



HARRISON STREET
CORPORATE
RESPONSIBILITY
REPORT
2015



DWIGHT LOFTS

COLUMBIA COLLEGE STUDENT HOUSING
CHICAGO, ILLINOIS
HISTORIC PRESERVATION & URBAN RENEWAL

- 4 LETTER FROM CEO
- 6 FIRM SNAPSHOT
- 9 APPROACH TO SUSTAINABILITY
- 10 PROPERTY VALUE CREATION
- 18 COMMUNITY VITALITY
- 24 CORPORATE LEADERSHIP
- 34 TRANSPARENCY
- 37 2016 GOALS
- 39 GRI INDEX

2015 HIGHLIGHTS

2015
BEST PLACES
TO WORK

BY PENSIONS &
INVESTMENTS

21%
CORE FUND
CERTIFIED

LEED OR GREEN GLOBES
(BY SQFT)

294 MWH
SOLAR PRODUCTION



www.harrisonst.com/citizenship

CONTACT

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TO OUR STAKEHOLDERS & HARRISON STREET FAMILY,

A letter from our President and CEO, Christopher Merrill

At Harrison Street, our heart is focused on social fabric assets that contribute to vibrant, diverse, and healthy communities. These needs-based real estate investments are not driven by economic cycles—millennials will go to college and need a place to live, mid-life accumulation demands storage options, and aging boomers need care-focused real estate options. This focused investment product allows the concepts of corporate citizenship, sustainability, and responsibility to be highly tangible to our team and a natural part of our culture.

MEASURED SUSTAINABILITY OUTCOMES IN 2015

We've learned a lot about what sustainability means to our business since we first began reporting to GRESB in 2011. In 2015 we began to realize the benefits of our focused attention on sustainable investment and operation. Big wins like the \$750,000 sum of grants and rebates obtained to retrofit three assets in Maryland to improve indoor

air quality, make lighting enhancements, and reduce energy use, show our staff and stakeholders the balanced financial, social, and environmental benefits that result from this innovative focus.

I am very proud of our team's volunteer events in 2015. By serving seniors at an assisted living community and families staying at the Ronald McDonald house we had the opportunity to not only serve our community but also better understand and connect to our tenant base. After all, our assets exist for these tenants.

LIFE STAGE REAL ESTATE CONTINUES TO BE RESILIENT

In 2015, we acquired 174 assets, valued at over \$4.9B, and sold 33 assets, valued at over \$1.3B. In addition, we raised \$1.7B in capital and launched two new funds. Fund 5, focused on opportunistic development and our European Opportunistic Fund focused on the student housing sector.

Academic research consistently ties ESG practices to superior operational performance and returns. This is in line with our experience—sustainability is simply a part of good business. A firm's or asset's attention to sustainability is a proxy of the quality of that investment and it is no wonder that our institutional investors demand sustainability data when evaluating prospective investments.

We have continued to grow and at the end of 2015 we employed 74 team members. Maintaining our positive culture and commitment to continual improvement requires due diligence for every new hire. We are excited to mentor each new member of our team to be an important part of the Harrison Street family. We are also very proud of our summer internship program, which has engaged many undergraduate students and has resulted in the hiring of several to full-time positions at Harrison Street.

Our team is very proud to be recognized by our peers for our work: we were ranked 3rd for North America's Firm of the Year in the 2015 Global PERE Awards, we were named one of the Best Places to Work by Pensions & Investments for the second consecutive year, and our Core Fund received the GRESB Green Star.

2016 WILL BE FOCUSED ON PARTNERSHIP

So many of our sustainability goals require buy-in from our third-party operators, JV partners, developers, and tenants. In the coming year we will continue expanding our solar and energy retrofit initiatives while reaching out to our partners to provide resources and education, and collaboratively identify strategies to push our assets toward higher performance.

