CLIMATE ACTION PLAN

Harrison Street's vision and 5-year strategy for addressing carbon emissions reduction, climate risk, and social impact to build resiliency and capture the opportunities presented by climate change.

DECEMBER 2021

HARRISON STREET
Making an Impact.

As a leading investment manager, we recognize that by proactively addressing physical and transition climate risks we can truly "Make an Impact" on the world around us while driving enhanced performance to our stakeholders. We will continue to invest significant time and resources and develop unique strategies as we work toward achieving aggressive ESG goals. I am so proud of our ESG team and the firm as a whole and believe we will raise the bar for what ESG leadership means in the industry."

CHRISTOPHER MERRILL

CO-FOUNDER, CHAIRMAN & CEO

INTRODUCTION TO CLIMATE ACTION

We recognize that changing climate conditions will impact the operation, performance, and value of real assets.

Since 2005, Harrison Street has made an impact on the world through its investment strategy and as a first mover in demographic-driven real estate. We are a leading investment management Firm exclusively focused on alternative real assets with $39 billion in assets under management across senior housing, student housing, healthcare delivery, life sciences, and storage real estate as well as social and utility infrastructure.

The United Nations Framework Convention on Climate Change (UNFCCC)'s 2015 Paris Agreement states that global greenhouse gas (GHG) emissions need to drop by half by 2030 and reach net-zero around mid-century to limit the global temperature increase to 1.5 C above pre-industrial levels.[1] The built environment has a large role to play in this reduction pathway as globally, buildings account for nearly 40% of carbon dioxide (CO e) emissions.[2]

The risk of climate events is a material concern to real asset investors. Costly natural disasters have increased significantly in recent years. 2020 was a record-breaking year for hurricanes, severe convective storms in the US, historic flooding in western Europe, and wildfires in the Western US. Per the National Oceanic and Atmospheric Administration (NOAA), 2020 was ranked the fifth warmest year in the past 126 years for the contiguous US. In the Firm's 2020 ESG Materiality Survey, stakeholders ranked Carbon Emissions Reduction and Climate Risk as the two most material issues that Harrison Street should address for their real estate investment portfolios.

The science is clear— we need to take decisive action on climate change now to meet near term and future expectations.

Harrison Street's 2021 Climate Action Plan serves as a detailed and strategic framework for measuring, planning, addressing, and reporting on our climate commitments.

The plan is organized into three parts:

Part 1: Carbon Emissions Reduction

Part 2: Climate Risk & Resiliency

Part 3: Social Health & Wellbeing

These three parts seek to define a holistic approach to climate action, focused on the material risks and opportunities relative to our investment thesis. Each part defines the Firm's commitments, targets, metrics, and a strategy for achieving these goals and holding ourselves accountable.

Through this plan, we will consider physical and transition risks, emissions performance during our ownership, how climate scenarios will impact assets in the future, the social impact our assets have on their occupants and communities they serve today, and how best to engage current and future partners.

As recently reiterated at the Conference of Parties (COP26) in Glasgow, announcing a climate goal without a detailed plan on how to achieve the goal is not sufficient. As a responsible investment manager, we commit to reduce the carbon emissions of our investments to slow the pace of climate change, optimize building health for the wellbeing of our occupants, and ensure our assets are resilient in the future. Climate action at Harrison Street is therefore a core strategy, encompassing every facet of the investment lifecycle to build a climate-resilient portfolio.

ESG IMPACT FRAMEWORK & CLIMATE ACTION

Harrison Street's overarching ESG mission is to implement pioneering ESG practices across the Firm and its investments to deliver a positive impact for its stakeholders and the world. Since 2013, Harrison Street has had a formal ESG investment strategy that encapsulates the impact an asset has on its community, how efficiently they operate, the health of occupants, and their resilience to the changing environment. Climate action, therefore, is interwoven into all aspects of our ESG Impact Framework.

Our 2021 5-year Climate Action Plan takes our ESG framework to the next level. Expanding our ESG focus areas with time-bound goals, as well as a strategic plan and an accountability framework.

