



CORPORATE RESPONSIBILITY REPORT 2017

HARRISON STREET

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www.harrisonst.com/responsibility

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Cover Photo: Mill Street Student Accommodation | Dublin, Ireland
 BREEAM Very Good

CEO LETTER

GRI 102-14



In 2017, with a deeper portfolio of sustainable assets, we continued to build on the foundation we had begun half a decade earlier by introducing and exploring key building standards around health and wellness, critical components to our existing needs-based real estate portfolio.

Many of our asset classes, in particular senior housing, are already engaged in wellness programs, and to bring a formal initiative to their efforts will enhance their differentiation and create value for our investors.

2017 KEY ACTIVITIES

In 2017 we stayed true to our investment disciplines while continuing to find creative and innovative ways to leverage our data and relationships to offer differentiated strategies to our investors. We remained an active investor, transacting nearly \$6 billion across the Firm's strategies in 2017. This included over 175 properties bought and sold during the year. Performance remained strong with our Core open-end fund outperforming the industry benchmark by 350 basis points on a trailing one-year total return. Assets under management grew across the Firm to nearly \$14 billion.

A strong and consistent team is important to our culture and to our key stakeholders. We strive to hire well and provide an excellent environment for our employees to thrive and grow with us. Our headcount continues to increase, last year by 18%. I am pleased to report for the fourth consecutive year Harrison Street was named one of the Best Places to Work by Pensions & Investments (2014, 2015, 2016 & 2017).

GRI 102-53

With heightened awareness around privacy, we surveyed all of our operating partners on their cybersecurity processes and began rolling out formal programs with each of them, which will continue into 2018. Our operating partners are an important part of our team. As such, we devote considerable resources to ensure we are cultivating those relationships and continually finding ways to bring value to the partnerships. During the year, we held two successful conferences for our senior living and self-storage partners at which participants discussed key trends, risks, and best practices surrounding the operations of their respective businesses. The conferences provided a unique environment to share experiences among a group of like-minded, best-in-class operators.

2018 NEXT-GEN SUSTAINABILITY

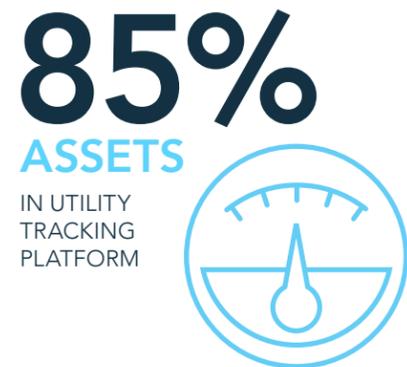
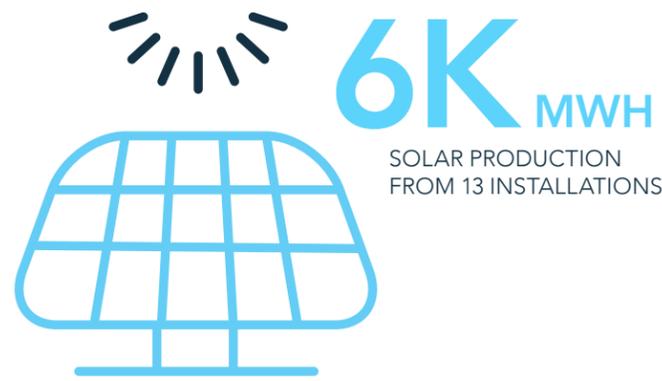
We have broadened our definition of corporate sustainability to be "a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental, and social developments." With this change, our sustainability goals, previously focused on energy efficiencies at the property level and retention of Firm employees, have expanded to include health and well-being initiatives, development and diversity of people, economic performance, and employee, tenant, and investor satisfaction. One priority for the upcoming year is to create a system that will allow for operating partner rating and ranking, including information about energy, water, people (staff and residents/tenants), and operational performance. The hypothesis is that companies with sustainable initiatives perform better, and we want to quantify by how much and how many. In addition, we will create a standard set of satisfaction questions for our partners' use, ultimately allowing them to benchmark themselves against one another.

Finally, we will continue to create unique partnerships with industry leaders and futurists in sustainability to allow us to be proactive in our vision, action, and execution.

For those interested in further discussion on our sustainability strategy and accomplishments, we encourage you to reach out to our team.

CHRISTOPHER MERRILL CO-FOUNDER, PRESIDENT & CEO

2017 HIGHLIGHTS



Pensions & Investments
BEST PLACES TO WORK
IN MONEY MANAGEMENT



★★★ 2017 ★★★
MULTIYEAR WINNER
2014 ★ 2015 ★ 2016



GOAL TRACKING

GOAL & 2017 PROGRESS

GRI 302-4

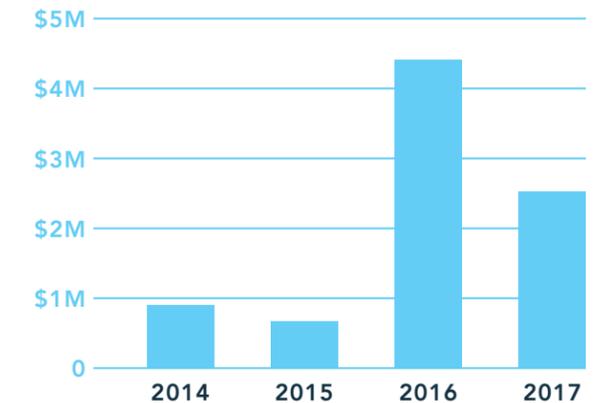
REDUCE ENERGY USE INTENSITY (EUI) BY 20% BY 2024.

As we continue to do energy retrofits on our assets we are verifying the reduction in total energy consumption, including all electricity and fuel sources. In 2017, our like-for-like EUI decreased by 2.3% compared to the asset's baseline year (either fund date or 2014, as applicable).



INVEST \$25 MILLION INTO ENERGY EFFICIENCY MEASURES IN THE CORE FUND BY 2024.

A total of \$8.1M has been invested in retrofits since 2014, and \$2.4M in retrofits were completed in 2017. Projects consisted of LED lighting retrofits, HVAC control updates, solar film installation on windows, low flow fixtures, and the addition of high-efficiency chillers.



GRI 401-1

MAINTAIN EMPLOYEE TURNOVER OF LESS THAN 10%.

In 2017, the Banking & Financial services industries' average turnover rate was 18.6%. Our firm grew by 25%, and our total turnover was only 5%.

It is important to our culture and to our client relationships that our team is strong and consistent, so we strive to hire well and provide an excellent environment for our employees to thrive and grow with us.



HARRISON STREET REAL ESTATE CAPITAL

FIRM PROFILE

The goal of our firm is to create a series of differentiated investment products that span the risk/return spectrum.

Harrison Street Real Estate Capital, LLC is one of the leading real estate investment management firms exclusively focused on the education, healthcare, and storage sectors. The firm has created a series of differentiated investment products across multiple risk/return strategies. Headquartered in Chicago with an office in London, the firm has 110 employees and has approximately \$13.7 billion in assets under management.