Sincerely,

Christopher Merrill
President and CEO
May 1, 2016

2015 VITAL STATS

ACQUIRED

174 ASSETS
\$4.9B

SOLD

33 ASSETS
\$1.3B

CAPITAL RAISED

\$1.7B

FUNDS

7 COMMINGLED

602

PROPERTIES SINCE INCEPTION

ASSETS UNDER MANAGEMENT

\$8.4B

DIRECT REAL ESTATE UNDER MANAGEMENT

4M

SQFT MEDICAL OFFICE

33K

STORAGE UNITS

13.6K

SENIOR LIVING UNITS

38.8K

STUDENT HOUSING BEDS

HARRISON STREET FIRM SNAPSHOT

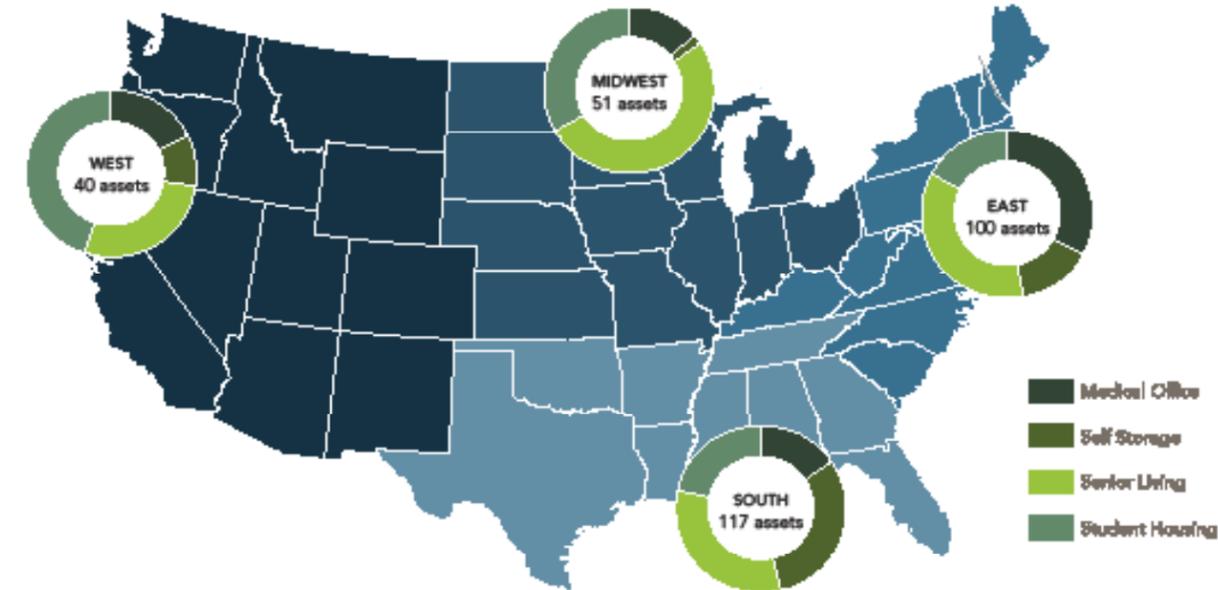
Harrison Street Real Estate Capital LLC* ("Harrison Street") is a leading real estate investment management firm that offers investment products for access to well-defined private and public real estate segments. Our Firm's goal is to create a series of differentiated investment products that span the risk/return spectrum. Our 70+ person team is headquartered in Chicago, Illinois. Currently the Firm and its affiliates manage approximately \$8.4 billion in property assets in the U.S. and Europe through multiple investment vehicles on behalf of sovereign wealth funds, public and corporate pension funds, endowments, insurance companies, foundations, and family offices.

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



HSRE U.S. ASSETS

BY REGION, FOURTH QUARTER 2015



FIRM MEMBERSHIPS & ASSOCIATIONS:

- U.S. Green Building Council (USGBC)
- Building Owners & Managers Association (BOMA)
- Urban Land Institute (ULI)
- Pension Real Estate Association (PREA)
- National Association of Real Estate Investment Trusts (NAREIT)
- National Multifamily Housing Council (NMHC)
- The National Investment Center for Seniors Housing & Care (NIC)
- American Senior Housing Association (ASHA)
- Self Storage Association
- Association of Foreign Investors in Real Estate (AFIRE)



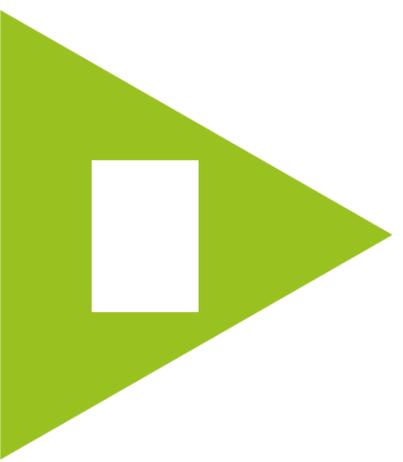


OUR INVESTMENT STRATEGY IS DISCIPLINED, FOCUSED & RIGHT RISK ADJUSTED. WE SEEK **LOW VOLATILITY & STRONG CAPITAL PRESERVATION** BY TARGETING **SOCIAL FABRIC, NICHE ASSETS CLASSES.**

CORPORATE RESPONSIBILITY FRAMEWORK

We believe we can drive value for all stakeholders through embracing environmental sustainability and social responsibility.





PROPERTY VALUE CREATION

We recognize that our assets and business practices have an impact on the natural environment. We share a responsibility with our property managers, tenants, and communities to make balanced, responsible investment and operational decisions that create value for our environment, our society, and our business.

Our commitment is to increase the value of our assets through responsible development, management, and capital improvements.



ARBOR BLU
STUDENT HOUSING
ANN ARBOR, MICHIGAN
LEED SILVER CERTIFIED

\$780K
REBATES &
INCENTIVES

5.6YR
AVERAGE
PAYBACK

\$240K
ANNUAL UTILITY
SAVINGS

HEALTHY
INDOOR
ENVIRONMENT

ADVANCING ASSET MANAGEMENT

MARYLAND EMPOWER GRANT SUPPORTS ENERGY RETROFITS AT 3 HARRISON STREET ASSETS

A key sustainability goal for the Core Fund is to lower energy consumption by 20% during the hold period of an asset. This goal plays an important role in the effort to increase the value of assets through energy efficiency retrofits.

In order to effectively target and prioritize properties for audits, Harrison Street chose Green Generation Solutions, a consulting firm focused on lowering buildings' operating costs while improving sustainability performance. GreenGen combines their experience with real estate investment and analysis with a robust team of engineers to define energy solutions to meet environmental and financial goals.

GreenGen and Harrison Street asset managers first targeted low-performing properties on the East Coast, due to high

energy costs and availability of grants and rebates. Three assets, two medical facilities and one assisted living community, were audited and over \$2.2M in energy improvements were identified. Following the audit, Harrison Street applied for the State of Maryland EmPOWER Grant and in 2015, was awarded over \$700k for three retrofit projects. The funds covered 30% of total costs for the associated retrofits.

Each asset will receive lighting upgrades, and specific components from the buildings' mechanical systems will be replaced or upgraded to improve energy performance, indoor air quality, and thermal comfort. The retrofits are slated to be completed in spring of 2016. Ongoing monitoring and validation will be conducted by HSRE and GreenGen to ensure they meet energy reduction and payback targets.

