory Building in Washington, D.C., taken at dusk. The building is a multi-story structure with a mix of classical architectural details and modern glass facades. The windows are illuminated from within, and the building's exterior is lit up. A blue banner is overlaid on the image, containing the text 'III. Equity Platform Overview'.

### III. Equity Platform Overview

**Westory Building  
Washington, D.C.**

# The Equity Team

**Senior Managing Director, Head of Real Estate Investors – Mark Talgo\***  
32 years experience

**Managing Director, Head of Real Estate Equity – Chris McEldowney\***  
33 years experience

## Portfolio Management

Steve Repertinger\*  
Senior Director  
19 years experience

Daniel Davitt\*  
Senior Director  
31 years experience

6 Team Members

## Acquisitions

Thomas O' Hanlon\*  
Managing Director  
25 years experience

11 Team Members

## Asset Management

Brian Seaman\*  
Managing Director  
25 years experience

20 Team Members

## Accounting

David Skuraton  
Senior Director  
25 years experience

11 Team Members

## Business Development & Client Service

Paul Behar  
Senior Director  
16 years experience

3 Team Members

## Technical Services

Credit, Appraisal, Environmental, Architectural and Engineering

Mark Vollmer  
Senior Director  
33 years experience

12 Team Members

## Strategy & Research

Stewart Rubin  
Senior Director  
30 years experience

2 Team Members

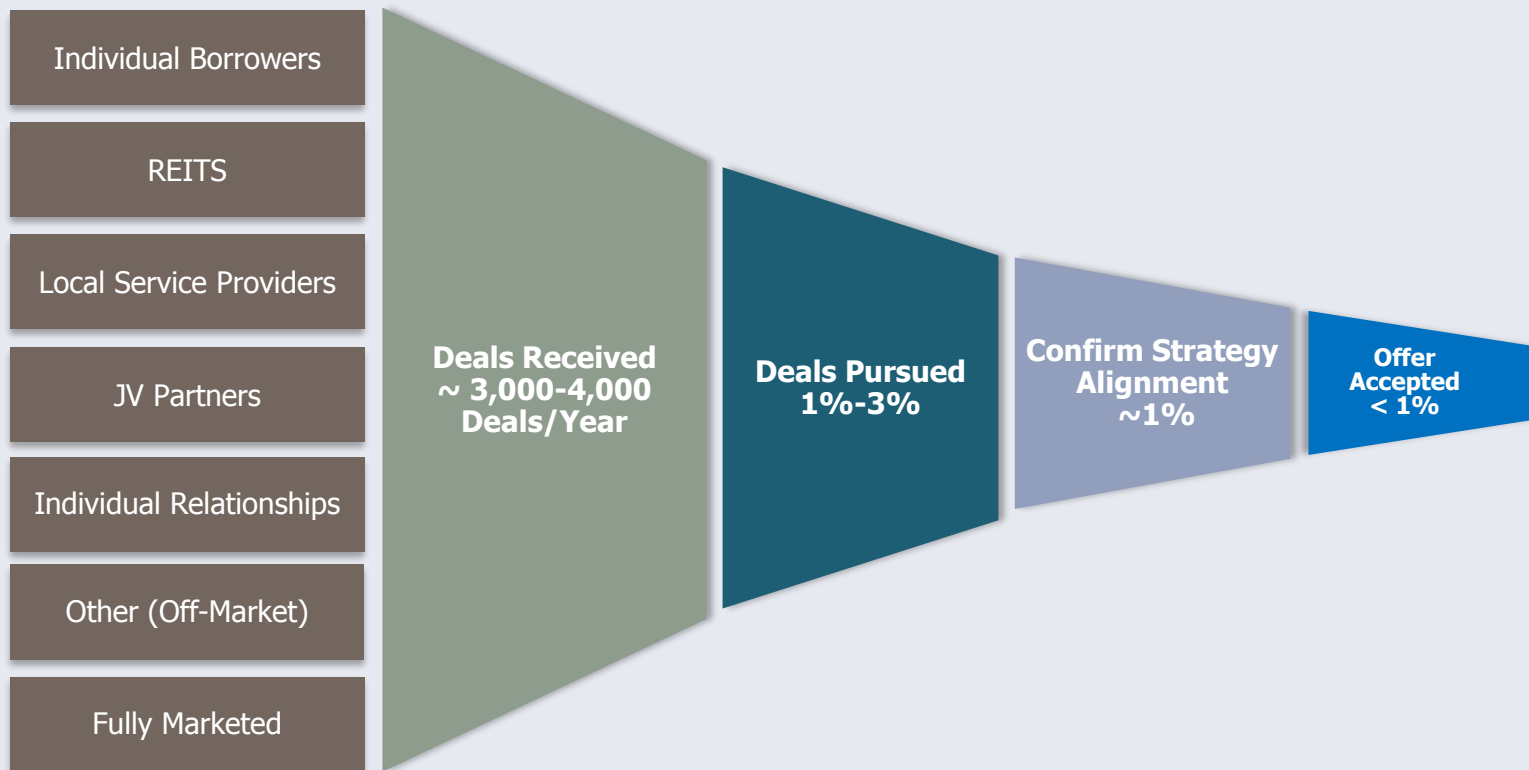
**Legal – Maya Solo**  
19 years experience / 12 Legal Team Members<sup>1</sup>

- Experienced, Proven Professionals with average industry experience of 18 years

\*Investment Committee Member

1. The equity team is supported by New York Life Insurance Company's entire Legal and Compliance departments made up of over 200 professionals.