As used in this report, unless the context otherwise requires, "Harrison Street" or the "Firm" refers collectively to Harrison Street Real Estate Capital, LLC ("HSRE") and its subsidiaries including Harrison Street Advisors, LLC, HSRE Securities Advisors, LLC, Harrison Street University, and Harrison Street Securities, LLC, an affiliate of HSRE.

2017 FIRM STATS

9	Funds	GRI 102-1
\$10.3B	Total capital raised since inception	GRI 102-2
\$13.7B	Direct real estate under management	GRI 102-3
793	Assets acquired/developed since inception	GRI 102-5
110	Full-time employees	GRI 102-7
344	Assets sold since inception	GRI 102-45

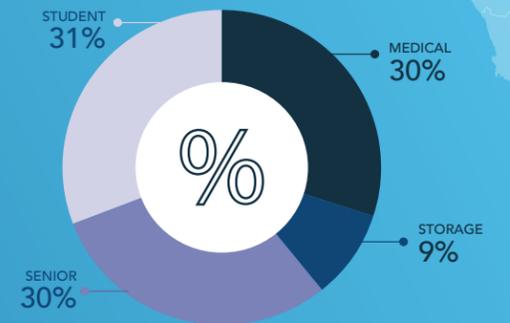
2017 ACTIVITY

113, \$3.1B	Assets acquired	GRI 102-12
58, \$2.2B	Assets sold	GRI 102-13
\$2B	Capital raised	



INVESTMENT ACTIVITY

Harrison Street's commingled funds focus exclusively on the education, healthcare, and storage segments of the real estate market.



FUNDS

The Firm's funds are differentiated, disciplined in focus, and strongly aligned with the interests of investors. The Firm has raised over \$10.3 billion in discretionary capital from some of the largest U.S. and foreign pension funds, corporate plans, insurance companies, endowments, foundations, family offices, and high net worth individuals through six U.S. closed-end opportunistic real estate funds, two European closed-end opportunistic real estate funds, and an open-ended core property fund.

CORE	Vintage 2011
U.S. OPPORTUNISTIC	6 Funds Vintages 2006, 2008, 2010, 2013, 2014, 2016
EUROPEAN OPPORTUNISTIC	2 Funds Vintages 2015, 2017

CORPORATE RESPONSIBILITY

At Harrison Street, we define corporate responsibility as a business approach that creates long-term stakeholder value by embracing opportunities and managing risks deriving from economic, environmental, and social developments.

GRI 102-16

OUR MISSION

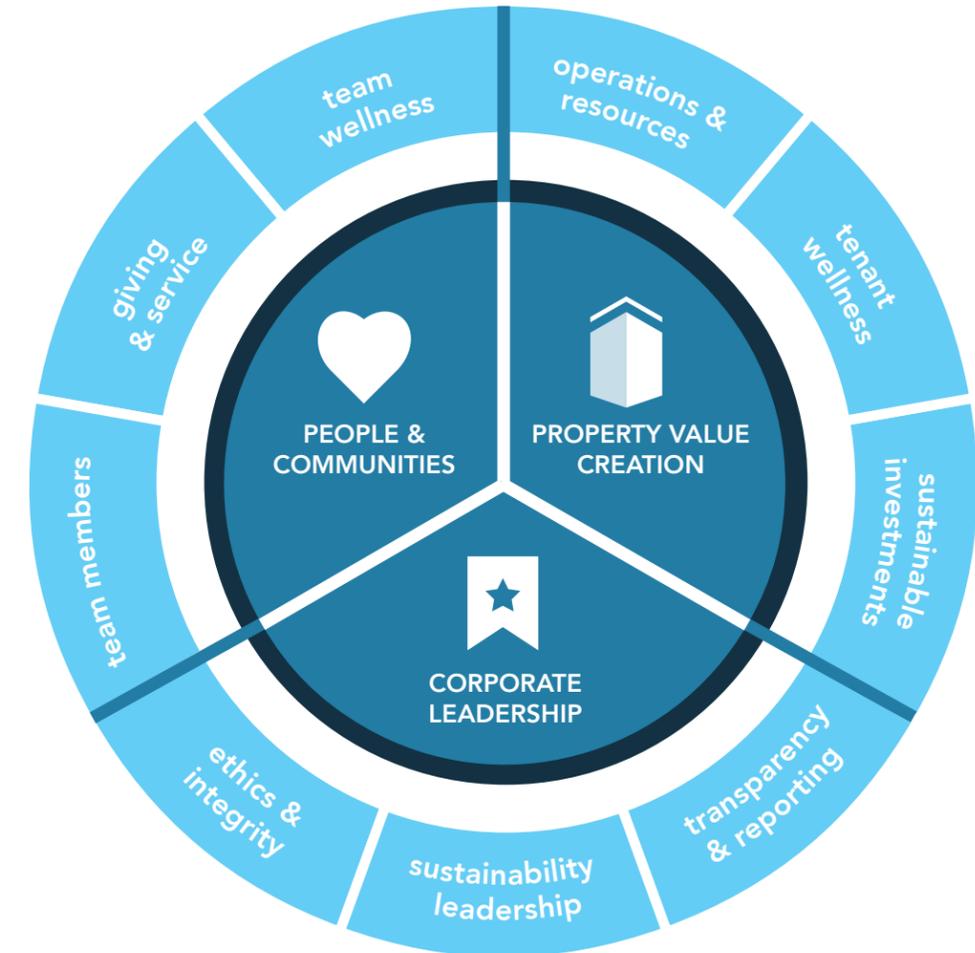
We serve our stakeholders—investors, partners, employees, tenants, and residents—as a resource, catalyst, and advocate for sustainable thinking and implementation, including opportunities to grow, minimize risk, enhance diversity, improve operating efficiencies, and create market differentiation.

OUR VISION

To lead the industry in corporate responsibility best practices through innovative approaches and unique partnerships.

GUIDING FRAMEWORK

Our guiding framework was created using the results of our 2016 formal materiality assessment and is enhanced annually through engagement and ongoing feedback from our stakeholders and partners



VOICES OF THE SUSTAINABILITY TEAM

JILL BROSIG, DIRECTOR OF PARTNERSHIPS

"Utilizing the sustainability framework and mindset, we take a holistic look at performance, growth opportunities and risk management not only of our physical assets, but our human assets as well. Both need proper focus and attention to ensure on-going success and survival."



PARTNER ENGAGEMENT

In order to be a leader in innovative approaches to corporate responsibility, soliciting, listening to, and incorporating feedback from our stakeholders and key partners, as well as benchmarking the market, are vital to developing and delivering our environmental, social, and governance (ESG) strategy.

GRI 102-15

Our sustainability leadership team conducted a formal materiality assessment in early 2017 to ensure the issues that are most material to our business and our stakeholders are addressed by this report. During a work session we reflected on the prior year's input gathered from stakeholders and updated our materiality chart, shown on the right. In addition to defining the contents of this report, this chart will also be used to refine our sustainability and environmental management system (SEMS) and strategic plan. Our guiding framework has been enhanced this year using the results of our materiality assessment and ongoing feedback from our stakeholders.

