

HARRISON STREET

CORPORATE RESPONSIBILITY REPORT

2018



2018 FIRM HIGHLIGHTS

Named Best Place to Work in Money Management for 5th consecutive year

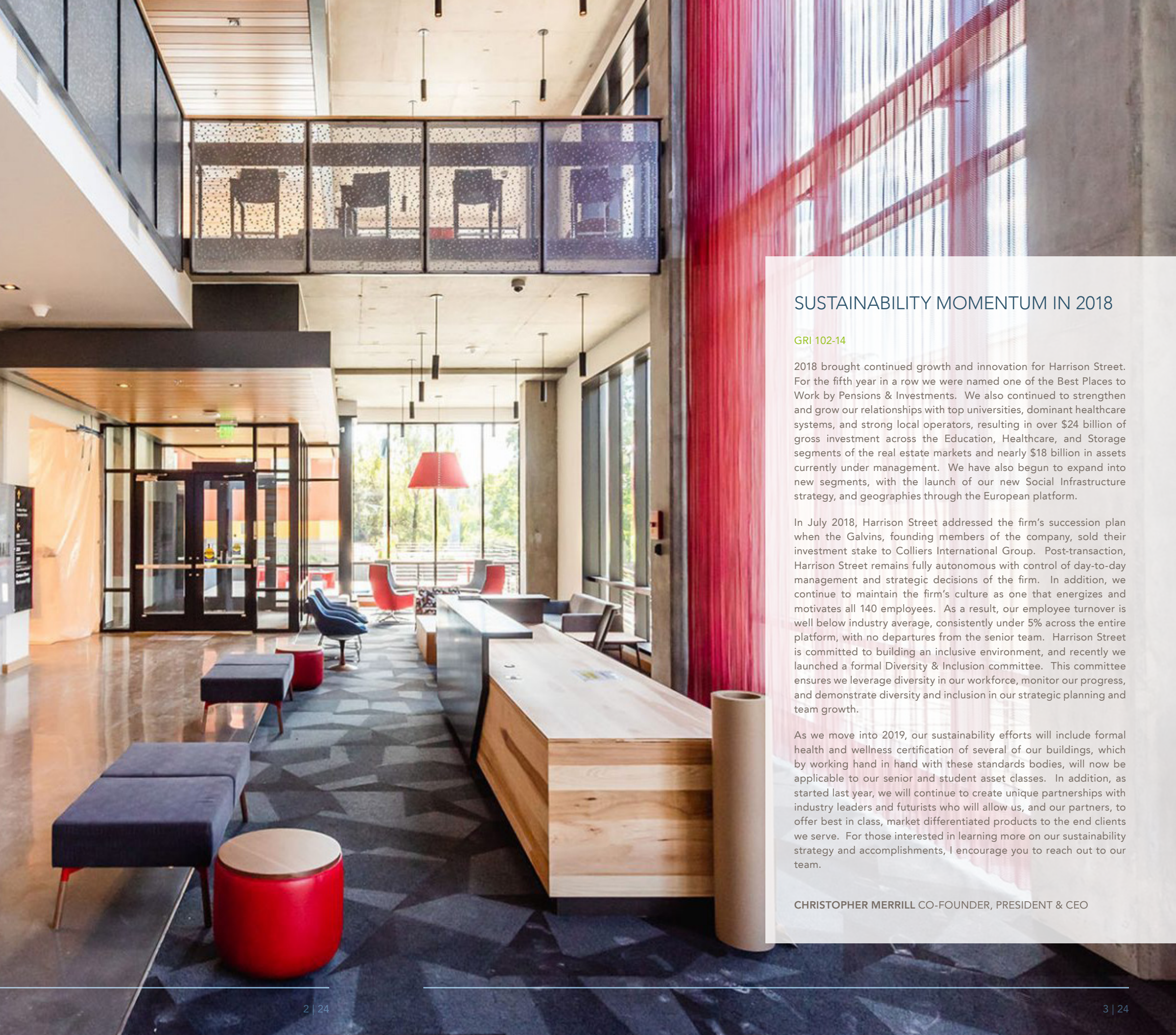
Core Fund Awarded GRESB Green Star

Launched Social Infrastructure Fund

Fitwel Certification at Corporate Office

Strategic Partnership with Colliers International Group

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SUSTAINABILITY MOMENTUM IN 2018

GRI 102-14

2018 brought continued growth and innovation for Harrison Street. For the fifth year in a row we were named one of the Best Places to Work by Pensions & Investments. We also continued to strengthen and grow our relationships with top universities, dominant healthcare systems, and strong local operators, resulting in over \$24 billion of gross investment across the Education, Healthcare, and Storage segments of the real estate markets and nearly \$18 billion in assets currently under management. We have also begun to expand into new segments, with the launch of our new Social Infrastructure strategy, and geographies through the European platform.

In July 2018, Harrison Street addressed the firm’s succession plan when the Galvins, founding members of the company, sold their investment stake to Colliers International Group. Post-transaction, Harrison Street remains fully autonomous with control of day-to-day management and strategic decisions of the firm. In addition, we continue to maintain the firm’s culture as one that energizes and motivates all 140 employees. As a result, our employee turnover is well below industry average, consistently under 5% across the entire platform, with no departures from the senior team. Harrison Street is committed to building an inclusive environment, and recently we launched a formal Diversity & Inclusion committee. This committee ensures we leverage diversity in our workforce, monitor our progress, and demonstrate diversity and inclusion in our strategic planning and team growth.