# Robust Nationwide Network for Investment Sourcing



- Thousands of deals considered each year – goal of selecting only the most attractive
- NYL REI's size and scope produces numerous off-market opportunities
- Even when it is not the high bidder, property sellers sometimes select NYL REI as the winning bidder because of its strong market reputation and personal relationships

# Equity Investment Parameters

<b>Strategy Types</b>	Core, core-plus, value-added, opportunistic
<b>Sectors</b>	Office, retail, industrial, multifamily, mixed-use
<b>Leverage</b>	Typically 50% or below for core and core-plus transactions; up to 65% for higher yield transactions
<b>Market Focus</b>	Mainly top 20 U.S. markets
<b>Key Investment Considerations</b>	<ul style="list-style-type: none"> <li>• Employment and population growth</li> <li>• Market and submarket operating fundamentals</li> <li>• Pricing relative to peak and discount to replacement cost</li> <li>• Tenancy credit and lease duration (for commercial transactions)</li> </ul>
<b>Targeted Levered Returns</b>	8-9% for core, 9-10% for core-plus, 12-15% for value-added, and ~18% for opportunistic
<b>Current Income</b>	Typically 6-8% <sup>1</sup> for stabilized assets
<b>Hold period</b>	Typically 10 year expected hold for core transactions and 3-5 years for tactical, value-added transactions
<b>Typical Deal Size</b>	\$25 to \$100 million for single transactions; higher for portfolios

There is no guarantee that investment objectives will be met. Past performance is not a guarantee of future results.

1. Average NOI/book yield over a 5-year hold assuming 50% leverage.

# Recent Representative Transactions



**Alexan Lenox**  
**Atlanta, GA**  
Multifamily  
\$60M Acquisition  
Value Added Strategy



**Twelve01 West**  
**Chicago, IL**  
Office  
\$66M Development  
Opportunistic Strategy



**2300 Empire**  
**Los Angeles, CA**  
Office  
\$133M Acquisition  
Core-Plus Strategy



**Park Evanston**  
**Evanston, IL**  
Apartments  
\$127M Acquisition  
Value Added Strategy



**Cedar Farms**  
**Nashville, TN**  
Industrial  
\$78M Development  
Opportunistic Strategy



**220 NW 2nd Ave**  
**Portland, OR**  
Office  
\$52M Acquisition  
Value Added Strategy

These transactions are not based on performance but rather were selected to demonstrate diversity by property type and geography.