"The Maryland energy retrofits are perfect examples of what HSRE strives to accomplish within the asset management team. The impact is immediate, not only on the environment, but also to our bottom line and property value creation. Furthermore, our tenants and property management teams are happy and work in healthier environments." Lindsey Rongstad, HSRE Asset Manager

KEY WEST MEDICAL CENTER PURSUING LEED EB+OM

Harrison Street is in the process of pursuing LEED v4 Building Operations and Maintenance certification of our four-story, multi-tenant medical office building in Rockville, Maryland. LEED is a leading benchmark in green building and LEED O+M pushes teams to maximize operational efficiencies, minimize environmental impact, and support occupant health and well-being in existing buildings. Returns received after LEED certification are not limited to reduction in utility costs, but often include increased occupancy, rents, and sale prices. HSRE chose to pursue this certification to expand upon the impact of lighting and HVAC upgrades already being implemented, thanks to a grant from the Maryland Energy Administration.

In addition to energy upgrades, the retrofits sought to optimize the indoor environment in order to support the needs of tenants. Indoor air quality is of critical concern to Children's National, the base tenant at Key West Medical Office Building. Hospitals serve sensitive populations, and children's hospitals even more so. We are pleased to provide improved indoor environmental quality at this asset and will continue to prioritize healthy buildings for our tenants.

We work with tenants to create greener, healthier spaces.





CONSUMPTION MONITORING

To provide our third-party operators and asset managers in the Core Fund with information to assess the utility consumption at our assets, we utilize a data management system to import and monitor energy use. The utility data help our team target operational efficiencies, address high use patterns, and prioritize energy efficiency retrofits. Projects are selected based on their opportunity to reduce emissions and provide a return on cost and/or increase property valuation. Further, the system allows us to easily benchmark an asset against like-type buildings and measure the success and financial return of efficiency investments.

ENERGY REDUCTION

2014 set the baseline for energy reduction tracking in the Core Fund, and in 2015 we began monitoring our progress. We utilize absolute consumption, EUI, and benchmarking tools like Energy Star to conduct year-over-year, like-for-like comparison of our assets. Assets with tenant-controlled meters are not included (currently 15% of Core Fund NAV).

GOAL | Reduce energy consumption of Core Fund assets by 20% over hold period



ENERGY AUDITS & RETROFITS

Tracking the energy consumption of our Core Fund allows us to target high-use properties that present the greatest opportunity 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.

- In 2015, we completed audits and identified retrofits for over 1.6M square feet and 19 assets in the Core Fund.
- \$6.2M in retrofit improvements have been identified, with \$1M in rebates, and an average payback of 5 years.

THIRD-PARTY CERTIFICATION

As of December 2015, LEED or Green Globes Certified properties represented 21% of the total square footage in the Core Fund (14% of NAV).

When evaluating new acquisitions, we see third-party certifications as indicators of quality assets. For properties that are not certified, we utilize energy benchmarking and operation-based rating systems to pursue higher efficiency and operational excellence. We seek to increase the number of third-party certifications in our portfolio over time.

TENANT SATISFACTION SURVEYS

The value of an asset lies not only in the quality of the building, but also in the satisfaction of tenants. To date, the diversity in operators 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 conducted our first Kingsley survey at most of our medical office properties and expanded participation in 2015. 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.

THIRD-PARTY OPERATOR ENGAGEMENT & MONITORING

Our operators are the single greatest influence on the performance of our properties. We take great care to appoint, engage, and monitor their activities. We consider them to be an important part of our team and have created policies and resources to educate them on our values and expectations surrounding sustainability. Beyond regular asset management calls and property visits by HSRE team members, we annually survey each operator to collect comprehensive data for GRESB reporting. This activity also provides an opportunity to recognize the individual accomplishments of our operators and share best practices.

SOLAR INVESTMENTS

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 at Storage America, which meets more than 80% of the energy needs of the property. In 2015, a 128.5 kW system was installed at SpaceMax Emory. There are four main factors that influence the returns on an installation:

- The current cost of electricity for the building
- Availability of state and local rebates/incentives
- The access to rooftop sunlight and rooftop orientation
- Duration of hold period of asset

We are actively analyzing each Core Fund investment and select opportunistic fund investments to determine the economic viability of additional solar installations. Four new solar projects are actively being pursued in 2016 and will be online in 2017.

21%
CORE FUND
CERTIFIED

LEED OR GREEN
GLOBES (BY SQFT)