KEY STAKEHOLDERS

We recognize that incorporating the feedback of our partners, investors, and employees is vital to delivering superior and innovative investment strategies. We identify and engage the key stakeholder groups that have a vested interest in and are directly impacted by our work. Regular forums provide opportunities for our stakeholders to share input (surveys, conferences, monthly calls, webinars, reporting, etc.).

- Employees
- Investors
- Third-Party Operators
- Joint Venture Partners
- Tenants
- Vendors & Consultants

GRI 102-21

GRI 102-42

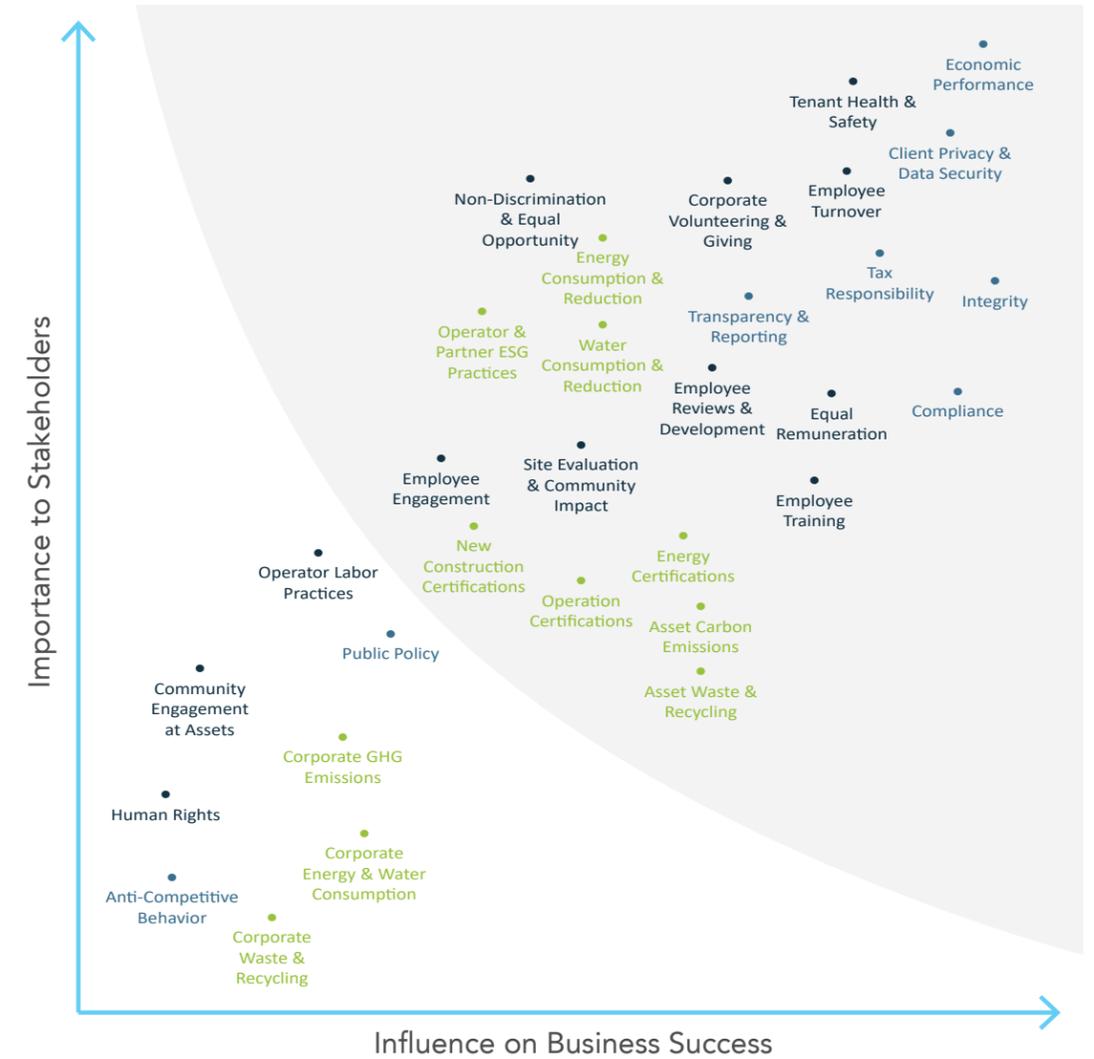
GRI 102-43

GRI 102-40

KEY RELATIONSHIPS

By holding regular sessions, workshops, and planning sessions with key standards bodies (e.g., USGBC, GBCI, GRESB, WELL, etc.) we not only ensure we are abreast of the latest development roadmaps, but we also have a means of ensuring our specialty real estate sectors are included in the certification and criteria development process. The Harrison Street sustainability team meets at least quarterly with the organizations listed above and continues to expand the list of partners that will further enhance their efforts, such as the Mayo Clinic and Fitwel.

GRI 102-44



- ♥ PEOPLE & COMMUNITIES
- ★ CORPORATE LEADERSHIP
- 🏠 PROPERTY VALUE CREATION



VOICES FROM HARRISON STREET PARTNERS

PATRICIA WILL, BELMONT VILLAGE FOUNDER & CEO

"Sustainable products are not only what our customer wants, in many areas they are demanding it. It's something that we factor into all of our projects, and in one recent development, we achieved LEED Gold status. In the long run, it lowers operating costs and just makes good business sense for us."

EUROPEAN SUSTAINABILITY STRATEGY

Harrison Street launched its European operations in 2015 and has grown the platform significantly since inception.

GRI 102-10

At present, the Firm owns student housing properties in France, Germany, Ireland, and the U.K., with plans to expand into other European geographies and specialty residential sectors, including multifamily and micro/co-living, in the near future.

Because these real estate sectors are relatively nascent in Europe with limited existing supply, HSRE's strategy primarily involves developing new properties rather than acquiring existing assets in the region. HSRE develops these properties to meet high sustainability standards, with an emphasis on efficiency, accessible outdoor spaces for residents, and property management efforts that emphasize health and wellness for tenants.

PARTNER EXCELLENCE

HSRE forms long-term programmatic relationships with local operating partners to develop and operate its properties in Europe. Many of HSRE's local partners are recognized as best-in-class and pioneers in the industry. Sustainability is a focus for development projects, and HSRE only partners with groups that adhere to and incorporate high standards. The latest construction methods and materials are used whenever possible, and building design emphasizes efficiency.

ASSET SUSTAINABLE DESIGN & OPERATIONS

HSRE is committed to promoting sustainability and develops its properties to a BREEAM Very Good standard or better across its entire European portfolio. In addition to designing its buildings to maximize efficiency and reduce their environmental footprint, HSRE's operating partners manage the properties to emphasize health and wellness to tenants. Most properties include on-site gyms to encourage fitness, and green, outdoor spaces are abundant as an amenity to all residents. In addition, resident events are scheduled frequently to promote social interaction, and property managers conduct tenant satisfaction surveys to ensure that tenants' needs are met.



NEW MILL STUDENT ACCOMMODATION

In September 2017 HSRE opened its European platform's first student accommodation development project: New Mill in Dublin, Ireland.