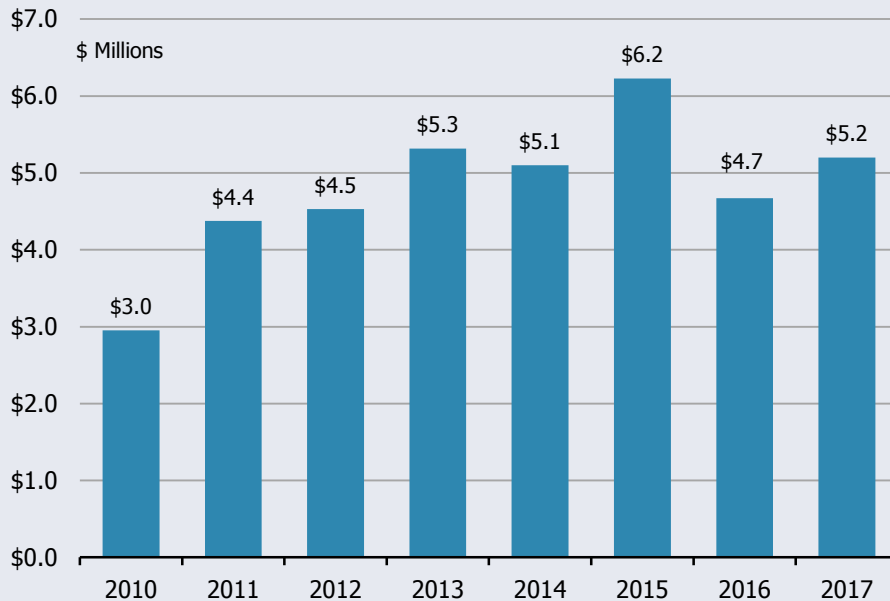


## IV. Mortgage Lending Platform

CME Center  
Chicago, IL

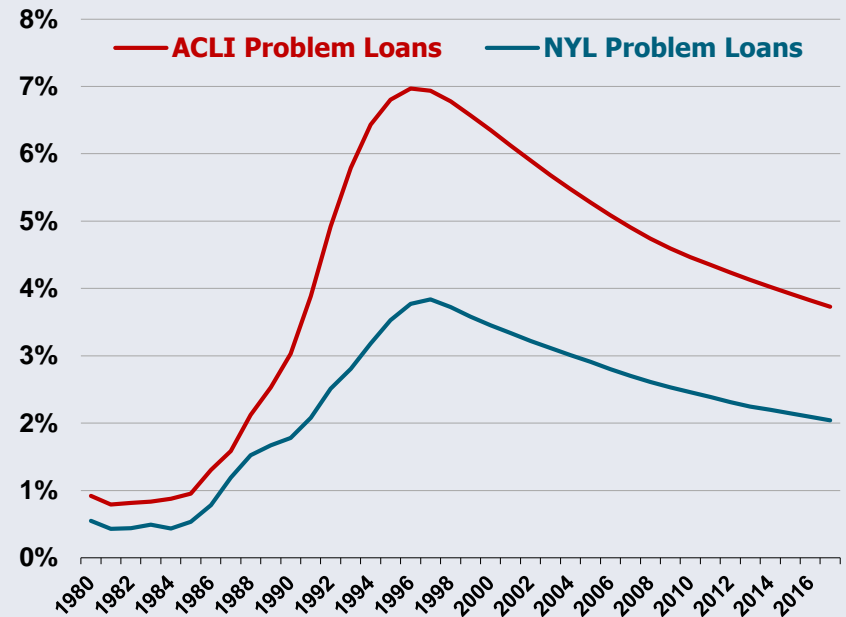
# Transaction Activity and Problem Loans

## Lending Volume



- Debt platform has originated more than \$38 billion of commercial real estate loans since 2010

## Cumulative Average Problem Loan Rates



- Problem loan rates<sup>1</sup> for commercial mortgages remain well below Life Company industry average

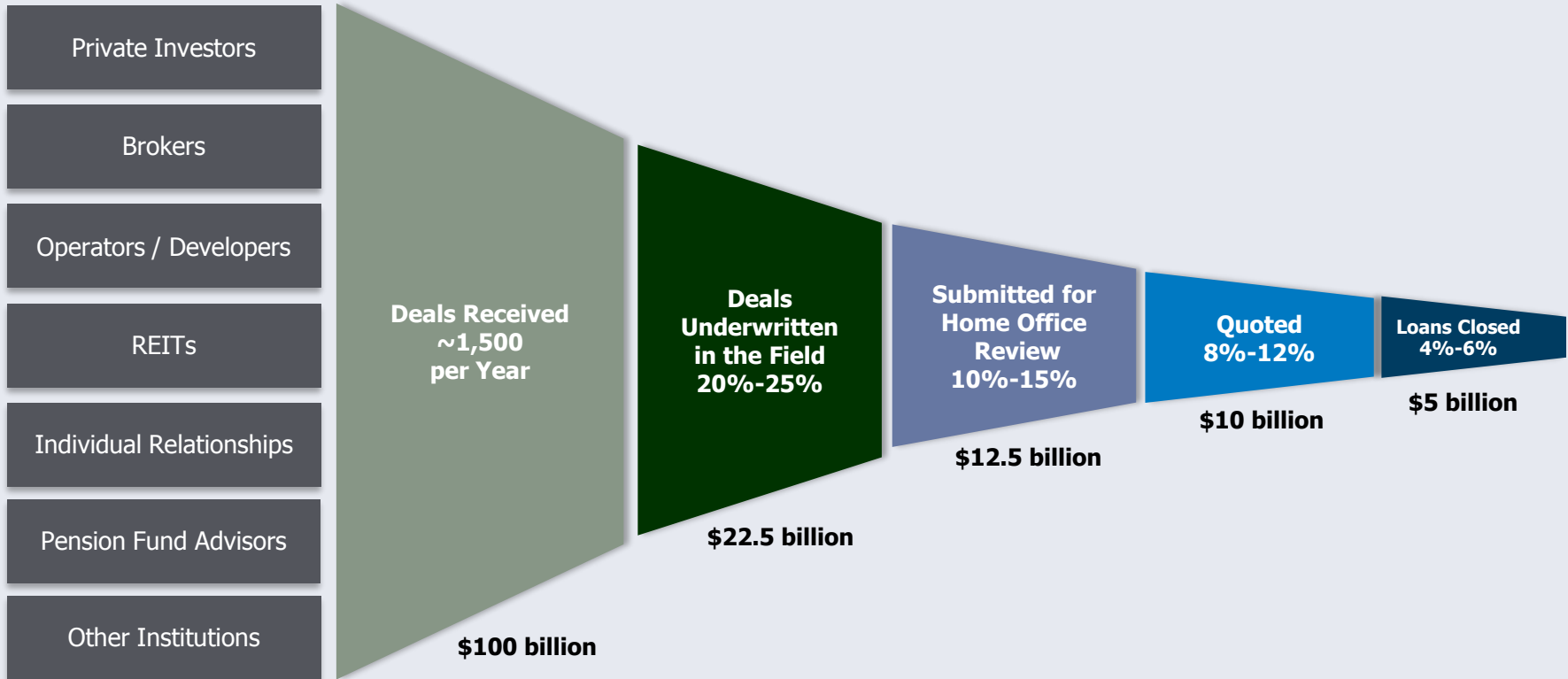
Source: ACLI (American Council of Life Insurers), MBA (Mortgage Bankers Association)

Historical data is provided for information purposes only and do not necessarily reflect Real Estate Investors' future expectations. Past performance is not a guarantee of future results and a loss of principal may occur.