3.8/5
TENANT
SATISFACTION

KINGSLEY
MEDICAL OFFICE
SURVEY

294MWH
SOLAR
PRODUCTION

14%
ENERGY
REDUCTION

HIGH
EFFICIENCY
WATER FIXTURES

HEALTHY
INDOOR
ENVIRONMENT

98
WALK SCORE



HIGH PERFORMANCE NEW DEVELOPMENTS

CORNISH COMMONS, CORNISH COLLEGE OF THE ARTS,
SEATTLE, WA

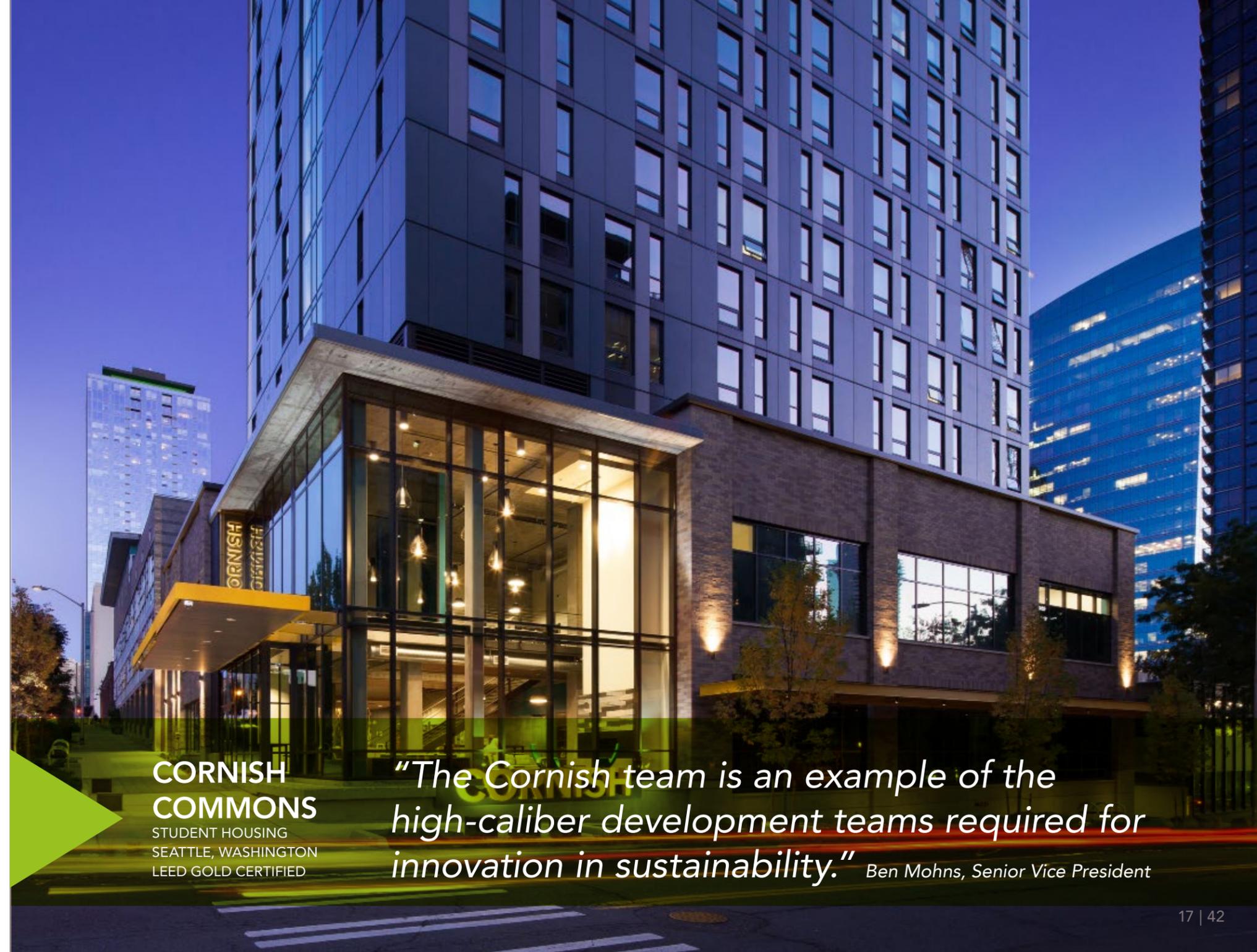
The newly completed, 20-story Cornish Commons was designed to be a pillar of Cornish College for the Arts and the Seattle skyline. With a design inspired by sheet music and modern dance, the building embodies the synergies of sustainability, style, and art. The project was finished in only 34 months from concept to completion and boasted 100% occupancy immediately upon opening. In addition, Cornish Commons is LEED Gold® certified under the LEED for Homes Rating System. The U.S. Green Building Council's LEED® green building program is the preeminent program for the design, construction, maintenance, and operations of high-performance green buildings.

Harrison Street partnered with Capstone Development Partners, Ankrom Moisan Architects, and Howard S. Wright Construction, to deliver the new residence hall for Cornish College. Cornish desired this building to serve as a central living room for students. The first three floors feature student lounges, administration offices, counseling services, theaters, and music

studios. Living units occupy floors 4–19 with each floor featuring its own lounge. The top floor features a sky lounge with a kitchen, games, fitness center, studios, and a panorama of the Seattle skyline.

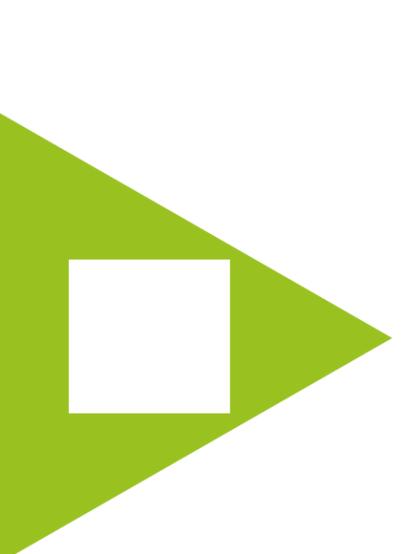
Sustainability was a critical focus in the design of the building. The design team utilized a combination of passive and active measures to reduce energy consumption. The building envelope features large areas of glass to maximize heat gain and all dorm rooms include large 4'x7' windows to bring in ample natural daylight. The envelope includes an extensive network of air barriers and insulation, which improved performance 40% above the current, already stringent, Seattle building codes. The team used local materials and reclaimed lumber in the building's design. The site design converted sidewalks into two new green streets to manage and retain stormwater runoff and improve the streetscape for pedestrians. Finally, the site has only 8 parking spots, encouraging students to utilize public transit, bike, and walk to navigate campus and downtown Seattle.

LEED®, and its related logo, is a trademark owned by the U.S. Green Building Council® and is used with permission.



**CORNISH
COMMONS**
STUDENT HOUSING
SEATTLE, WASHINGTON
LEED GOLD CERTIFIED

“The Cornish team is an example of the high-caliber development teams required for innovation in sustainability.” Ben Mohns, Senior Vice President



COMMUNITY VITALITY

Through our social initiatives we seek to create a lasting positive change. This includes a focus on employee-driven philanthropy, investing in healthy built environments, and building philanthropic partnerships with our communities.

We seek to enhance the well-being, health, and vitality of the communities where we live and conduct business.