The project offers state-of-the-art accommodation to students in the severely supply-constrained market in central Dublin. The surrounding neighborhood is packed with culture, nightlife, and shopping, and major universities like Trinity College Dublin, Dublin Institute of Technology, and the Royal College of Surgeons in Ireland, among others, are within an easy commute. New Mill was developed to the BREEAM Very Good standard and offers many amenities to its residents including a gym, arcade, individual and group study rooms, cinema rooms, and a large outdoor area featuring lush green spaces. The property offers a full array of resident programming such as career nights, cultural events, and social awareness functions to enhance the quality of residents' lives.

PROJECT STATS

- LOCATION Dublin, Ireland
- OPENED September 2017
- UNITS 400 beds
- MANAGEMENT Uninest Student Residences





LIFE TIME CENTER | CHESTNUT HILL, MA
LEED C+S GOLD

PHOTO: PETER VANDERWARKER



PROPERTY VALUE CREATION

Increase the value of our assets through responsible practices in development, management, and capital improvements.

TENANT WELLNESS

The satisfaction and health of our tenants and residents are two of our highest priorities as a firm and are essential to the success of our assets and sustainability goals.

SATISFACTION

The value of an asset lies not only in the quality of the building but also in the satisfaction of the tenants. To date, the diversity in operators has made it difficult to collect consistent data on satisfaction, so we have established internal processes to better facilitate tenant satisfaction surveys across our Core Fund.

In 2014, we established the use of the Kingsley survey at most of our medical office properties. We continue to expand and centralize tenant satisfaction surveys. The results of this effort allow us to evaluate the quality of our assets and property managers, and have meaningful conversations with our operators to develop action plans for improvement.

We continue to expand the coverage of annual third-party tenant satisfaction surveys administered by our operators in our Core Fund. These data both provide a baseline on current performance and highlight areas for potential improvements. We will help facilitate and guide our operating partners in continually improving operations and overall satisfaction by translating these results into meaningful and measurable actions.

ENGAGEMENT & LEASING

In 2016 we launched a new standard lease form in our medical office portfolio that integrates sustainability language including clauses related to energy efficiency, tenant improvement requirements, certifications, and monitoring. In addition, we deployed a tenant fit-out policy with guidance on required and preferred practices.

SAFETY

Tenant health and safety are of critical importance at our communities and assets. We work alongside our operators to review policies and procedures and help to implement new tools to enhance and expand our health and safety programs.

In 2016 we began implementing enhanced first responder emergency preparedness plans at several of our medical office buildings in and around Washington, DC. In 2017, we enhanced our Emergency Preparedness and Response Plan for all of our investments and ensure best practices are being followed with respect to cyber security, active shooter policy, resident evacuation/relocation procedures, etc. We will continue the implementation of first responder disaster plans at our large assets in densely populated areas in 2018.

HEALTH & WELLNESS

Health and wellness have been a staple for many years in several of Harrison Street's asset class investments. Senior living, in particular, has unique wellness programs, often partnering with leading class organizations, universities, and institutions to bring better care and practices to its residents. In 2017, the WELL building standard was introduced to HSRE's partners, and a select group met in Washington, DC with the U.S. Green Building Council, the Green Building Council Institute, and the International WELL Building Institute to brainstorm how performance standards currently being created apply to our specific sectors. This work has served as a model for how other standards, such as Fitwel, are evaluated and implemented. A 2018 goal of the company is to have at least 25% of our senior living operating partners engaged in a health and wellness initiative.

OPERATIONS & RESOURCES

GRI 102-9

Our operators are the single greatest influence on the performance of our properties. We take great care to appoint, engage, and monitor their activities as well as continually introduce them to best practices and innovative ways to enhance their business operations.

MONITORING & MANAGEMENT

To provide our third-party operators and asset managers in the Core Fund with actionable information about asset performance, we use Energy Star Portfolio Manager to import and monitor energy, water, and green house gas emissions. This platform helps our team target operational efficiencies, address spikes, and prioritize retrofits. A small percentage of assets where we do not have control of energy meters are excluded from data monitoring. In addition to data monitoring we have developed a sustainability and environmental management system (SEMS) following the ISO 14001 standard.

Using Portfolio Manager, we track energy use intensities for each asset. These intensities are normalized for weather and square footage.

GRI 302-3

CORE FUND ENERGY USE INTENSITIES

KBTU/SQFT

	2014 Baseline	2017
CORE FUND AVG	54.3	51.5
MEDICAL OFFICE	79.8	75.6
STORAGE	11.3	10.7
SENIOR LIVING	88.4	82.7
STUDENT HOUSING	34.5	33.1

OPERATORS & SUPPLIERS

Our operators are an extension of our team and the single-most critical element of our supply chain as through them, our sustainability projects reach completion. We strive to partner only with those operators that share our values, and we have created resources to educate them on our sustainability expectations. Beyond regular asset management calls and property visits by HSRE team members, we annually discuss sustainability opportunities and risks at each asset during budget planning. We also regularly conduct a SWOT analysis on the operator companies, to support their growth and risk management. These activities help us recognize the individual accomplishments of our operators and share best practices.

BENCHMARKING & CERTIFICATIONS

Through Portfolio Manager we are able to easily benchmark assets and measure the success and financial return of efficiency investments. In 2016 we performed an analysis of all student living and senior housing assets, reviewed their Energy Star ratings, and prioritized them for certification. At this time, only our student and senior housing portfolios qualify for Energy Star Certification.

AUDITS & RETROFITS

Tracking the energy consumption of our Core Fund allows us to target high-use properties that present the greatest opportunities for savings. Comparing property performance to peer benchmarks provides an estimate on the capacity for annual financial savings and justification for an energy audit. The resulting audit report details various retrofit and operational changes that have viable returns.

BRIGHTVIEW BEL AIR SENIOR LIVING

Energy retrofit of Brightview Bel Air has shown verified success and provides proven strategies for ongoing application in our senior living portfolio.

KEY ENERGY EFFICIENCY FEATURES:

- Installation of high-efficiency LED lighting into the community's interior and exterior spaces decreasing the total lighting consumption by an estimated 15%, or 19% of total building usage.
- Installation of 85 new packaged terminal heat pumps in all of the resident units as well as 8 new high-efficiency split system heat pumps with air handling units to condition the building's common areas. The new HVAC units are projected to reduce the building's energy consumption by 52,000 kWh per year, or 6%.
- Installation of plug-load controls to wirelessly control the building's connected devices, as well as programmable thermostats to allow the residents and management team to program temperature setpoints.

20%

ENERGY
REDUCTION

MEASUREMENT & VERIFICATION

In order to highlight measures that significantly improve the energy efficiency and operating performance of the community, the Maryland Energy Administration awarded Brightview Bel Air more than \$159,000 in grants through the EmPOWER MD Grant Program. As a result, the property has experienced improved overall operating performance as well as additional maintenance cost savings through the extended life of the measures. Over the past 9 months, the installed systems have reduced the building's average energy consumption by 20% and resulted in nearly 116,000 kWh saved.