> *Our Climate Action Plan puts us on a path to walk with others as we collectively aim to reach our goal, as it is only by collaborating that we can ensure the world we live in thrives today and for generations to come.*

JILL BROSIG

CHIEF IMPACT OFFICER

Guiding Frameworks

We seek to align this plan and our practice with leading global climate frameworks and initiatives, including the following:

TCFD Task Force on Climate-Related Financial Disclosures

PRI Principles for Responsible Investment

Sustainable Development Goals

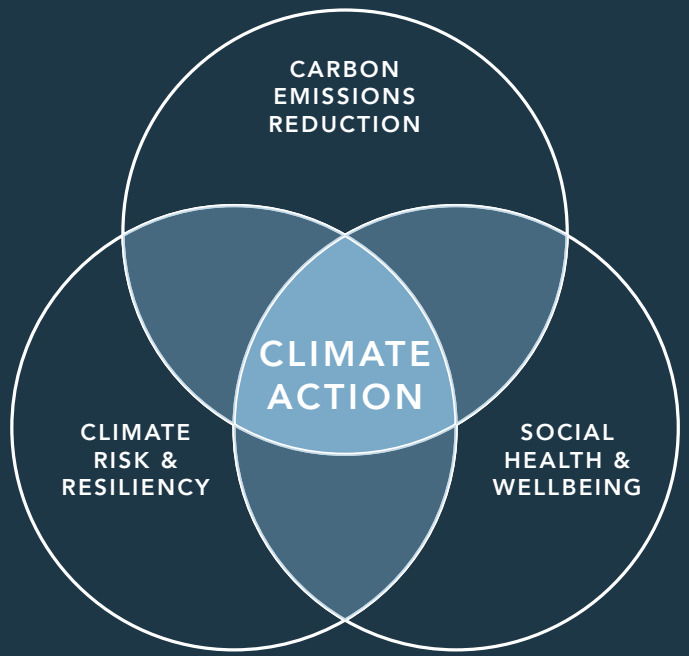
GRESB

[1] UNFCCC The Paris Agreement

[2] Architecture2030

SUMMARY OF THE 2021 CLIMATE ACTION PLAN

We believe that a climate goal is incomplete without a clear and aggressive implementation pathway. Our 2021 Climate Action Plan serves as a detailed and strategic framework for measuring, planning, addressing, and reporting on our climate commitments.



GOALS & STRATEGIES

CARBON EMISSIONS REDUCTION

REDUCE LANDLORD CARBON EMISSIONS OF REAL ESTATE ASSETS BY 70% BY 2025 FROM THE 2020 BASELINE.

- MAXIMIZE ENERGY EFFICIENCY
- OPERATOR & TENANT BEHAVIOR
- PRODUCE RENEWABLE ELECTRIC
- DECARBONIZE NEW CONSTRUCTION & MAJOR RENOVATION
- PROCURE RENEWABLE ELECTRIC

CLIMATE RISK & RESILIENCY

MANAGE A RESILIENT PORTFOLIO WITH REDUCED CLIMATE RISK EXPOSURE AND POSITIONED TO LEVERAGE OPPORTUNITIES.

- CLIMATE RISK DILIGENCE
- CLIMATE RISK MITIGATION AT STANDING ASSETS
- ASSESS ENERGY RESILIENCY SYSTEMS
- CLIMATE RISK DASHBOARD

SOCIAL HEALTH & WELLBEING

SUPPORT THE WELLBEING OF OCCUPANTS AND BUILD RESILIENCE AGAINST CLIMATE-CHANGE INDUCED SOCIAL RISKS.

- MAINTAIN HEALTHY BUILDINGS
- OPTIMIZE THE INDOOR ENVIRONMENT IN SENIOR LIVING
- EMERGENCY PREPAREDNESS
- MENTAL HEALTH AND WELL-BEING

2021 CLIMATE ACTION PLAN

PART 1

CARBON EMISSIONS REDUCTION

Assessment of baseline carbon emissions and the strategic pathway to reduce emissions at our global real estate assets.

DECEMBER 2021

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PART 1

EXECUTIVE SUMMARY

Assessment of baseline carbon emissions and the strategic pathway to reduce emissions at our global real estate assets.

In August of 2021, the United Nations (UN) Intergovernmental Panel on Climate Change issued its latest report declaring climate change is widespread, rapid, and intensifying — a "code red for humanity". Then at the COP26 in Glasgow in November, the world appeared to heed the UN's warning as numerous countries promised to reduce methane, phase out coal, commit financing, and set net-zero targets to implement the Paris Agreement. Certain countries, including the UK, announced new regulations requiring large firms to report how they will achieve climate targets in alignment with the country's Paris commitments.