1. New York Life Insurance ("NYL") commercial mortgage portfolio is shown for the same time period. ACLI data is based on 46 reporting companies, through 1Q17, which account for 86% of the life insurance industry. This is a comparison of the cumulative averages of each year's NYL problem loan rates with those of the ACLI reporting companies. Problem loans are delinquent, restructured or foreclosed during the year.

# Investment Sourcing

Proven investment discipline with a robust pipeline



- 2017 submission volume exceeded \$115 billion and 1,500 transactions
- Since 2013, \$5.8 billion of commercial mortgage lending activity sourced directly

Historical information is provided for information purposes only and do not necessarily reflect NYL REI's expectations for the future. Past performance is not a guarantee of future results.



# Mortgage Lending Criteria

The depth and breadth of our lending program provides a full range of capital solutions for our clients and customers

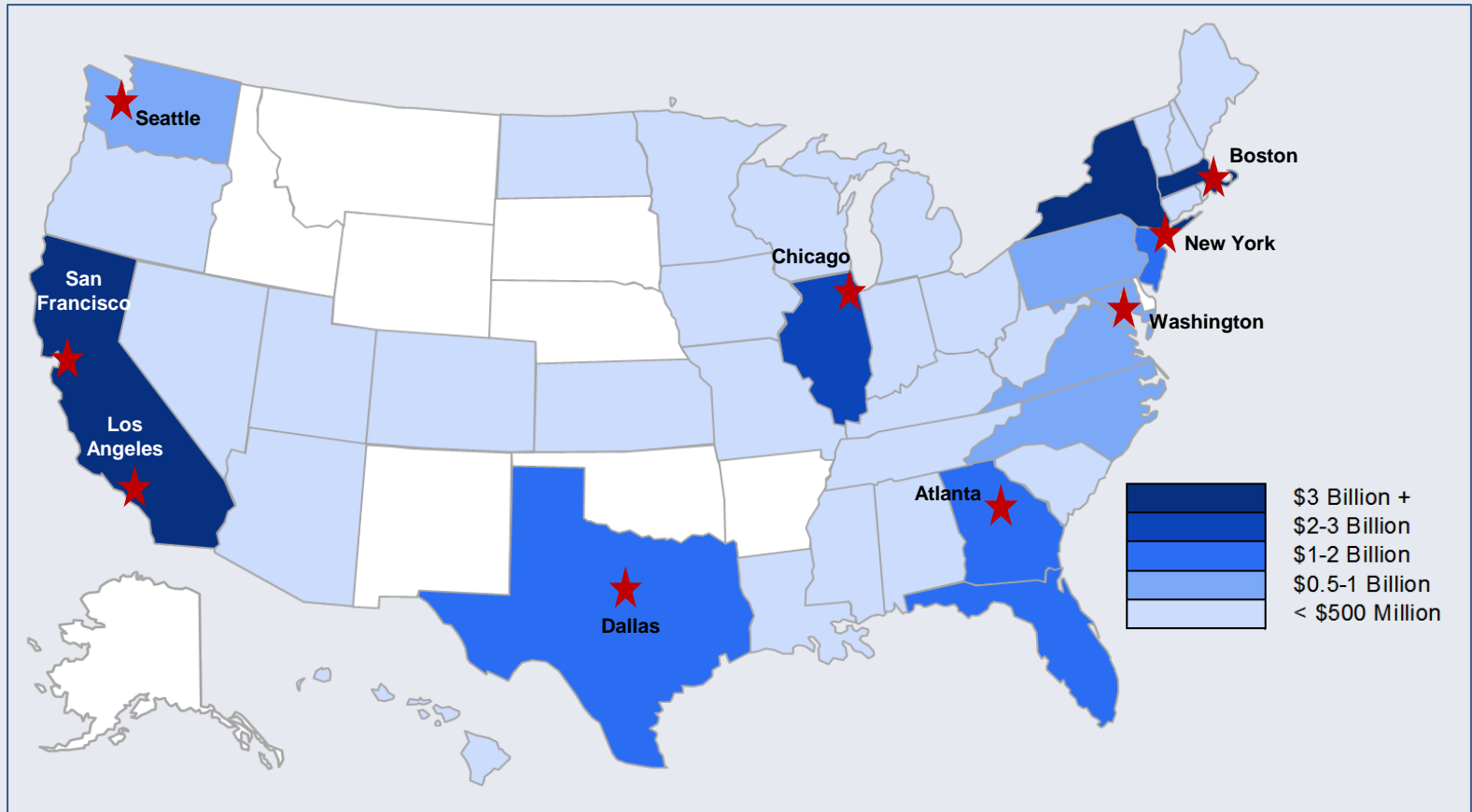
## Investment Guidelines

Property Types	Office, retail, industrial, multifamily
Market Preference	Focus on major markets
Loan Types	<ul style="list-style-type: none"><li>• Senior</li><li>• Bridge</li><li>• Construction/Permanent</li><li>• Subordinate</li></ul>
Rate / Term	<ul style="list-style-type: none"><li>• Fixed and floating rates at competitive, market-based spreads over Treasuries or LIBOR</li><li>• Fixed Rate: 3 - 30 years</li><li>• Floating Rate: up to 7 years</li></ul>
Size	<ul style="list-style-type: none"><li>• Typically \$10 million to \$300 million for single assets, higher for portfolio transactions</li><li>• Will coordinate and structure co-investment arrangements for loans with higher proceeds</li></ul>
Portfolio Financing	<ul style="list-style-type: none"><li>• Financing available of \$500 million+, higher with participants</li><li>• Average allocated loan amount in pool per asset should generally exceed \$10 million; loan facility can be increased or reduced via property additions or releases</li></ul>
Parameters	<ul style="list-style-type: none"><li>• Loan to Value: Up to 75% for mortgages, higher for credit transactions</li><li>• Debt Coverage Ratio: Minimum of 1.30X or greater once stabilized</li><li>• Non-recourse to borrower except for standard carve outs</li></ul>