As we move into 2019, our sustainability efforts will include formal health and wellness certification of several of our buildings, which by working hand in hand with these standards bodies, will now be applicable to our senior and student asset classes. In addition, as started last year, we will continue to create unique partnerships with industry leaders and futurists who will allow us, and our partners, to offer best in class, market differentiated products to the end clients we serve. For those interested in learning more on our sustainability strategy and accomplishments, I encourage you to reach out to our team.

CHRISTOPHER MERRILL CO-FOUNDER, PRESIDENT & CEO

HARRISON STREET

The mission of Harrison Street is to combine innovation and process rigor to execute differentiated strategies that improve the lives of our stakeholders.

FIRM OVERVIEW

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 102-45

Harrison Street is a leading alternative investment management firm with 140+ employees located in Chicago and London. The firm has approximately \$18.0 billion in assets under management on behalf of a global client base of institutional investors. The firm was founded in 2005, and in July 2018, Colliers International Group (CIGI) purchased the interests of the Galvin family and became Harrison Street’s new strategic partner. The transaction solves for succession of Founders, ensures long-term firm stability, and creates stronger alignment with its limited partners.

GOVERNANCE

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

The company’s governance is managed by a two-pronged approach. The Executive Committee sets the strategic priorities, targets, and direction of the firm. This group is comprised of 12 individuals including the CEO, Senior Managing Directors, and Managing Directors, the latter who are the heads of departments not covered by a Senior Managing Director. The Management Committee executes both on the strategy set by the Executive Committee, as well as oversees the day-to-day operations of the firm. This group of 16, which consists of individuals at Managing Director and Director levels, is appointed by the Executive Committee. The Investment Committee, which includes 7 of the Firm’s Senior Managing Directors, oversees Harrison Street’s investment transactions and management.

The Firm also has a number of committees and initiatives including Valuation, Allocation, Investment, Focus, Diversity & Inclusion, Capital Markets Committee, Compensation, and Sustainability, all of which influence the Firm’s strategic direction and overall performance. Membership is composed of those best suited, based on experience and purpose of the committee.

FIRM SCALE	
11	Funds
\$13.1B	Capital raised since inception
\$18.0B	Assets under management
904, \$24.6B	Assets acquired since inception
370, \$6.8B	Assets sold since inception
2018 ACTIVITY	
120, \$5.0B	Assets acquired
35, \$917M	Assets sold
\$3.2B	Capital raised
FUNDS	
CORE	Vintage 2011
U.S. OPPORTUNISTIC	7 Funds: Vintages 2006, 2008, 2010, 2013, 2014, 2016, 2018
EUROPEAN OPPORTUNISTIC	2 Funds: Vintages 2015, 2017
SOCIAL INFRASTRUCTURE	Vintage 2018

CORPORATE RESPONSIBILITY

Harrison Street generates stakeholder value by embracing opportunities and managing risks in environmental impact, social programs, and organizational governance.

GRI 102-11, 102-16

The firm serves its stakeholders 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.

POLICIES & MANAGEMENT

The Firm recognizes that its assets, along with its business practices and policies, have an impact on the natural environment. The company shares a responsibility with property managers, tenants, and communities to make balanced, responsible decisions that create value for the environment, society, and the business. Harrison Street’s policies and procedures are detailed in its sustainability and environmental management system (SEMS) following the ISO 14001 standard.

Relevant Sustainability Policies & Procedures include the following:

- Firm Environmental, Social & Governance Policy.
- Operator Expectations & Sustainability Best Practices: Defining expectations for energy management, maintenance, water conservation, waste reduction, tenant satisfaction, and wellness.
- Asset Management Annual Sustainability Evaluation: Procedures for annual asset energy analysis, risk evaluation, and budget planning.
- Acquisition Due Diligence: Procedures for evaluating sustainability opportunities and risks at potential assets.

CONTACTS

GRI 102-53

SUSTAINABILITY COMMITTEE CO-CHAIRS

Jill Brosig, Director of Operating Partner Services
jbrosig@harrisonst.com

Lindsey Rongstad, Vice President of Asset Management
lrongstad@harrisonst.com

SUSTAINABILITY LEADERSHIP TEAM

GRI 102-19, 102-20

Team members are chosen based on their skills, interest, and representation across departments. The team meets bi-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.

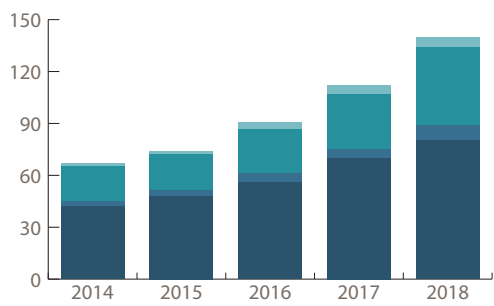
SUSTAINABILITY FRAMEWORK



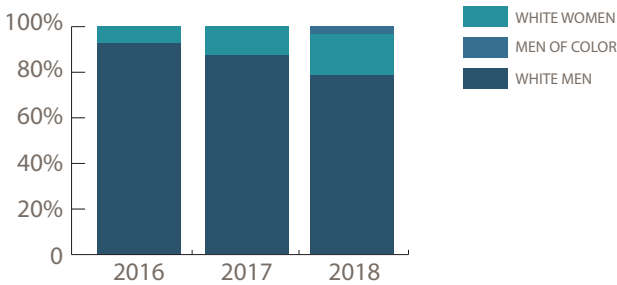
FIRM MANAGEMENT

DIVERSITY

GOAL: Increase gender and ethnic diversity across the firm.