CHICAGO, OUR
HOMETOWN



ARBOR BLU

Millennials demand bikable and walkable communities. For our student housing assets, we seek to develop near public transportation while providing bike infrastructure and amenities.

Arbor BLU is a premier example of this philosophy with a walk score of 90/100 and a bike score of 95/100.



MENTORSHIP

Harrison Street is committed to supporting the next generation of leaders by having a robust internship program at our corporate office. We strive to give each intern experience that will help them succeed in their future careers by providing them with valuable, hands-on experience in the work place.

Employees at Harrison Street engage in mentorship programs like Chicago Scholars, an organization that uniquely selects, trains, and mentors academically ambitious students from under-resourced communities to complete college and become the next generation of leaders who will transform their neighborhoods and our city.

COMMUNITY VITALITY INVESTMENTS

As part of our due diligence process, we analyze a set of criteria for acquisitions or new development.

- Particularly for our student housing assets, we seek assets in walkable communities, near public transportation, and with quality bike infrastructure.
- We pursue redevelopment projects on brownfield sites, areas that have experienced blight and/or environmental degradation.
- We encourage our development partners to conduct community engagement meetings in order to address citizen

and government concerns to generate a successful project.

- We value assets that were constructed using sustainable building strategies like water conservation measures, native landscaping, efficient lighting and building systems, and healthy indoor materials.

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 2015 Harrison Street employees gave to 25 different organizations that impact education, youth programs, animal welfare, health, and hunger.

3
TEAM EVENTS

225
VOLUNTEER
HOURS

SERVING CHICAGO

CONNECTING WITH OUR COMMUNITY AND OUR TENANT BASE

Chicago is our hometown and we are thankful to be a partner of Chicago Cares, an organization committed to helping companies partner with other Chicago groups in need and be a catalyst for positive change. Through Chicago Cares we are able to connect our staff to our community and to the populations in our asset classes, such as senior living and medical care.

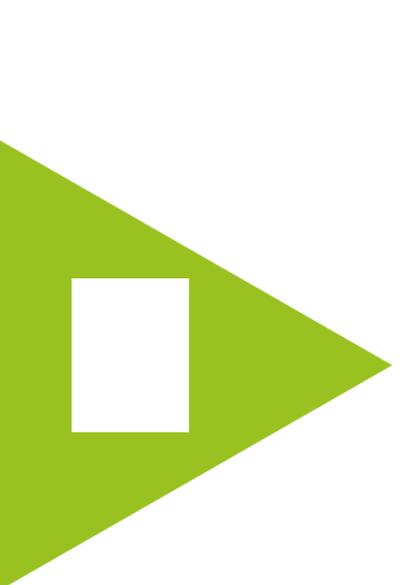
We value the hours that our employees individually spend offering their time and talent serving their communities. In addition, we see team volunteer events as a critical way for us to build our team and deepen our Firm's connection to Chicago.

In 2015 we held three team volunteer events and volunteered over 225 hours. We worked with Kanoon Magnet Elementary School to build planter boxes, plant flowers, and paint an art mural in the entryway of the school. We visited the Lidia Pucinska senior living community to meet the residents, play games, and cook a meal. Finally, we supported Ronald McDonald House's Meals from the Heart volunteer program near Lurie Children's Hospital where we provided a home-cooked meal for families in need.



"Our team's volunteer events seek to not only serve our community, but also better understand and connect to our tenant base." Christopher Merrill, President & CEO





CORPORATE LEADERSHIP

We seek to operate with integrity and transparency in order to hold the trust of our stakeholders. Our governance structure, employee training, audits, and self-evaluations ensure that these values are at the core of our culture, daily operations, and disclosure.

We lead through our culture, corporate governance, and by supporting the development and innovation of all employees.



CORPORATE OFFICE

HYATT CENTER, CHICAGO
LEED EB+OM PLATINUM CERTIFIED



WE BUILD LASTING RELATIONSHIPS WITH 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.

EMPLOYEE ENGAGEMENT

Our employees are critical partners in meeting our mission. The Firm's leadership group meets biannually with employees and provides clear biannual feedback on their performance. We survey our employees every two years to gauge areas of satisfaction and dissatisfaction, and set goals based on employee feedback to improve our policies and practices.

INVESTOR ENGAGEMENT

We are transparent with investors about our financial, social, and environmental performance. We complete quarterly reports and semi-annual calls with investors detailing performance and outlook. Since 2011 we have reported on sustainability performance through the Global Real

Estate Sector Benchmark (GRESB). This reporting framework allows us to compare our performance to our peers, report back to investors on accomplishments, and pinpoint areas for improvement. As part of this report, we engage investors and their consultants in a sustainability survey to establish a feedback channel on our initiatives. Finally, investors are invited to visit our properties and to get to know our operators, as well as attend our annual investor conference. All are welcome to stop by our headquarters in Chicago any time.

PARTNER AND THIRD-PARTY MANAGER ENGAGEMENT

Harrison Street works closely with our partners and third-party operators to ensure tenant satisfaction at our assets.

HSRE LEADERSHIP TRAINING

We have built a comprehensive framework for communication with our operating partners, including monthly calls to review performance and discuss needs, and frequent visits to the properties and operators' offices by HSRE's asset management, transactions, client services, and accounting teams. Our staff frequently collaborates with operators to monitor and address operations, tenant satisfaction, and asset conditions, and to ensure our values are reflected in the daily operation of our assets and communities.

TENANTS

Our student and senior communities, healthcare facilities, and storage assets serve an important purpose of meeting the needs of a special population of tenants. Within the Core Fund, we engage tenants by

implementing satisfaction surveys to evaluate the facility and the quality of our third-party operators.

THIRD-PARTY CONSULTANTS

Harrison Street engages a broad spectrum of third-party consultants to inform, audit, and support our Firm. Entities such as insurance providers; technical, structural, environmental consultants, and external auditors provide critical input and are vested in the success of our Firm.