Typical Timing & Deposits	<ul style="list-style-type: none"><li>• Transactions approved for commitment and rate lock in a quick and efficient manner</li><li>• Typical commitment to closing: 30 to 60 days</li><li>• Forward financing options available</li></ul>

There is no guarantee that investment objectives will be met.

# Mortgage Loan Portfolio – Diversification

The platform has investments in 40+ states and 150+ markets<sup>1</sup> with the highest concentration in the major markets



1. Includes Washington, D.C. and Puerto Rico.

# Recent Representative Transactions



## **11 Times Square**

**New York, NY**

Office

\$169M First Mortgage Participation  
10-yr Fixed Rate



## **500 Boylston**

**Boston, MA**

Office

\$324M First Mortgage Participation  
7-yr Fixed Rate



## **The Village at Corte Madera** **Marin County (San Francisco MSA)**

Retail

\$225M First Mortgage  
12-yr Fixed Rate



## **Ascent Victory Park**

**Dallas, TX**

Multifamily

\$68.7M Construction/Permanent First Mortgage  
10-yr Fixed Rate



## **Denver Financial Center**

**Denver, CO**

Office

\$36.7M First Mortgage Participation  
3-yr Floating Rate



## **AMLI Warner Center**

**Los Angeles, CA**

Multifamily

\$82.5M First Mortgage  
10-yr Fixed Rate

These transactions are not based on performance but rather were selected to demonstrate diversity by loan type and geography.



## V. CMBS Platform

Harborside Plaza  
Jersey City, NJ

# CMBS – Portfolio Summary

PORTFOLIO LEVELS	12/31/2016		12/31/2017		06/30/2018	
	Yield <sup>3</sup>		Yield <sup>3</sup>		Yield <sup>3</sup>	
\$ in Billions						
CMBS <sup>1</sup>	\$9.4	3.6%	\$10.7	3.4%	\$11.3	3.5%
% of Invested Assets <sup>2</sup>	4.1%		4.4%		4.5%	

ACQUISITION ACTIVITY	Amount (\$000)			Average Spread <sup>4</sup>			Average Rating <sup>5</sup>		
	2016	2017	2Q18 YTD	2016	2017	2Q18 YTD	2016	2017	2Q18 YTD
	CMBS <sup>1</sup>	\$2,893	\$2,701	\$1,028	147	105	84	AA	AA+

- The growth rate of the CMBS portfolio has moderated as the balance has risen. New purchase activity offsets portfolio maturities and satisfies strategic growth goals
- High grade CMBS spreads widened over the course of 2Q 2018 as benchmark interest rates rose, attracting investors with higher overall yields

<sup>1</sup> Non-agency CMBS assets in New York Life's general account

<sup>2</sup> Total invested assets in New York Life's general account

<sup>3</sup> Annualized yield-to-worst

<sup>4</sup> Comprises fixed rate at Treasury spread, floating rate at LIBOR spread