FIRM GROWTH & DIVERSITY



SENIOR LEADERSHIP

GRI 102-8
GRI 405-1

PARENTAL LEAVE

GOAL: Maintain a return to work rate of at least 90%.

In 2018, 4 women took maternity leave and 7 men took parental leave and 100% returned to work.



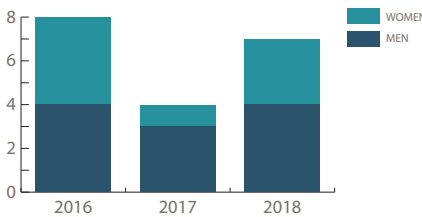
GRI 401-3

RETENTION

GOAL: Maintain <10% annual employee turnover.



New Hires			35
Age Group	Under 30		22
	30-50		13
	over 50		0
Gender	Male		18
	Female		17



ANNUAL TURNOVER BY GENDER

GRI 401-1

STRATEGY OVERVIEW

Build and maintain a diverse and talented team.

EMPLOYEE DEVELOPMENT

GOAL: Provide at least 5 hours of training per employee.



GRI 404-2
GRI 404-3

EMPLOYEE SATISFACTION

GOAL: Maintain score greater than 4/5 in job satisfaction.

2018 employee satisfaction survey was administered by a third party, covered 100% of the Firm and had a response rate of 89%.



COMMUNITY OUTREACH

GOAL: 6 hours of volunteer service annually per employee.



GRI 413-1

OPERATIONS

GOAL: Review and update 100% of Sustainability Policies & Procedures Annually.



ENGAGEMENT

In order to be a leader in innovative approaches to corporate responsibility, the Firm must continually seek unique partnerships and create a culture to learn from one another.

STAKEHOLDER ENGAGEMENT

GRI 102-21, 102-40, 102-42, 102-43

Harrison Street recognizes that incorporating the feedback of its partners, investors, and employees is vital to delivering superior and innovative investment strategies. The Firm regularly engages with the following key stakeholders:

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

Regular forums provide opportunities for stakeholders to share input (surveys, conferences, monthly calls, webinars, reporting, etc.).

An annual investor conference is held for all investors to inform them on fund performance and expectations, respond to questions, and meet the Harrison Street team. Annual advisor meetings are also held for each fund. Throughout the year investors are visited in person to maintain an open line of communication.

The Firm also holds annual conferences and topic-specific meetings with its operating partners. Agenda items range from sharing of best practices, policies and procedures to introductions of new innovations, technologies, and approaches that all lead to enhanced asset-level operational performance. Partners are also introduced to world-renowned industry experts, whose knowledge helps create unique differentiators for the partners.

Finally, surveys are used to capture overall satisfaction. Tenants are surveyed annually, and ongoing feedback is collected by the operators. Harrison Street employees are surveyed each year, engage in annual performance reviews, and attend regular forums. These processes are further detailed in the Team Wellness section of this report.

MATERIAL ESG RISKS & OPPORTUNITIES

GRI 102-15, 102-44, 102-47

Harrison Street’s sustainability leadership team conducts a formal materiality assessment every three years, the last occurring in early 2017. These assessments ensure the issues that are most material to the business and the stakeholders are addressed by this report and through strategic activities. Feedback from ongoing stakeholder engagement was included in the materiality assessment. The most recent materiality chart can be viewed on page 9 of the 2017 report.

INDUSTRY MEMBERSHIPS & RELATIONSHIPS

GRI 102-12, 102-13

NATIONAL	REGIONAL
U.S. Green Building Council (USGBC) Corporate Member	National Investment Center (NIC Future Leaders Council)
Global Real Estate Sustainability Benchmark (GRESB) Company Member	Member of the Finance Committee of Aspire
Pension Real Estate Association (PREA)	Springboard Foundation of Inner-City Chicago
National Association of Real Estate Investment Managers (NAREIM)	The Stanford Real Estate Council
Urban Land Institute University Development Student Housing Council	Economic Club of Chicago
Self Storage Association (SSA)	Chicago Scholars
American Senior Housing Association (ASHA)	
A Fellowship for International Real Estate (AFIRE)	
National Multifamily Housing Council	
Investors in Non-Listed Real Estate Vehicles (INREV)	

TRANSPARENCY

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

GRESB

Harrison Street completes the Global Real Estate Sustainability Benchmark (GRESB) annually for its Core and European funds. GRESB survey results are available to investors though the GRESB portal.