SUSTAINABLE INVESTMENTS

Sustainability-focused investments using sophisticated risk management and future planning are a key priority of the firm.

SUSTAINABILITY DUE DILIGENCE & RISK MANAGEMENT

GRI 102-11

Sustainability metrics are integrated into due diligence processes, and evaluation criteria include alignment with HSRE governance and ethics standards, presence of certifications, and opportunity for increased efficiency in the future.

Risk assessments are an integrated component of acquisitions and annual business planning of each asset.

Prior to acquisition, HSRE orders a third-party environmental report and a property condition report that detail the presence of indoor and external pollution. In the event that such pollution exists, HSRE will engage an additional third party with significant experience assessing and mitigating environmental pollutants.

Social risk assessments include employment practices of its operating partners and site aspects such as walkability, proximity to healthcare, and access to public transportation. Regulatory risk assessments include evaluation of minimum wage increases and changes to Medicaid/Medicare reimbursement.

Finally, climate change is evaluated through adjusting insurance costs impacted by increased flooding in coastal regions, energy prices, regulations on electricity generation, and water prices due to water scarcity.

VOICES OF THE SUSTAINABILITY TEAM

LINDSEY RONGSTAD, VICE PRESIDENT, ASSET MANAGEMENT

"We are committed to increasing the value of our assets through responsible and active asset management and believe we can reduce our impact on the environment at the same time. From an asset management perspective, our sustainability initiatives include monitoring the utility usage at our properties, conducting energy audits upon acquisition and pursuing retrofits where opportunities exist. It also includes educating our operators on HSRE initiatives and best practices for conserving energy and improving tenant satisfaction."

SOLAR

We believe that renewable energy is a key driver of value and an important hedge against rising energy prices. In 2013, we installed our first 120 kW photovoltaic system and have since installed an additional 5 systems and acquired several assets with existing installations. We are actively analyzing each Core Fund investment and select opportunistic fund investments to determine the economic viability of additional solar installations.

NEW DEVELOPMENTS

We seek to develop or acquire assets that prioritize third-party certification and sustainable design best practices. We've defined these preferred practices in our Sustainability Policy for New Construction and have shared them with our development partners. This activity served as an opportunity to educate our development partners on the benefits of these building practices and prioritize sustainable strategies in current and future projects.



GROVE AT FORT COLLINS

Our Energy Star initiative in Core Fund student housing portfolio starts out strong with the Grove at Fort Collins.

The Grove at Fort Collins is located near Colorado State University and was built in 2013 as a new energy efficient prototype in the Grove Student Housing brand. The developer chose to voluntarily align with the Fort Collins Green Building code, prior to city-wide implementation, align the development with LEED for Homes standards, and meet stringent energy and water efficiency measures. As a result, The Grove at Fort Collins became the first multifamily housing unit in Fort Collins to meet the new green building code requirements. It is now one of the highest performing student housing assets in the Core Fund portfolio.

VERIFICATION OF PERFORMANCE THROUGH BENCHMARKING

To validate the green building features included in the design and to understand energy consumption, Harrison Street benchmarked the property using Energy Star Portfolio Manager.

Through ongoing energy monitoring in our Core Fund since 2014, we have established baseline energy consumption and track improvement over time. This tracking showed that The Grove at Fort Collins is one of our top performing student housing assets. This information is essential to our asset management team, helping us make smart decisions about capital improvement, management, and operations best practices throughout our portfolio.

The Energy Star Portfolio Manager platform normalizes data for square footage, weather, and occupant load characteristics, and then compares the performance to use averages from multifamily buildings across the United States. An Energy Star score of 75 or above indicates best-in-class performance, performing better than 75% of similar buildings nationwide. The Grove at Fort Collins scored a 98.

LONG-TERM IMPACT & STRATEGY

We see that energy efficient buildings make business sense for owners, investors, tenants, and operators. The Grove at Fort Collins had a retention rate of 34% over the previous school year, higher than other student apartments in the Fort Collins area. Joel Alvarez, the property manager, said they are targeting 50% retention in coming years, and he believes this can be achieved based on their efficient operations and focus on customer satisfaction.

Energy benchmarking has helped us realize higher returns on investments by reducing operating costs and increasing property value. Across our entire portfolio, energy benchmarking has identified efficiency retrofit opportunities that have led to savings of nearly \$1 million in energy costs.

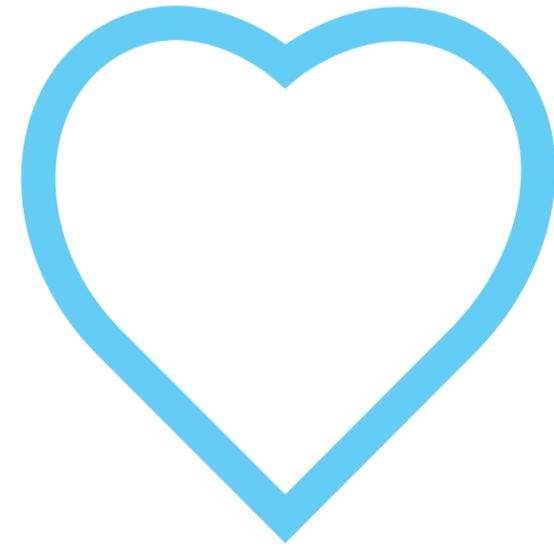
We also see energy benchmarking and management as an important risk mitigation strategy for our portfolio. Energy prices will continue to rise, so it is important that we consider hedging these costs. Carbon emissions and resilience continue to be important topics worldwide, so it is critical for our firm to understand and integrate these topics into our management strategies. Finally, our reputation is centered on transparency, innovation, and ethical business practices. And just like our stakeholders are paying attention to the environmental and social impact of our business, so too are we.



PROJECT STATS

LOCATION	Fort Collins, CO
YEAR BUILT	2013
SIZE	264,548 ft ²
UNITS	218
MANAGEMENT	Asset Campus Housing
SITE EUI	36 kbtu/ft ²





PEOPLE & COMMUNITIES

Create a lasting positive impact by supporting the well-being and vitality of our employees and communities.

GIVING & SERVICE

We believe in helping to strengthen the communities where we live and work by volunteering and giving back.

EMPLOYEE-DRIVEN PHILANTHROPIC GIVING

Harrison Street's Charitable Gift Match Program supports the generosity of employees and allows us to spread our impact to all corners of the communities in which we live and work. Our employees are able to engage with organizations and causes that they are personally committed to through a dollar-for-dollar match of their donations.

In 2017 Harrison Street employees gave to 45 different organizations that impacted hurricane relief, environmental conservation, youth programs, animal welfare, health, and hunger.

SERVICE

Every year, our company partners with local non-profits to clean up neighborhoods and enhance community buildings. On July 21, 2017, Harrison Street Real Estate partnered with Chicago Cares for our fifth annual volunteer event. This year, employees spent their time at Plato Learning Academy in the Austin neighborhood on Chicago's Southside. Volunteers built planter boxes, painted canvas murals that promote healthy lifestyles, and spruced up the building by painting classrooms. These projects help make Plato Learning Academy a more inviting school for students and families.