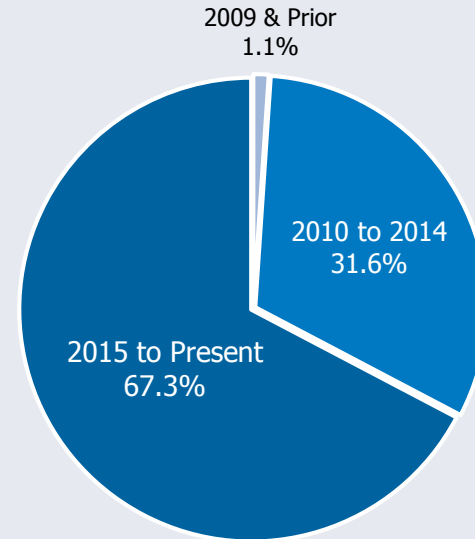
<sup>5</sup> Average ratings reflect the lowest rating for bonds with two or fewer ratings, and the second lowest rating for bonds with three or more ratings

# CMBS – Ratings and Holdings by Vintage

## Rating Agency Distribution

	2017 \$ billions	2Q 2018 \$ billions	2017 % of Total	2Q 2018 % of Total
<b>AAA</b>	8.4	9.2	78.7%	81.1%
<b>AA</b>	0.8	0.8	7.7%	6.9%
<b>A</b>	0.6	0.6	5.4%	5.0%
<b>BBB</b>	0.7	0.6	6.6%	5.7%
<b>Below IG</b>	0.2	0.1	1.5%	1.2%
<b>Total</b>	<b>10.7</b>	<b>11.3</b>	<b>100.0%</b>	<b>100.0%</b>

## Vintage Distribution (6/30/2018)



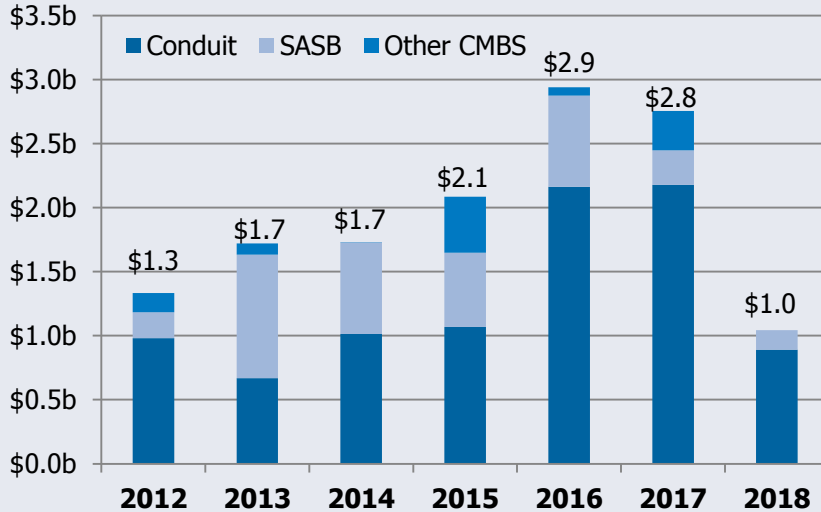
- Portfolio<sup>1</sup> remains strong with 98.8% rated investment grade. Changes in ratings composition are a byproduct of new purchases and payoff of older AAA rated bonds
- 99% of 1Q18 holdings carry the highest NAIC rating of NAIC 1
- 99% of the portfolio comprises vintages after the financial crisis (post 2008)

<sup>1</sup> Non-agency CMBS assets in New York Life's general account

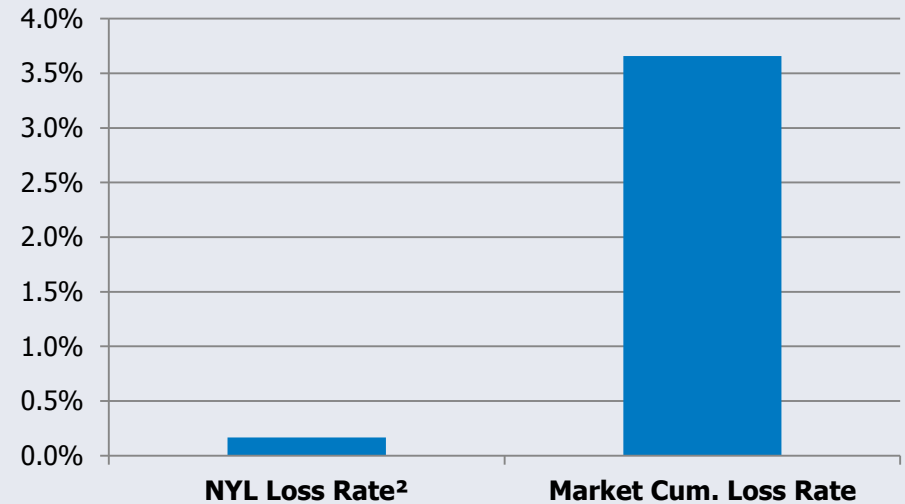
Rating agency distributions reflect the lowest rating for bonds with two or fewer ratings, and the second lowest rating for bonds with three or more ratings

# Transaction Activity and Loss Rates

## Transaction Volume



## Losses Since Inception



- The NYL REI platform has acquired more than \$25 billion of CMBS since inception in 1994 and over \$15 billion since 2010<sup>1</sup>
- Opportunities in single-asset, single-borrower (“SASB”) transactions allow us to capitalize on our deep in-house real estate acumen

- Minimal cash losses for NYL since program inception
- NYL losses<sup>2</sup> of only ~\$42M equates to ~0.17% of losses since inception versus 3.66% for the broader market<sup>3</sup>
- Ratings transition performance outperformed broader market

Source: Trepp, LLC

Historical information is provided for information purposes only and do not necessarily reflect NYL REI’s expectations for the future. Past performance is not a guarantee of future results.