QUARTERLY REPORTING

The Firm provides transparency to its investors through quarterly flash reports, webinars, annual investor reports, annual Core Fund sustainability reviews, and annual valuations of all assets across all funds. Beyond broad fund performance, the company is committed to providing in-depth information on assets, acquisitions processes, and management approach to its investors including both formal and ad hoc requests.

ANNUAL GRI REPORTING

GRI 102-46, 102-50, 102-51, 102-52, 102-54, 102-56, 102-48, 102-49

This report summarizes the company’s environmental, social, and governance (ESG) performance for the 2018 calendar year and is reported annually. The last published report covered the 2017 calendar year and was published April 2018.

This report seeks to cover the impact of material sustainability topics shown on p. 9 of the Harrison Street 2017 Corporate Responsibility Report. The contents of this report and identification of material topics were determined by the Firm’s sustainability leadership team, stakeholder materiality assessment, and guidance from a third-party sustainability consultant.

This report is organized using the Global Reporting Initiative (GRI) Standards, including sector-specific guidance for real estate, and is reporting at the Core level.

This report has not been externally assured but has been checked for accuracy and completeness by the internal sustainability leadership team and a third-party consultant. It has also been reviewed and approved by the Harrison Street Sustainability Team Sponsor.



COMMITMENT TO WELLNESS

Over the past year, the Firm has explored multiple Health and Wellness initiatives and partnerships, including Fitwel and WELL certifications, and workshops with Mayo Clinic and the Buck Institute of Healthy Aging. Harrison Street believes by creating environments that demonstratively promote health and wellness it will differentiate itself, its partners, and its properties.

Harrison Street’s Chicago office received Fitwel certification in December 2018. Fitwel, a joint effort by the US Centers for Disease Control and Prevention (CDC) and the General Services Administration (GSA), is an evidence-based global building certification system that promotes occupant health and well-being through improvements to building design and operations. In addition, Fitwel certification is recognized by GRESB and is on par in terms of point value with LEED certification standards. In office environments, the improvements in employee wellness typically result in lower healthcare costs, lower rates of absenteeism, and increased revenue from enhanced employee performance. Following on the Firm’s experience with the Fitwel standard, Harrison Street will engage with select senior and student housing partners to certify their offices and properties.

In 2018, the Firm’s Operating Partner Services team held two unique healthy aging events with subject matter experts. The first, held in January, was with the Mayo Clinic and its Well Living lab. The second, held in December, was hosted by the Buck Institute of Healthy Aging, the world’s first biomedical research institution devoted solely to research on aging. Both organizations are committed to helping people live better longer and to end age-related disease. The agenda for each session included a tour of their facilities, presentations from faculty and leadership, and interactive discussions with senior living operators regarding industry trends and challenges.

ETHICS & CORE VALUES

A core principle of the Firm is to operate with complete integrity and transparency. A culture of openness and honesty has been vital to the company’s success.

COMPLIANCE & CODE OF ETHICS

GRI 205-2

The Firm is built on five key company values: Teamwork, Innovation, Passion, Excellence, and Integrity. The latter directs Harrison Street to operate with honesty and transparency in order to hold the trust of its stakeholders.

Employees must attest quarterly that they follow the Code of Ethics, and they can share any ethical concerns with Human Resources or the Chief Compliance Officer. Ethics and anti-corruption training is provided at company meetings three times a year and during quarterly certifications. All new employees receive a background check and anti-corruption training at hire date. Specialized trainings (e.g., foreign corrupt practices, cybersecurity) are provided on an as-needed basis. The Firm uses a system called Compliance Science to report and monitor Code of Ethics items such as political contributions, personal trading, and gifts and entertainment.

Partners and investors are also reviewed and educated about Harrison Street’s ethics policies. Anti-money laundering checks are conducted for every new investor. Background checks are conducted on all new joint venture partners.

CORRUPTION RISK ASSESSMENTS

GRI 205-1

Risk assessments are led by the Chief Compliance Officer (CCO) 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. Harrison Street’s Policies and Procedures are designed to meet the requirements of the SEC’s Compliance Programs Rule and to assist the firm in preventing, detecting, and correcting violations of law, rules, and policies.

Governance risk assessments are applicable Firm-wide, including key stakeholder groups. In designing its Policies and Procedures the company has assessed the various risks associated with its advisory business and identified those that are most material to the success of the Firm. These material risks include the need to use and maintain accurate marketing materials, the need to protect the integrity of the Harrison Street organization by adopting and enforcing a strong Code of Ethics, the need to recognize and either mitigate or avoid conflicts

of interest between the Core Fund and other Firm-sponsored funds in the allocation of acquisition opportunities and in potential cross transactions, the need to obtain fair value reports of the assets of the Core Fund on a consistent and timely basis, and the importance of protecting the confidentiality of Client and Investor information.

Among other things, the Code of Ethics rule requires the following:

- Setting a high ethical standard of business conduct reflecting an advisor’s fiduciary obligations
- Compliance with federal securities laws
- Access Persons (as defined in the Code of Ethics) to periodically report personal securities transactions and holdings, with limited exceptions
- Prior approval for any IPO or private placement investments by Access Persons
- Reporting of State and local political contributions and payments by Access Persons
- Reporting of violations of the Code of Ethics
- Delivery to, and acknowledgment of, the Code of Ethics by each Supervised Person
- Compliance reviews and sanctions
- Recordkeeping
- Summary Form ADV disclosure

An investment advisor’s code of ethics and related policies and procedures represent a strong internal control with supervisory reviews to detect and prevent possible insider trading, conflicts of interest, and potential regulatory violations.