In addition, we partnered with Ronald McDonald House for small team volunteer events to bake cookies and dinner for the families. As well, we returned to Randolph Elementary to teach financial fitness to students, including how to earn money, spend wisely within a budget, and use credit cautiously to protect their personal finances.



TEAM WELLNESS

Through regular feedback and a comprehensive wellness program, we ensure all team members have the tools they need to make their personal well-being a priority.

EMPLOYEE SATISFACTION

GRI 404-1 We perform an annual employee satisfaction survey that is administered by an independent third party in order to ensure anonymity and provide a safe venue for employees to share honest feedback. In 2017 our survey covered 100% of the firm and had a response rate of 91%.

GRI 404-2

GRI 404-3

Based on the results of our annual satisfaction survey, we create an action plan for addressing employee feedback. Action plan items may include additional surveys, employee enhancements, and department meetings. We also have an internal FOCUS committee, which is responsible for helping enhance our various employee programs and continuing to nurture our Harrison Street culture.

3.9/5
ANNUAL THIRD-PARTY SURVEY

OFFICE WELLNESS PROGRAM

We recognize that fostering healthy, productive team members is critical to achieving the mission of Harrison Street.

- Health Evaluations, including biometric screening
- Post Evaluation Materials, Tools, and Actions
- Interactive Health Standard Tools and Resources
- Healthy Lifestyle Coaching
- Condition Management Coaching
- Employee Personal Health Action Plan
- Wellness Program Incentives

Wellness Room

Our wellness room is a private room that can be used for various purposes, such as by nursing mothers or staff who are not feeling well. For nursing mothers, it serves as a dedicated sanitary and comfortable space. This room includes a small bar sink for rinsing bottles and pumping equipment, an armchair for lounging, and a mini fridge for storing breast milk. This space can also be used for meditation, prayer, or rest and relaxation.

VOICES OF THE SUSTAINABILITY TEAM

STACY NYENBRINK, DIRECTOR, HUMAN RESOURCES

"As Head of Human Resources for the firm, Our People are always my number one priority. We are continuously learning from one another and brainstorming ways we can improve. We challenge each other's thoughts, opinions and ideas which inspires the best in each of us. At Harrison Street you are not just part of a team, you are part of a family."



TEAM MEMBERS

We are committed to providing the best possible climate for the development and achievement of all employees.

RETENTION

Our team has grown substantially since we were established in 2005, and by the end of 2017 we employed 110 permanent, full-time employees. Our Commitment to Retention includes providing a positive and comfortable working environment with best-in-class culture and employee relationships, dedication to employee development and growth, and competitive compensation. In 2017, four men and one woman left the firm.

BENEFITS

Our stand-out employee benefits include coverage of 90% of medical insurance premiums for employees and their families with no deductible. Plus, maternity and paternity policies include 12 weeks and 2 weeks of paid leave, respectively.

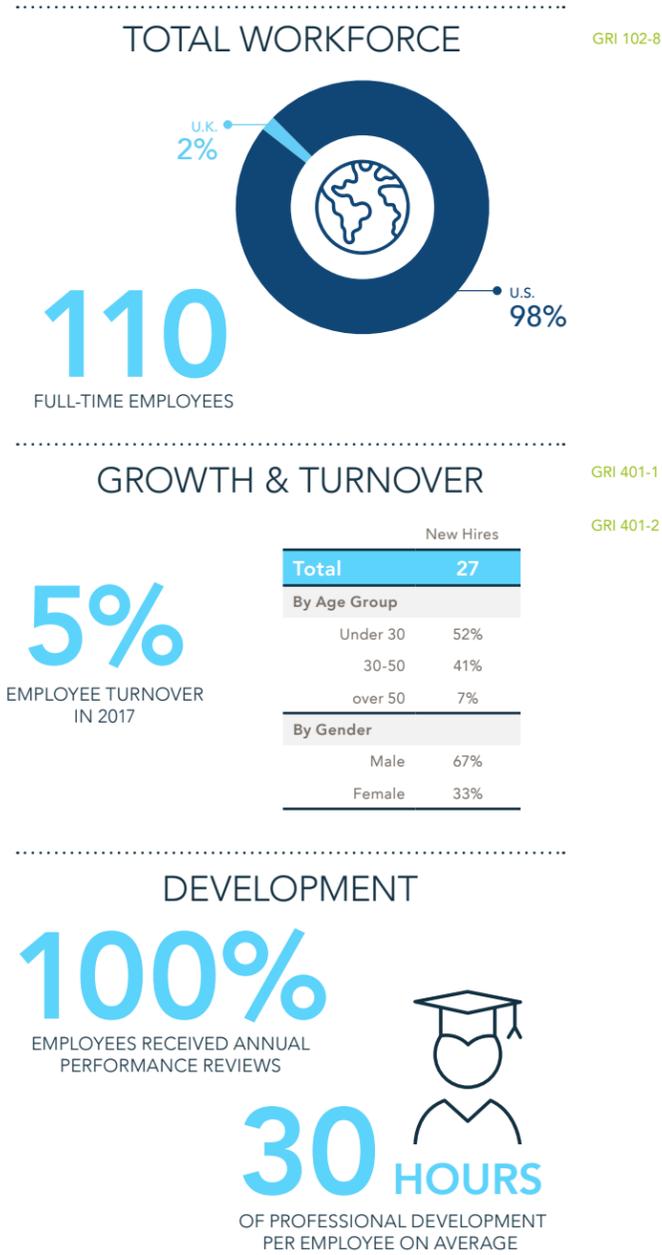
Full List of Benefits:

- Medical, dental, vision, & flex spending
- Life/AD&D/disability insurance
- Employer-paid dependent care account
- Free employee assistance program
- Comprehensive wellness program
- 401(k) plan with 3% company contribution
- Tuition and professional development reimbursement
- Supplemental life
- Paid time off (PTO)
- Paid maternity/paternity leave
- Public transit benefits

EMPLOYEE DEVELOPMENT

Employee development is a top priority at Harrison Street. Harrison Street University (HSU) is our training platform, offering employees a variety of training topics and learning options to further develop their skills related to performance, productivity, communication, team building, problem solving, and personal well-being. Class categories include Wellness, Business Acumen, Community Engagement, and Professional Development, and they are available to all employees.

Another integral piece of employee development is our Performance Management Process, which includes annual goal setting, frequent manager-employee check-ins, and a midyear and annual review. It is our intent that our performance management process provides transparency to all employees with respect to their job performance.



TEAM MEMBERS

We value the uniqueness of all employees. We strive to maintain an environment that respects diverse traditions, heritages, and experiences.

NON-DISCRIMINATION & DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

GRI 102-8
GRI 406-1
GRI 405-1 Growing a diverse workforce is a priority for Harrison Street. We recognize it does not just happen and it requires deliberate, intentional action. Harrison Street approaches Diversity & Inclusion thoughtfully, ensuring all employees are aware of our initiatives, having open dialogue around our desired habits, and developing and executing firm-wide action plans.