Harrison Street understands that operating with integrity, openness, and honesty has been critical to our success.

100%
EMPLOYEES
SIGN CODE
OF ETHICS

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 and values, and determining Fund and Firm strategies. As for the competencies, please see the bios on the Firm's website. The Firm's strategy is reviewed often with the Board of Directors, and the Board of Directors sits 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. From an investment perspective, issues related to sustainability have been integrated into the acquisitions team's due diligence checklist, which will help ensure that sustainability is captured as part of the underwriting process for investments.

The Firm also has a Valuation Committee, Leadership Group, Investment Committee, Technology Committee, and Sustainability Committee, which influence the Firm's strategic direction.

INTERNAL REVIEWS

We perform internal assessments of our funds annually at a minimum and secure annual external audits of funds. Through this process we evaluate a large number of risk factors, perform sensitivity analyses, and review basic assumptions

in financial models. We check our efforts by working with outside consultants to confirm we have appropriate insurance coverage and real estate taxes, as well as accurate operating and development exposure budgets.

COMPLIANCE & CODE OF ETHICS

A core principle of our Firm is to operate at all times with complete integrity and transparency. This philosophy is detailed for employees in our Code of Ethics. Employees must attest quarterly that they are in compliance with our Code of Ethics and can share any ethical concerns to Human Resources or our Chief Compliance Officer.

We provide ethics and anti-corruption training at company meetings three times a year, 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.

We utilize 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.

DUE DILIGENCE & RISK MANAGEMENT

We perform an extensive due diligence process when considering an investment. Evaluated criteria include capital markets, existing financial and operational context of the asset, history and success of managing partner, nature of fund allocation, potential conflicts of interest, alignment with HSRE governance standards, presence of sustainability certifications, and opportunity for increased efficiency in the future. Prior to acquisition of a property, HSRE orders a third-party environmental assessment and property condition report.

Sustainability risk assessments are an active part of HSRE's risk mitigation plan. Rising energy prices are considered when pursuing energy efficiency improvements and on-site generation projects, which are modeled assuming an increase in future energy prices. These energy projects mitigate the risks associated with rising energy prices from increased government regulation by decreasing the Firm's exposure to energy purchased from the grid.

CORPORATE OFFICE

Sustainability is just as important in our corporate operations as it is at our properties. Our corporate office is located in the Hyatt Center, a LEED Platinum certified high-rise in the heart of Chicago.

We recognize that airline travel is a large portion of our corporate footprint; therefore, we have partnered with TerraPass to evaluate and mitigate the equivalent CO₂e of our

corporate travel by funding clean energy and GHG emission reduction projects. In 2015 we traveled over 1M miles, and through our carbon offsets we are supporting projects like wind energy, landfill gas capture, and farm power production from animal waste.

SUSTAINABILITY DECISION MAKING

Our sustainability initiative is led by a diverse team of employees. Team members are chosen based on their skills and interest in sustainability, and to represent a cross section of departments including senior management, fund management, asset management, transactions, client relations, accounting, human resources, and risk management.

The sustainability team meets monthly to review progress on the action plan and reports progress to the Firm through quarterly newsletters. Senior representatives are accountable for overseeing initiatives and report quarterly to the Harrison Street Leadership Group. The team will conduct an annual formal review of the action plan and conducts ongoing reviews of management processes, goals, metrics, monitoring, and reporting.

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.



SUSTAINABILITY TEAM MEMBERS

Christopher Merrill
President & CEO

Brian Mutchler
SVP, Co-Head of Asset Management

Tonia Nelson
Chief Compliance Officer

Mark Burkemper
SVP, Transactions

Kimberly Sikora Reed
SVP, Accounting

Stacy Nyenbrink
VP, Human Resources

Ben Hakes
AVP, Core Fund Management

Lindsey Rongstad
AVP, Asset Management

Nina Abraham
Senior Associate, Accounting

Jack Monroe
Senior Associate, Asset Management

Jessica Leggett
Associate, Client Services & Marketing

Michael Borchetta
Associate, Transactions

PEOPLE ARE OUR GREATEST ASSET

HARRISON STREET NAMED BEST PLACE TO WORK BY PENSIONS & INVESTMENTS FOR THE SECOND YEAR IN A ROW

Harrison Street places great importance on mentorship, work-life balance, and employee development. Our philosophy has created a culture that has been recognized for the second year in a row as a leader in the field by Pensions & Investments.

Harrison Street aims to create a family culture where people are not compartmentalized into their concentrations but are instead connected. We believe our collaborative, supportive culture is central to delivering superior investment products and returns. We are committed to creating a positive and comfortable working environment that supports employee development with competitive compensation strategies, and a best-in-class benefits package.

We take employee satisfaction and feedback very seriously. This feedback led to creating our internal training and development programs, which are designed to support employee career growth, a healthy habits program that provides healthy snacks such as fresh fruit in the office, yoga and nutrition classes, and discounted gym memberships.

We won't succeed without our team, so as we continue to grow we know that hiring top talent is essential. Our hiring process is therefore extensive. Through the process we seek to not only understand skills and experience, but also get to know the person and how they will align with our culture. We choose employees who are a fit for the company, not just the position.

"Harrison Street provides a great platform and environment for career growth, work-life balance and overall job satisfaction. The pace is fast and the camaraderie is high, which creates an energetic and entrepreneurial work atmosphere that is highly motivating." Eric DeWees, Senior Associate

4%
TURNOVER

4.3/5
EMPLOYEE
SATISFACTION



100%
EMPLOYEES
RECEIVE
ANNUAL
REVIEWS

74
PERMANENT
FULL-TIME
EMPLOYEES

3:7
WOMEN : MEN

OUR ASSOCIATES

We are committed to providing the best possible climate for maximum development and goal achievement for all employees. We provide a comfortable and progressive workplace. Most importantly, we have a workplace where communication is open and problems can be discussed and resolved in a mutually respectful atmosphere. We are committed to individual and organizational efforts to build respect, dignity, fairness, caring, equality, and self-esteem.