Actual realized value will depend on, among other factors, future operating performance of the underlying collateral, asset values, market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the current unrealized valuations are based. Accordingly, the actual realized values of unrealized investments may differ materially from the values indicated herein.

1. Includes transactions through 06/30/2018.

2. Calculated according to insurance industry statutory accounting rules. Includes OTTI (other than temporary impairments) and realized losses.

3. Market data omits US Agency, Canadian, non-performing loan, and miscellaneous CMBS as classified by Trepp, LLC.

# CMBS Platform Advantages

## Depth and Breadth of Portfolio

- \$11.3 billion portfolio<sup>1</sup> as of 6/30/2018
- 393 positions in 255 transactions

## Active and Diverse Pipeline

- \$2.0 – \$2.5 billion of annual investment volume
- Both conduit and single asset / single borrower transactions as well as CRE CLO, Floating Rate CMBS and other structured CRE debt solutions

## Relationship Strength with Wall Street

- Active participant in CMBS since market inception over 20 years ago
- As one of the largest CMBS investors, NYL routinely acquires individual investments of more than \$100 million

## Co-Invest and Limited Competing Mandates

- Meaningful co-invest (>50%) along side of investor to align interest
- Partnership with NYL means limited competing interest

## Poised to Take Advantage of Risk Retention Rule

- Able to serve as the 5% risk retention party for SASB transactions
- Can provide NYL and its investors with advantaged access to the most desirable bonds in the issuance