We believe in creating diverse teams and thinking diversely, as a way for creative problem solving. We also focus very heavily on inclusion through inclusive intelligence and inclusive innovation, both of which allow us to intentionally include all employees, which increases work group productivity by making employees feel they belong and are uniquely valued.

In addition to the above, all employees also receive annual diversity training. Diverse practices are also used during the hiring process, which include screening job descriptions for bias language, presenting diverse candidate slates, and using comprehensive interview feedback forms.

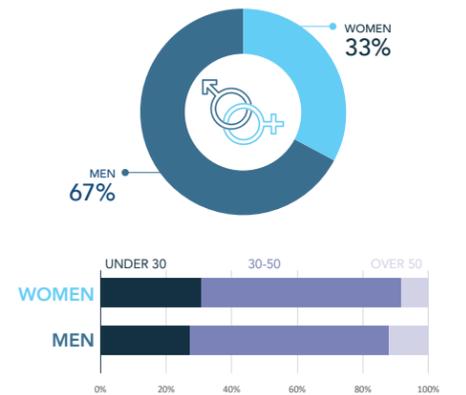
PARENTAL LEAVE

GRI 401-3 A key component of a strong and invested team is ensuring that our employees are supported during life events. We consistently evolve our benefits based on ongoing conversations with our team members as we learn more about their different benefits needs and preferences. All permanent full-time employees are entitled to parental leave.

In order to evaluate the effectiveness of our parental leave benefits, we include this topic in our annual satisfaction survey and track return to work and retention rates.

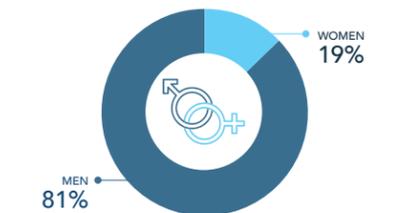
In 2017, 3 women took maternity leave and 3 men took parental leave and 100% returned to work.

EMPLOYEE DIVERSITY



SENIOR LEADERSHIP

Employees with title "Director" and above

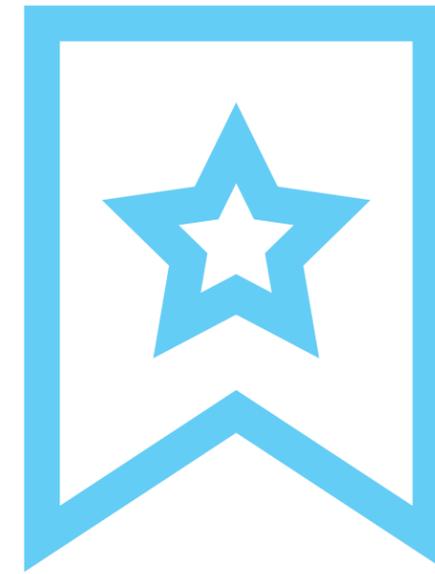


PARENTAL LEAVE





SEATTLE UNIVERSITY STUDENT HOUSING
SEATTLE, WA
LEED C+S GOLD



CORPORATE LEADERSHIP

Be an exemplar of corporate governance by operating with utmost integrity and transparency.

ETHICS & INTEGRITY

A core principle of the Firm is to operate at all times with complete integrity and transparency. We believe our culture of integrity, openness, and honesty has been critical to our success.

As part of our culture, we follow the 4 E's plus always 1, which are execute, energize, envision, edge, and always ethics. The latter directs us to operate with integrity and transparency in order to hold the trust of our stakeholders. Our governance structure, audits, and self-evaluations ensure that these values are at the core of who we are, what we stand for, and how we operate on a daily basis.

GOVERNANCE

Our highest governing body is the Board of Directors, comprised of Christopher Merrill, Chris Galvin, and Michael Galvin. The Board of Directors is responsible for setting the Firm's overall purpose, values, and strategy. The Board of Directors sit on each Fund's investment committee; as a result, the Board of Directors is able to oversee the risk management at the property, Fund, and Firm level.

The Firm also has a Valuation Committee, Allocation Committee, Management Committee, Executive Committee, Investment Committee, Technology Committee, and Sustainability Committee, which influence the Firm's strategic direction. Committees are composed of those best suited, based on experience and purpose of the committee.

INTERNAL REVIEWS

We perform internal valuations quarterly and secure annual external audits of all funds. In addition to our ongoing reviews of the assets and the Funds, at least annually we conduct an extensive valuation process where we evaluate risk factors, perform sensitivity analyses, and review basic assumptions in our financial models. We check our efforts by working with outside consultants to confirm we have appropriate insurance coverage and real estate tax budgets, as well as accurate operating and development exposure budgets.

COMPLIANCE & CODE OF ETHICS

Employees must attest quarterly that they are in compliance with our Code of Ethics, and they can share any ethical concerns with Human Resources or our Chief Compliance Officer.

GRI 102-16

We provide ethics and anti-corruption training at company meetings three times a year and during quarterly certifications, and 100% of employees receive training at hire date. Specialized trainings (e.g., foreign corrupt practices) are provided on an as-needed basis.

GRI 102-17
GRI 205-2

We use a system called Compliance Science to report and monitor Code of Ethics items such as political contributions, personal trading, and gifts and entertainment. Anti-money laundering checks are conducted for every new investor. Finally, background checks are conducted on all new employees as well as key members of all new joint venture partners.

GRI 102-18
GRI 102-22
GRI 102-23
GRI 102-24

CORRUPTION RISK ASSESSMENTS

Risk assessments are led by the Chief Compliance Officer and are conducted every three years. Risk topics are identified by the CCO team and Firm Directors, with input from industry trends, analysts, stakeholders, and investors. Governance risk assessments are applicable Firm-wide, including key stakeholder groups.

GRI 205-1

TRANSPARENCY & REPORTING

We seek to provide balanced and transparent information to our stakeholders and partners by reporting regularly through a variety of mediums.

GRI REPORTING

This report summarizes our environmental, social, and governance (ESG) performance for the 2017 calendar year. We report annually; our last published report covered the 2016 calendar year. This report seeks to cover the impact of material sustainability topics shown on p. 9. The contents of this report and identification of material topics were determined by our sustainability leadership team, stakeholder materiality assessment, and guidance from our sustainability consultant.

We have organized this report using the Global Reporting Initiative (GRI) Standards and are reporting at the Core level. This report has not been externally assured but has been checked for accuracy and completeness by our sustainability team and consultant, the Institute for the Built Environment. It has also been reviewed and approved by the members and directors of the HSRE Sustainability Core Team.



STANDARDS

GRESB

We have committed to completing the annual Global Real Estate Sustainability Benchmark (GRESB) survey in order to compare our funds to our peers' and identify opportunities. In 2017 our Core Fund performed above our peer average and was awarded Green Star designation.

INVESTOR REPORTING & ENGAGEMENT

The Firm provides transparency to its investors by providing quarterly flash reports, webinars, annual investor reports, and annual valuations of all assets. Beyond broad fund performance, we are committed to providing in-depth information on our assets, acquisitions process, and management approach to our investors including ad hoc requests.