We value diversity and inclusion. We take into account individual circumstances and the individual employee while acknowledging and honoring the fundamental value and dignity of all individuals. We pledge ourselves to creating and maintaining an environment that respects diverse traditions, heritages, and experiences. We support this by offering various leaves of absences to honor life events and support diversity. Our employees are not represented by collective bargaining agreements.

Our team has grown substantially since we were established in 2005, and by the end of 2015 we employed 74 individuals. We are proud of our retention rates—we average an annual turnover of only 4%.

Our Commitment to Retention:

- Positive and comfortable working environment
- Best-in-class culture and employee relationships
- Dedication to employee development and support
- Employee growth strategies
- Competitive compensation strategies

HARRISON'S HEALTHY HABITS WELLNESS PROGRAM

Harrison's Healthy Habits increases our knowledge about health matters, explores ways to eat healthier, and improves our level of physical fitness. The comprehensive HSRE Wellness program includes biometric health screenings, personal wellness assessments, ergonomics assessments, educational sessions, wellness coaching, and walking challenges throughout the year.

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, and vision
- Company paid Life/AD&D/Disability
- Free employee assistance program
- Comprehensive wellness program
- Flexible Healthcare/dependent-care spending account
- 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

SATISFACTION

We survey our employees every two years to gauge areas of satisfaction and dissatisfaction, and encourage continuous improvement in our internal operations. After each survey, we set new goals based on employee feedback to improve our policies and practices.

TALENT DEVELOPMENT

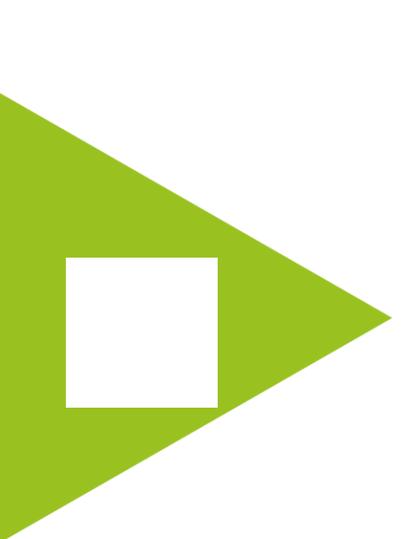
Our employees are critical partners in meeting our mission; therefore, we support the growth and development of our employees by providing constructive feedback on performance and extensive opportunities for professional development.

Employees are encouraged to explore external learning opportunities by attending seminars, workshops, and conferences. We offer a professional development reimbursement program to cover the cost of these opportunities. Under HSRE's Education Assistance Program, employees are reimbursed for costs related to courses awarding college credit that is applicable toward a degree, diploma, or certificate program.

Annually all employees participate in the review process. Employees receive performance feedback and establish goals. The performance evaluations are very helpful to the productivity of our organization. These evaluations are tools that have the ability to make everyone more productive and engaged in their jobs and therefore make the company more successful.

EMPLOYEE TRAINING

In addition to supporting our employees in pursuing individual educational development, we provide team training on a variety of topics. In 2015 much of our training was focused on sustainability and included LEED Green Associate Training for our sustainability team members, an Energy Audits and Capital Investment Planning training for our asset management team, and a Firm-wide ESG Training.



TRANSPARENCY

We seek to provide balanced and transparent information to our stakeholders and partners; therefore we report annually on our practices and establish policies to guide our operations and communication.

We are committed to making information open and available to decision-makers.



BRISTAL SAYVILLE
SENIOR LIVING COMMUNITY
SAYVILLE, NY

INVESTOR RELATIONS

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, our 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.

AN OPEN DUE DILIGENCE & RISK MANAGEMENT PROCESS

To insure a smooth transition from acquisition, the asset management team is engaged in the acquisition process from the beginning. The asset management team's involvement provides the acquisitions team a clear understanding of the market in order to make appropriate decisions. Further, our research group creates a robust investment criteria report for each acquisition with market specific metrics and qualitative attributes of the property. Reports are available to investors by request and investors are encouraged to visit our Chicago office for in depth conversations and presentations.

REPORTING

We will report regularly on our performance related to Environmental, Social, and Governance (ESG) indicators and our progress toward achieving strategic priorities through our sustainability report.

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 2015, our Core Fund was awarded the GRESB Green Star indicating the fund is a part of the top quartile of GRESB participants.
- We have increased our GRESB score by an average of 20% over the last three years.
- We scored highest in the management, risks and opportunities, and monitoring sections, while seeing opportunity for growth in performance indicators.

2016

GOALS

CORE FUND STRATEGIC GOALS

1. Measure outcomes of efficiency retrofits and publish **economic case studies** for our stakeholders.
2. Engage our **supply chain**, including developers, third-party operators, and joint venture partners, in order to advance sustainability practices at our assets.
3. Continue to **train staff on efficiency retrofits and monitoring** in order to identify opportunities, track performance, and prove returns.
4. Expand number of ENERGY STAR **awards** and LEED EB:O&M **certifications**.
5. Enhance coverage of **tenant satisfaction** surveys to all sectors.

FIRM-WIDE STRATEGIC GOALS

6. Provide a custom-designed, intensive **leadership training** program for the Firm's managers.
7. Implement an internal **employee development** platform offering a broad array of personal and professional development opportunities for HSRE employees.
8. Implement **enhanced Security & Fire/Life Safety programs** and applications at our urban mid-rise and high-rise assets.
9. Apply continuous focus to **process rigor** throughout the entire organization.