<sup>1</sup> Non-agency CMBS assets in New York Life's general account

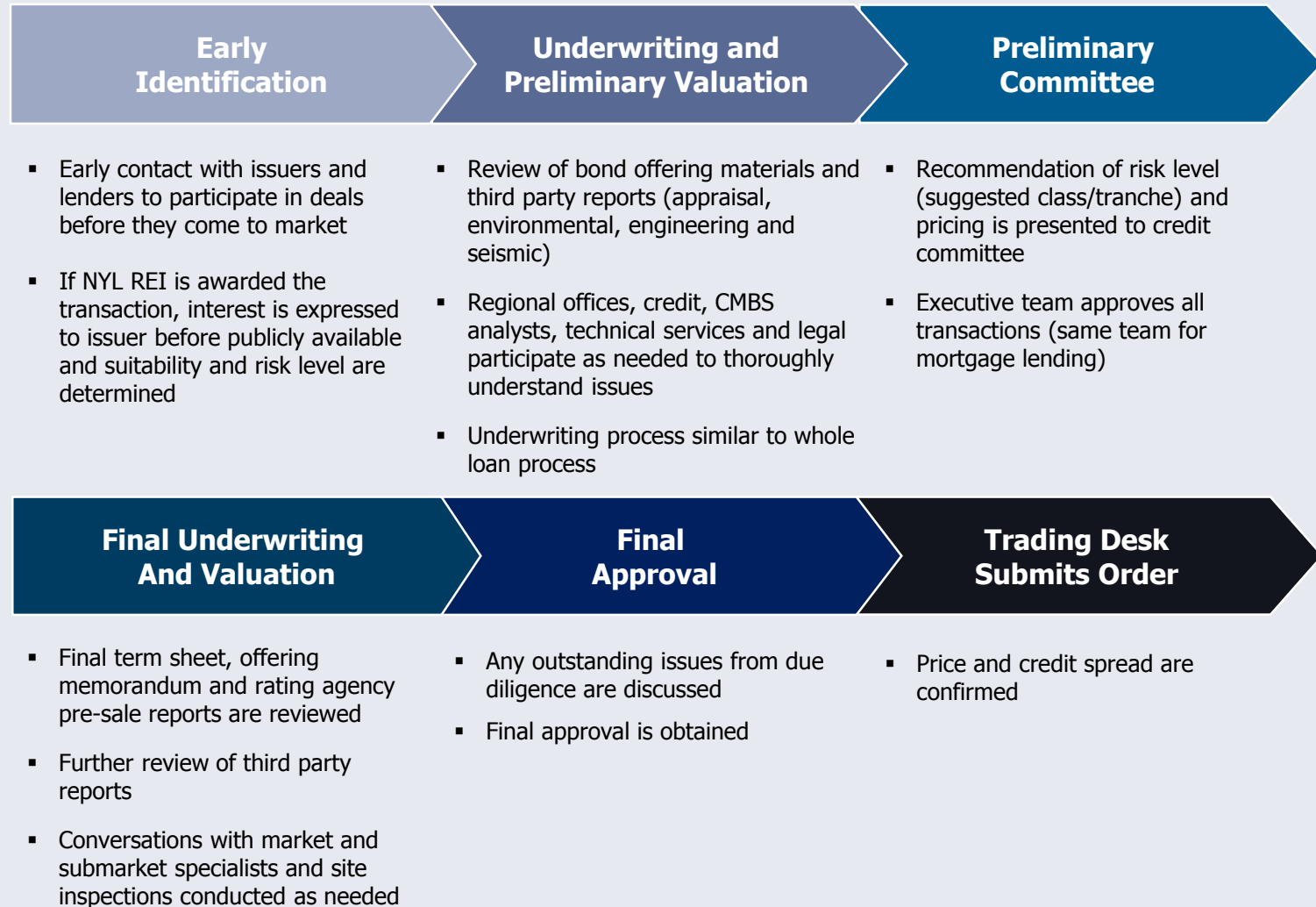


# Issuance Types

	Conduit	Single Asset/Single Borrower
# Borrowers/Properties	Multiple / Multiple	Single / Single or Multiple
Property Types	Most US property types	Office, Hotel, Industrial, Retail and selected specialty types
Markets	Most US markets	Primary and select regional markets
Avg. LTV	Pooled average ranges from 55%-65%	Mortgage LTV to approx. 70%, Investment grade LTV to low 40% range
Bond Coupons	Fixed or floating rate	
Loan Terms	Typically 10 years	2 to 12 years
Call Protection	Non callable without yield maintenance or defeasance	
Collateral Size	Pooled balances of \$700 million to over \$1.5 billion	\$100 million to \$2 billion
Pricing	Spread to US swap rates	Spread to US swap rates or 1 month LIBOR
Credit Enhancement	Subordination, including a Super Senior AAA class	Subordination
Trust Governance	Loan servicer appointed by the most junior class holder. Control shifts to class immediately senior with credit deterioration	

There is no guarantee that investment objectives will be obtained.

# Investment Process – SASB



# Investment Process – Conduit



- Active monitoring of new issue conduit transaction pipeline credit for relative value versus competing asset classes
- Early identification of desirable transactions and classes/tranches
- Each conduit collateral pool is reviewed and ranked by relative credit quality among its vintage
  - Strongest pools offer higher yielding, subordinate bond purchases
  - Weaker pools may present opportunities to buy lower risk, structurally shielded bonds at wider spreads
- Each pool is quantitatively analyzed with proprietary NYL REI credit models and compared to comparable CMBS offerings
- Review of preliminary offering materials and rating agency pre-sale reports
- Thorough review of the largest loans within the pool
- Regional offices, credit, CMBS analysts, technical services and legal participate as needed to analyze largest loans in the pool
- Questions sent to rating agency analysts on individual loans or transaction structure
- Updated credit opinion is used to select a target tranche within the bond structure
- Recommendation of risk level (suggested class/tranche) presented to committee of CMBS analysts, portfolio managers and NYL REI executive team members
- Approval of credit, subject to review of final offering documents for material changes
- Communicate credit opinion to trading desk
- Determine relative value for target class/tranche
- Trading desk negotiates spread, confirms price and places order
- Determine target price for secondary trades, when applicable

# Recent Representative Transactions



**US 2018-USDC  
Union Station  
Washington, DC**

Retail & Office  
\$70.6M of Bonds Rated AAA to BBB-  
\$330M, 10-yr Fixed Rate Collateral



**GSMS 2017-SLP  
Single-Borrower Hotel Portfolio  
138 Marriott & Hilton Hotels**

Hospitality  
\$40.4M of Bonds Rated BBB-  
\$800M, 5-yr Fixed Rate Collateral



**HY 2016-10HY  
10 Hudson Yards  
New York, NY**

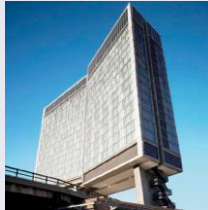
Office  
\$92.8M of Bonds Rated A- to BBB-  
\$600M, 10-yr Fixed Rate Collateral



**Park Center**  
Dunwoody, GA  
Office



**Westin Times Sq.**  
New York, NY  
Land



**Standard Highline**  
New York, NY  
Hospitality

**CSAIL 2017-CX10  
Multi-Borrower  
31 Loans Across 22 States**

43% Office, 15% Multifamily,  
11% Retail, 8% Hotel, 7% Industrial

\$65M of Senior and Junior AAA Bonds  
\$859M Total, 9-yr (avg.)  
Fixed Rate Collateral



**Lehigh Valley Mall**  
Whitehall, PA  
Retail



**600 Vine**  
Cincinnati, OH  
Office



**Centre 425 Bellevue**  
Bellevue, WA  
Office

Source: Offering Documents

Ratings reflect the lowest rating for bonds with two or fewer ratings, and the second lowest rating for bonds with three or more ratings. Ratings by Moody's, S&P, Fitch, DBRS, KBRA, and/or Morningstar.

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