CYBERSECURITY

As technology evolves, cyber criminals find new ways to monetize their efforts and pose a real threat to operators. The Firm’s Operating Partner Cybersecurity Program mitigates risk at the asset and operating level by evaluating and advising on security improvements. Evaluations identify risk classifications, and high-level recommendations are communicated to the participating partner. If extra assistance with cybersecurity is requested, Harrison Street has a third-party vendor that serves as an ongoing cybersecurity advisor.

HARRISON STREET CORE VALUES

Harrison Street is committed to building an inclusive environment, which allows everyone to thrive by encouraging, supporting, and celebrating each individual’s unique perspective. The goals of our investors, partners, and colleagues are more readily realized when all of our voices are heard.



DIVERSITY & INCLUSION

Harrison Street is committed to building an inclusive environment, which allows team members to thrive by celebrating each individual’s background and unique perspectives. Diversity is actively pursued as the company builds its workforce and develops leadership.

GRI 406-1

Establishing and growing a diverse workforce is a priority for Harrison Street. The Firm has put in place deliberate and intentional action with the goal of creating a safe and inclusive environment for all employees. Harrison Street approaches Diversity & Inclusion thoughtfully, ensuring all employees are aware of the company initiative, having open dialogue around the desired habits, and developing and executing Firm-wide action plans.

In 2018, Harrison Street created the Diversity & Inclusion (D&I) Committee to formally establish and further foster a culture where diversity and inclusion are encouraged, supported, and integrated into the Firm’s everyday work environment.

PRACTICES

- Implementation of hiring practices including auditing job descriptions to eliminate unconscious bias, presenting diverse candidate slates, blind resume screening, and interview feedback forms.
- Initiatives to expand pipeline of potential talent. Harrison Street is a sponsor of Girls Who Invest and PREA Foundation. Harrison Street will participate in educational sessions and host five interns from these programs in 2019.
- Mandatory employee training on implicit bias to understand how unconscious processes undermine recruiting efforts and employee development.

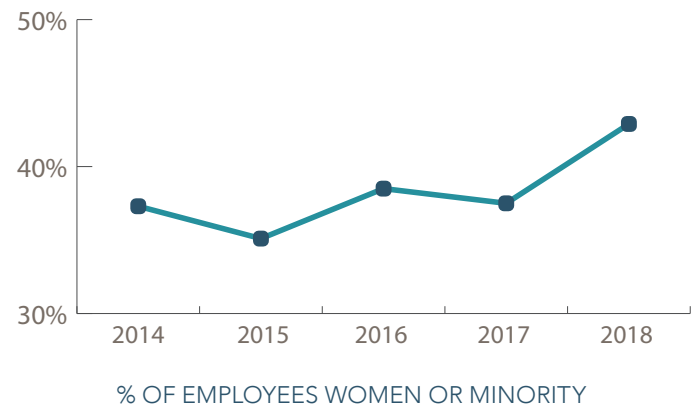
MEASURING PROGRESS

The company reports its employee statistics quarterly, showing trending gender and ethnicity data in order to evaluate the effectiveness of hiring practices and employee retention. The Firm also tracks diversity within its management ranks and actively works toward diversity within committees of influence.

PARENTAL LEAVE

GRI 401-3

A key component of a strong and invested team is ensuring that employees are supported during life events. Harrison Street is continually evolving its benefits based on ongoing conversations with team members regarding benefit needs and preferences. All permanent full-time employees are entitled to parental leave. Maternity and paternity policies include 12 weeks and 2 weeks of paid leave, respectively. Upon returning to work, nursing mothers are provided a dedicated sanitary, fully equipped, secure, and comfortable room for pumping. In order to evaluate the effectiveness of these parental leave benefits, this topic is included in the annual employee satisfaction survey, and return to work and retention rates are tracked and reported.



TEAM WELLNESS

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

EMPLOYEE SATISFACTION

Annually, an employee satisfaction survey is administered by an independent third party in order to ensure anonymity and provide a safe venue for employees to share honest feedback.

Based on the results of this survey, an action plan is created for addressing employee feedback. Action plan items may include additional surveys, employee enhancements, and department feedback sessions.

Harrison Street actively focuses on increasing employee involvement in all aspects of the employee experience. An internal team, referred to as FOCUS, is dedicated to optimizing utilization of the company’s top asset, its people. This group works to enhance various employee programs and nurture the company culture. One example of a program that stemmed from the 2018 FOCUS Committee was Café Connections. Created to support Firm-wide collaboration and communication, individuals are randomly paired each month and meet for coffee or lunch dates to support internal networking among team members outside their core departments.

TEAM DEVELOPMENT

GRI 404-2, 404-3

Employee development is a top priority at Harrison Street. Harrison Street University (HSU) is the 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.

Employees and Managers have two formal meetings throughout the year including annual reviews and mid-year appraisals in order to reflect on progress and set goals. 100% of employees receive annual reviews. The process is monitored and evaluated by Human Resources, who continually seek enhancements through employee feedback.