HISTORY OF SUSTAINABILITY REPORTING

Harrison Street began sustainability reporting through GRESB in 2011 and produced our first public sustainability report in 2015 for the 2014 calendar year. This, our second report, summarizes our environmental, social, and governance (ESG) performance for the 2015 calendar year. This report seeks to cover the impact of material aspects within our organization. For material aspects with impact outside our organization, our activities are limited by data availability. Assets where we do not have operational control are excluded from analysis.

This report utilizes the Global Reporting Initiative (GRI) framework and is in accordance with the GRI G4 Sustainability Reporting Guidelines and Construction and Real Estate Sector Supplement (CRESS) at the Core level. The report has not been externally assured. External assurance may be sought for future reports.

IDENTIFYING MATERIAL ASPECTS

In early 2014, we conducted a materiality assessment to ensure the issues that are most material to our business and our stakeholders are addressed by this report. Regular forums provided opportunities for our stakeholders to share input (surveys, conferences, monthly calls, webinars, reporting, etc.). In addition, we conducted interviews with key employees who brought forward the concerns of their respective disciplines. This feedback has allowed us to target and strategically advance the environmental, social, and governance

(ESG) aspects that are most material to stakeholders and guided the development of our sustainability approach, strategic planning, reporting and communications, operational management, and capital investment decisions.

The results of the stakeholder input were synthesized by the sustainability leadership team into the framework on page 9 and the strategic priorities presented in this report.

The most material sustainability aspects and boundaries of application to our business are presented in the table below. For aspects with impact outside our organization, this impact is controlled primarily by our operating partners and/or tenants.

	Impact Within HSRE	Impact Outside HSRE
Employment & Retention	✓	
Training & Development	✓	
Anti-Corruption	✓	✓
Energy	✓	✓
Sustainable Building Certifications	✓	
Tenant Satisfaction	✓	✓

GRI INDEX

General Standard Disclosures		Page/Response
STRATEGY & ANALYSIS		
G4 - 1	Statement from President and CEO	4
ORGANIZATIONAL PROFILE		
G4 - 3	Name of the organization	6
G4 - 4	Primary brands, products, and services	6
G4 - 5	Location of headquarters	6
G4 - 6	Countries of operation	6
G4 - 7	Nature of ownership and legal form	6
G4 - 8	Markets served	6
G4 - 9	Scale of the organization	6
G4 - 10	Employee diversity and data	32
G4 - 11	Percentage of total employees covered by collective bargaining agreements	32
G4 - 12	Organization's supply chain	26-27
G4 - 13	Significant changes in reporting period	4-5
G4 - 14	Whether and how the precautionary approach or principle is addressed by the organization	29
G4 - 15	Externally developed economic, environmental, and social charters and principles to which the organization subscribes or that it endorses	36
G4 - 16	Memberships in associations	7
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4 - 17	Entities in the organization's financial statements	6
G4 - 18	Process for defining report content	38
G4 - 19	Material aspects	38

General Standard Disclosures		Page/Response
G4 - 20	Aspect Boundary within the organization for each material aspect	38
G4 - 21	Aspect Boundary outside the organization for each material aspect	38
G4 - 22	Effect of any restatements of information provided in previous reports	38
G4 - 23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	38

STAKEHOLDER ENGAGEMENT

G4 - 24	List of stakeholder groups engaged by the organization	26–27
G4 - 25	Basis for identification and selection of stakeholders with whom to engage	26–27
G4 - 26	Organization's approach to stakeholder engagement	26–27
G4 - 27	Topics of concern raised through stakeholder engagement	26–27

REPORT PROFILE

G4 - 28	Reporting period	38
G4 - 29	Date of most recent previous report	38
G4 - 30	Reporting cycle	38
G4 - 31	Contact for questions	3
G4 - 32	"In Accordance" option, GRI Content Index, reference to external assurance report	38
G4 - 33	Policy and current practice in regard to seeking external assurance for the report	38

GOVERNANCE

G4 - 34	Governance structure of the organization	28
G4 - 35	Process for delegating authority for economic, environmental, and social topics	29
G4 - 36	Presence of executive-level position or positions responsible for economic, environmental, and social topics	29
G4 - 37	Process for consultation between stakeholders and highest governing body on economic, environmental, and social topics	29
G4 - 48	Committee or position that reviews sustainability report	29

ETHICS AND INTEGRITY

G4 - 56	Organization's values, principles, standards, and norms of behavior	28
G4 - 57	Mechanisms for seeking advice on ethical and lawful behavior	28
G4 - 58	Mechanisms for reporting concerns about unethical or unlawful behavior	28

Specific Standard Disclosures		Omissions	Page/Response
ENERGY			
G4-DMA	Disclosure of Management Approach—Energy		14
G4-EN6	Reduction of energy consumption	2014 establishes the baseline year and goal for reduction.	14

EMPLOYMENT

G4-DMA	Disclosure of Management Approach—Employment		32
G4-LA1	Total number and rates of new employee hires and employee turnover		32
G4-LA2	Benefits provided to full-time employees		32

TRAINING & EDUCATION

G4-DMA	Disclosure of Management Approach—Training & Education		33
G4-LA11	Percentage of employees receiving regular performance and career development reviews		32

ANTI-CORRUPTION

G4-DMA	Disclosure of Management Approach—Anti-Corruption		28
G4-SO4	Communication and training on anti-corruption policies and procedures		28

PRODUCT & SERVICE LABELING

G4-DMA	Disclosure of Management Approach—Product & Services Labeling		14
G4-PR5	Results of surveys measuring customer satisfaction	Data currently only available for MOB assets in the Core Fund.	15
CRE8	Type and Number of sustainability certification; rating and labeling schemes for new construction, management, occupation, and redevelopment	Data currently only available for the Core Fund.	15