We hold an annual investor conference open to all investors to inform them on Fund performance and expectations, and to respond to questions. In addition, we hold annual advisor meetings for each Fund, which gives our investors the opportunity to meet our team. Further, we visit investors at their offices throughout the year and host them at our office at their request to develop and maintain positive relationships.



SUSTAINABILITY LEADERSHIP

Our sustainability initiative is led by a diverse team of employees representing all aspects of our firm and business.

TEAM

Team members are chosen based on their skills, interest, and representation across departments. The team meets monthly to review progress on the strategic initiatives and reports to the Firm through newsletters and interactive townhalls. Directors report quarterly to the Harrison Street Leadership Group. Sub-teams are formed to execute key tasks, and they meet weekly and report monthly to the larger team. Formal review of the action plan happens annually. The team also conducts ongoing reviews of management processes, goals, metrics, monitoring, internal training, stakeholder engagement, and reporting.

CORPORATE OFFICE

Sustainable operations are just as important at our corporate office as our assets. Our offices are located in Chicago's new River Point, a LEED-CS Gold building. Our interior spaces are certified LEED ID+C Gold and feature LED lighting, ENERGY STAR appliances and equipment, healthy finishes, and ergonomic workspaces. Finally, our daily operations are guided by our green purchasing policy, which defines criteria for office supplies, recycling practices, food vendors, and corporate events.

GRI 102-19
GRI 102-20
GRI 102-21



INTERDISCIPLINARY LEADERSHIP TEAM



CHRIS MERRILL
CO-FOUNDER, PRESIDENT & CEO
TEAM SPONSOR



BRIAN MUTCHLER
MANAGING DIRECTOR, OPERATIONS
TEAM SPONSOR



JILL BROSIG
DIRECTOR, OPERATING PARTNER SERVICES
TEAM CHAIR



LINDSEY RONGSTAD
VP, ASSET MANAGEMENT
TEAM CHAIR



COLLEEN MCMILLAN
VP, PORTFOLIO MANAGEMENT



RON MILES
DIRECTOR, ASSET MANAGEMENT



MICHAEL BORCHETTA
AVP, TRANSACTIONS



STACY NYENBRINK
DIRECTOR, HUMAN RESOURCES



JESSICA LEGGETT
ASSOCIATE, CLIENT SERVICES &
MARKETING



YASMIN DARWISH
ASSOCIATE, OPERATIONS



BEN KASE
ANALYST, ASSET MANAGEMENT



NINA ABRAHAM
AVP, CLIENT SERVICES & MARKETING



NICK HUGHES
ASSOCIATE, CLIENT SERVICES &
MARKETING

CORPORATE
LEADERSHIP

PROPERTY VALUE
CREATION

PEOPLE
& COMMUNITIES

REPORTING &
TRANSPARENCY

EXTENDED TEAM

MELISSA BROWN – VP, CLIENT SERVICES & MARKETING
MARK BURKEMPER – MANAGING DIRECTOR, TRANSACTIONS
ERIC DEWEES – AVP, TRANSACTIONS
SARAH HENRY – SENIOR ASSOCIATE, RESEARCH
MICHAEL LEONCZYK – VP, TRANSACTIONS
JOSH MILLER – DIRECTOR, TRANSACTIONS
TONIA NELSON – DIRECTOR & CHIEF COMPLIANCE OFFICER
JONATHAN PAUL – AVP, OPERATIONS
DAVID SOKOL – VP, LEGAL
CASSIE WILSON – DIRECTOR, ACCOUNTING



Our sustainability team is advised by our external sustainability consultant, the Institute for the Built Environment. IBE assists with defining strategic initiatives, analysis, and reporting.

OPERATOR ENGAGEMENT & INNOVATION

To differentiate HSRE by providing our operating partners with groundbreaking business enhancement services and opportunities.

In 2017 the Firm established the Operating Partner Services department, which serves as an advocate for the Firm’s JV operators and third-party providers in assisting them with improving overall business operations. This department is responsible for ensuring operating partners have access to best practices and research, relevant ancillary products and services, and key benchmarking data.

This department strives to fully understand each partner—their culture, management team, business processes, company strategy—in order to adequately provide operating partners with groundbreaking business enhancement services and opportunities, such as the following:

- Identifying and introducing partners to operational improvement opportunities, e.g., group purchasing, new products/technologies, and standardized processes.
- Designing and managing the collection and dissemination of key operational benchmarking data among partners to validate, rate, and, where applicable, improve performance.
- Leading the integration of Sustainability and Health and Wellness initiatives with our partners, including interfacing with key certification bodies, e.g., USGBC, GRESB, and IWBI, to ensure rating systems align with partners’ specific asset classes. Ensuring adherence to both standards and a broader sustainability initiative improves operational performance for all parties involved.
- Executing the new partners’ onboarding process, ensuring expectations are

understood, necessary training is provided, and new partners feel welcomed into the Firm’s networking community.

- Utilizing predictive analytics to capture trend and life cycle analysis on our targeted real estate asset classes to enhance asset design and delivery and to measure marketing campaign impact.
- Enhancing the operating partner sharing community via facilitating conferences/webinars, showcasing of best practices, interfacing with external industry experts, conducting research/field trials, developing industry-specific training, and participating in cutting-edge alliances.

In 2017, the Firm’s operators in both senior living and self-storage were invited to a conference specific to their industry and hosted by Harrison Street. The agenda, which was created directly from our partners’ input, covered a variety of topics including new supply impact, marketing techniques, ancillary revenue streams, customer experience, recruitment/retention of employees, company culture, and technology. During introductions, each participant identified what a successful conference meant to them, which included exchanging ideas and best practices, discussing the industry’s 3- to 5-year vision, capturing one key idea to try “back at the office,” increased knowledge of technology, and innovative ways to save money. Success, however, relied on these subject matter experts being open and willing to share with one another, which they did tenfold expectations. Attendee feedback following the sessions was quite positive, and the

partners are looking forward to deepening the connections that began among all in attendance.

In addition to regular interaction with our partners, the Operating Partner Services department also provides regular updates and aligns partner

strategies with key individuals within our client services and marketing, finance, corporate development, asset management, and acquisitions organizations.



PARTNER ENGAGEMENT CASE STUDY

MAYO CLINIC HEALTHY AGING WORKSHOP

Representatives from HSRE, 10 senior living operating partners, and key executives from Mayo Clinic, including the heads of aging research, geriatric medicine, center of innovation, and the Well Living Lab, met at the flagship Mayo Clinic hospital in Rochester, Minnesota for a Healthy Aging Workshop in which they shared industry insights and research findings and collaborated on future strategic initiatives.

KEY TOPICS DISCUSSED

- Sharing Communities
- Healthy Aging
- Technology & Innovation
- Predictive Analytics
- Research Studies
- Operational Improvement
- Spirituality & Wellness
- Amenitization
- Caregiver Education
- Evolving Acuity Needs

OPERATING PARTNERS IN ATTENDANCE

- New Perspective Senior Living
- Bridgewood Property Company
- The Waters Senior Living
- Dial Retirement Communities
- American House Senior Living Communities
- The Springs Living

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