OFFICE CERTIFICATION

- River Point Office Building: LEED C&S Platinum
- HS Office Fit-out: LEED ID+C Gold
- HS Office Wellness: Fitwell Certified

RETENTION

GRI 102-8, 102-41, 401-1

With the substantial growth the company has undergone since the 2005 founding, the commitment to retention has only strengthened. The holistic approach 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 2018, only four men and three women left the firm; of these all were voluntary.

OFFICE WELLNESS

GRI 403-3, 403-6

Fostering healthy, productive team members is critical to achieving the mission of Harrison Street. The company provides health evaluations, including biometric screening, interactive health tools and personal action plans, lifestyle coaching, and condition management coaching. Ergonomic workspace evaluations are also provided for all employees. The building itself has a free gym for employees, and a popular addition to Harrison Street events are periodically scheduled group workout classes at popular gyms.

The Chicago office has a wellness 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, fully equipped, and comfortable space. This space can also be used for meditation, prayer, or rest and relaxation.

The Firm is committed to maintaining a clean and healthy environment for employees by adapting a robust cleaning schedule for common areas and workspaces, comprehensive indoor Air Quality management, providing workspaces with plenty of daylight, and proper storage and separation of any chemical/cleaning supplies.

The office wellness programs were vetted and certified by Fitwel in 2018.



GIVING & SERVICE

Harrison Street believes in helping to strengthen its surrounding communities by volunteering and giving back.

PHILANTHROPIC GIVING

Harrison Street’s Charitable Gift Match Program supports the generosity of employees and spreads their impact to all corners of the communities in which they live and work. Employees can engage with organizations and causes that they are personally committed to through a dollar-for-dollar match of their donations.

COMMUNITY ENGAGEMENT & SERVICE

GRI 413-1

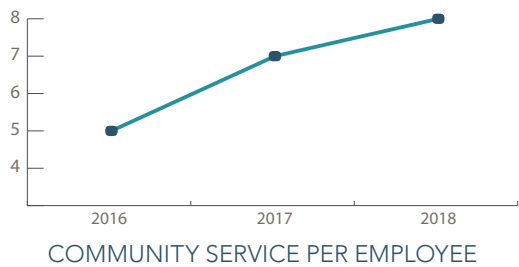
Every year since 2013, the company partners with local non-profits to clean up neighborhoods and enhance community buildings or schools in Chicago.

By reviewing local community needs, how the company’s time and resources could be best invested is determined. In 2018, food insecurity remained a critical issue in Chicago. Therefore, the Firm decided to partner with Chicago Gardeneers. Gardeneers provides ongoing, full-service garden support designed to give students in food-insecure communities equal access to healthy fruits and vegetables. Since 2014, Gardeneers has grown to serve 1,800 students weekly in 26 Chicago area schools in 18 different neighborhoods all over the city.

On July 12, 2018, the Harrison Street staff helped Gardeneers prepare their farm by pulling weeds, hauling dirt, raking mulch, harvesting vegetables, and painting. The farm infrastructure will yield thousands of pounds of produce for the DRW College Prep students and North Lawndale community. This will directly impact the daily nutrition of nearly 500 students and the weekly fall farm stands will reach hundreds more North Lawndale community members. This company-wide event also provided an excellent team-building activity for Harrison Street employees.

Additional 2018 Events:

- Meals from the Heart, Ronald McDonald House
- Youth Volunteer Event at Oakley Square
- ReVive Holiday Gift Baskets



SUSTAINABILITY DUE DILIGENCE

Working to increase efficiency and asset value immediately at Minnesota medical office portfolio.

As part of the Harrison Street due diligence process, the Firm brought on an energy consultant to assess 11 sites in a Minnesota Medical Office Building (MOB) Portfolio for LED lighting and HVAC solutions in 2018. This due diligence analysis made it possible for energy efficiency projects to be expedited and the first phase of lighting retrofits to be implemented immediately upon closing.

The implemented lighting solution was designed to maximize energy savings and increase the operational efficiency of the portfolio. The project installed LED fixtures in over 870,000 square feet and has a payback of less than 6 years.

- Total Annual Savings: \$271,582
- Energy Reduction: 12%
- Total Project Rebates: \$475,736
- Net Payback Period: 5.7 years
- Asset Value Increase @ 6.0% Cap Rate: \$4.5M



SOCIAL INFRASTRUCTURE FUND

Social Infrastructure investments service universities, health systems, and government users. Deferred maintenance, decarbonization, and resiliency trends have led to an increased need for capital solutions in the space. Launched in June 2018 in North America, the fund primarily focuses its capital investment in the form of Public-Private Partnerships (“P3”) with universities, leading health systems, and municipalities. Sectors within the Social Infrastructure scope include Building Infrastructure (academic buildings, on-campus housing, hospitals), Utilities (power generation, water, electricity T&D, etc.), and Transport (rail, roads, airports, ports)

Harrison Street believes its Social Infrastructure strategy is an opportunity to enhance long-term stakeholder value while contributing to improving the environment.

Examples of investments with sustainable value creation include

- Renewable energy projects reduce carbon footprint
- Water hubs conserve drinking water by processing wastewater for utility water needs
- Food waste diversion generates energy and reduces greenhouse gas emissions
- LEED certified buildings achieve high levels of energy efficiency, water usage, air quality, and sustainable building materials selection
- Investments provide critical service providers, such as healthcare and education institutions, with much needed energy and water resiliency

SUSTAINABLE DEVELOPMENT

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

NEW CONSTRUCTION

The company seeks to develop or acquire assets that prioritize third-party certification and sustainable design best practices. This activity served as an opportunity to educate development partners on the benefits of these building practices and prioritize sustainable strategies in current and future projects.

The Asset Management team continues to monitor the property during the development phase and engages third-party vendors to review construction drawings to determine energy optimization and utility expense estimates.

Harrison Street encourages its development partners to implement key design strategies that promote efficiency and tenant wellness, such as

- Daylighting, excellent indoor light quality, efficient LEDs
- Air quality (e.g., adequate ventilation and air filtration, indoor air quality monitoring (e.g., CO2 sensors) and source control, green cleaning practices)
- Occupant temperature, lighting, and acoustic controls
- Provide opportunities for physical fitness through active design
- Site building in a walkable district, within walking distance of high-quality food choices and basic services
- Provide public space for community meeting and relaxation

DUE DILIGENCE & RISK MANAGEMENT

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

Prior to acquisition, the Firm orders a third-party environmental and property condition report that details the presence of indoor and external pollution. If such pollution exists, an additional third party with significant experience assessing and mitigating environmental pollutants is engaged. 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.

The Harrison Street Operating Partner Services team meets and welcomes each new partner to the Harrison Street family by spending time with their management team, learning about who they are, their culture, talent pipeline, and level of process rigor, to clearly understand if and where business operations can and should be enhanced. New partners are provided reference materials and training focused on key Harrison Street information such as access to unique services, key contacts, sustainability efforts, accounting information, and more.

RESOURCE MANAGEMENT

Asset Managers work closely with operators to appoint, engage, and monitor their activities as well as continually introduce them to best practices and innovative ways to enhance their business operations.

OPERATOR & SUPPLIER ENGAGEMENT

GRI 102-9

Operators are an extension of the Harrison Street team, and the single-most critical element of the supply chain as through them, sustainability projects reach completion. The Firm strives to partner only with those operators with similar values, and has created resources to educate partners on sustainability expectations. Each partner is provided helpful materials to share with residents on recycling and energy-saving tips, as well as introduced to new initiatives at the annual operating partner conferences. Operators are charged with securing suppliers and vendors that align with the company’s ESG policy and preferred provider list.

BUILDING LABELS & CERTIFICATIONS

GRI 417-1

Third-party evaluation of company assets and certification or labeling is employed where it is strategically advantageous.

- LEED certification is recommended for new U.S. development projects.
- BREEAM certification is recommended for new European development projects
- Energy Star Benchmarking is performed on all U.S. operational assets. Certification is limited as only student and senior housing properties qualify for certification.
- EU Energy Performance Certificates (EPCs) are obtained for existing and acquired assets in Europe.
- Municipal Benchmarking requirements are increasing in cities where Harrison Street owns assets and thus actively monitors and participates in these programs.
- The Firm is actively working with certification organizations like Fitwel to align standards with the unique attributes of student and senior housing.

RESOURCE USE REDUCTION

GRI 302-3, 302-4

MONITORING

To provide third-party operators and asset managers with actionable information about asset performance, the Firm imports and monitors energy, water, and greenhouse gas emissions specifically in the Core Fund and European Funds. Through their Sustainability Data Management Platform and Energy Star Portfolio Manager, they can readily benchmark assets and measure the success and financial return of efficiency investments. Consumption monitoring helps the internal team target operational efficiencies, address spikes, and prioritize retrofits. A small percentage of assets are self-managed by tenants and are excluded from data monitoring. Energy and water use intensities are evaluated for each asset, normalized for weather and square footage.

AUDITS

Tracking the energy consumption identifies 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.

EFFICIENCY RETROFITS

Retrofits and operational enhancements that have viable returns are detailed in audit reports. Retrofits are ordered for conservation measures having a return of 10 years or less. This practice is documented in each asset manager’s internal procedures. Retrofitted properties are then monitored for a minimum of 2 years to validate that projected savings have been met.

RENEWABLE ENERGY

Renewable energy is a key driver of value and an important hedge against rising energy prices. Each Core Fund investment and select opportunistic fund investments are actively analyzed to determine the economic viability of additional solar installations.

TENANT HEALTH & WELLNESS

The satisfaction and overall health of tenants and residents are vital and essential to the success of the Firm’s assets and sustainability goals.

HEALTH & SAFETY

GRI 416-1

Tenant health and safety are of critical importance. Harrison Street works alongside operators to review policies and procedures and to help implement new tools to enhance and expand health and safety programs. The company has provided guidelines to partners and third-party managers for enhanced Emergency Preparedness and Response Plans for 100% of its investments and ensures best practices are being followed with respect to cybersecurity, active shooter policy, resident evacuation/relocation procedures, etc.

TENANT SATISFACTION

GRI 416-1

The value of an asset lies not only in the quality of the building but also in the satisfaction of the tenants. The diversity in operators and asset classes has made it difficult to collect consistent data on satisfaction, so an internal process has been established to better facilitate tenant satisfaction surveys across the Core Fund.

A third-party survey, overseen by Kingsley Associates, is used at most of the medical office properties, consistent third-party surveys are also used in senior and student properties, and customer feedback surveys are used in storage. The results of these efforts allow evaluation of the quality of assets and property managers and leads to meaningful conversations regarding any relevant action plans for improvement.

WELLNESS OPERATIONS & PROGRAMMING

Health and wellness have been a staple for many years in several of Harrison Street’s asset class investments.

Senior living has unique wellness programs, often partnering with leading class organizations, universities, and institutions to bring better care and practices to its residents. Managers host regular resident events and programming that promote health and wellness, such as gardening, yoga and fitness programs, community outings, etc. In 2018 Harrison Street worked with both the Buck Institute for Healthy Aging and Mayo Clinic/WELL Living Lab to host independent Healthy Aging Workshops with their key executives and scientists and Harrison Street operating partners to share industry insights and research findings, as well as explore how to partner with world-renowned organizations whose research can bring cutting-edge approaches in how to better care for elderly residents.

Student Housing is strategically located in order to support alternative transportation, biking, and walking to campus. Most properties have fitness facilities and monthly wellness programming including yoga and fitness, money management classes, sexual health, etc.

CORE FUND SUSTAINABILITY

DATA TRACKING COVERAGE

GOAL: Track 100% of assets in central platform.



79%
COVERAGE OF ENERGY DATA TRACKING.
56% COVERAGE OF WATER DATA TRACKING.

ENERGY INTENSITY & REDUCTION

GOAL: Reduce energy consumption by 3% year over year.

Weather normalized, like-for-like, kbtu/sqft

	2017	2018	% CHANGE
PORTFOLIO	59.4	60.5	-2.4%
Medical Office	75.7	75.1	-0.7%
Senior Living	97.9	101.5	-3.5%
Student Housing	33.1	33.4	-2.6%
Storage	11.1	11.8	-7.3%

GRI 302-3
GRI 302-4

EFFICIENCY AUDITS

GOAL: Expand coverage of efficiency audits to 50% of portfolio audited within the last 5 years.



OF CORE FUND AUDITED IN LAST 5 YEARS

EFFICIENCY INVESTMENT

GOAL: Continually invest in efficiency retrofits and prove returns.

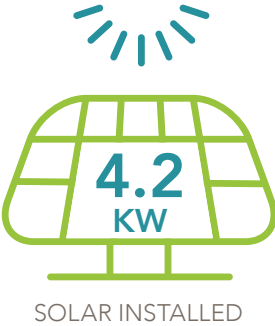
\$6.3M INVESTED IN EFFICIENCY MEASURES
\$1.2M ANNUAL SAVINGS
5.3 YEARS OF AVERAGE RETURN

FUND SUSTAINABILITY STRATEGY

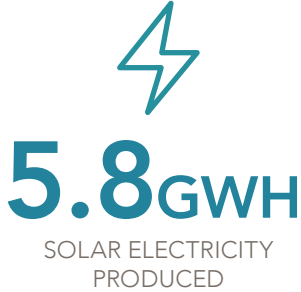
Employ exceptional, active asset management strategies to identify sustainability opportunities of standing investments.

RENEWABLE

GOAL: Increase renewable energy production to 10 GWh by 2025.



SOLAR INSTALLED



SOLAR ELECTRICITY PRODUCED

CERTIFICATION & RATINGS

GOAL: Receive third-party certification or building labels at 50% of new developments.



22%
OF NEW DEVELOPMENTS CERTIFIED.
12% OF PORTFOLIO CERTIFIED.

GRI 417-1

TENANT SATISFACTION

GOAL: Track tenant or customer satisfaction surveys at 100% of assets.



72%
OF ASSETS ACTIVELY TRACK TENANT SATISFACTION USING SURVEYS.

GRI 416-1

GRESB

GOAL: Maintain fund performance in GRESB and GREEN Star Recognition.



EUROPE FUND 1 SUSTAINABILITY

FUND SUSTAINABILITY STRATEGY

Implement sustainable design and construction of new developments and employ ongoing sustainable operations strategies to maintain high performance.

SUSTAINABILITY DATA TRACKING

GOAL: Track energy, water, and waste at 100% of assets.



94%
COVERAGE OF ENERGY AND
WATER DATA TRACKING.
65% COVERAGE OF WASTE
DATA TRACKING.

CERTIFICATIONS & RATINGS

GOAL: Achieve BREEAM certification on all new developments.



100%
OF NEW DEVELOPMENTS
BREEAM CERTIFIED.
60% OF PORTFOLIO CERTIFIED.

GRI 417-1

ENERGY & WATER INTENSITY

GOAL: Evaluate annual energy and water intensity year over year for all assets.



53 KBTU / SQFT



55 CM / BED

GRI 302-3
GRI 302-4

EFFICIENCY AUDITS

GOAL: 100% of assets audited within the last 5 years.



ASSETS AUDITED
FOR EFFICIENCY
OPPORTUNITIES IN 2018

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NOTES

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

Unless otherwise stated, all information is as of 12/31/18. Past performance does not necessarily predict future success.

HARRISON STREET