Since 2013, Harrison Street has tracked the carbon emissions of our real estate assets and made strides to reduce emissions through improved efficiency. The Firm's carbon reduction strategy defined in this report is the critical next step, presenting an aligned and aggressive plan to achieve emissions reduction across our investments. Our carbon goals are two-fold:

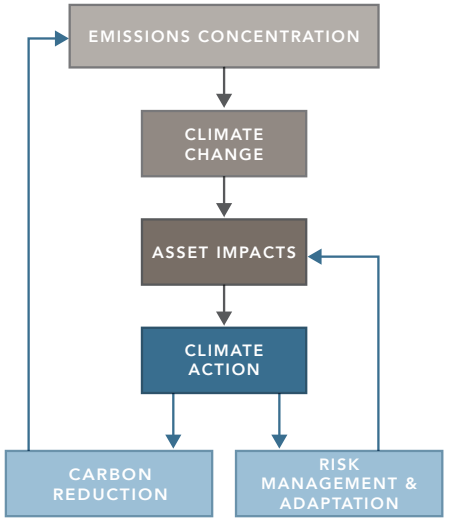
Operate corporate activities at net zero carbon emissions by the end of 2021.[3]

Reduce carbon emissions of landlord-controlled real estate assets by 70% by 2025 from the 2020 baseline.

The Firm has achieved the goal of net-zero corporate operations as of September 2021. This achievement has been assured by a third-party firm, which validated the emissions produced and the purchased renewable energy credits and carbon offsets that resulted in a net-zero balance.

For our goal to reduce emissions at landlord-controlled real estate assets, defined here as assets where we purchase the energy, we set an aggressive near-term goal alongside a clear strategic pathway of how to achieve this goal. We conducted a third-party analysis to inform investment emissions performance and define an appropriate target and pathway. Real estate investment emissions performance is driven by region and by sector. Understanding this nuance is essential to how we have defined our pathway which covers landlord carbon emissions (Scope 1 and Scope 2) of our real estate assets. However, emissions outside this boundary are still within our long-term responsibility and we are taking steps to evaluate strategies to address value chain emissions produced by our operators and tenants (Scope 3) as well as strategies to alter business practices to avoid emissions completely (Scope 4).

Our pathway to aggressively pursue carbon emissions reduction includes implementing projects to reduce energy intensity, optimize building operations and new developments, invest in renewable energy, and procure renewable energy from the grid. As a Firm, we are accountable to show progress toward achieving these goals by reporting annual progress to key stakeholders and the public.



EMISSIONS SCOPES @ HARRISON STREET INVESTMENTS

INDUSTRY DEFINITION	SCOPE 1: DIRECT EMISSIONS	SCOPE 2: INDIRECT EMISSIONS	SCOPE 3: VALUE CHAIN EMISSIONS	SCOPE 4: AVOIDED EMISSIONS
	FROM CONTROLLED COMBUSTION SOURCES, SPECIFICALLY ON-SITE FUEL USE.	FROM THE GENERATION OF PURCHASED ELECTRICITY AND DISTRICT ENERGY.	INDIRECT EMISSIONS THAT OCCUR IN THE VALUE CHAIN. FOR REAL ESTATE, THIS SPECIFICALLY INCLUDES TENANT-CONTROLLED EMISSIONS.	STRATEGIES TO ALTER BUSINESS PRACTICES TO AVOID EMISSIONS.
ALIGNMENT WITH HS EMISSIONS GOAL	WITHIN GOAL BOUNDARY		OUTSIDE GOAL BOUNDARY	
	ASSETS WITH LANDLORD-PURCHASED ENERGY, SPECIFICALLY: STUDENT HOUSING SENIOR LIVING SELF STORAGE MULTI-TENANT HEALTHCARE		*ASSETS WITH TENANT-PURCHASED ENERGY, SPECIFICALLY:* SINGLE TENANT (NNN) HEALTHCARE & LIFE SCIENCE	

[3] *Covers Scope 1 and 2 emissions from corporate and at home office energy use, and Scope 3 emissions from employee business travel.*

NET ZERO CORPORATE OPERATIONS

Today, Harrison Street's corporate office operations and employee-related emissions are net zero carbon.

To demonstrate our commitment to emissions reduction, we have taken the necessary steps to reduce and offset the carbon emissions of our corporate office operations and employee-related activities, to achieve the state of net-zero emissions.

CORPORATE CARBON REDUCTION STRATEGY

Our corporate offices have been strategically designed and optimized to operate as low-carbon. The buildings we occupy are located within steps of public transit hubs with excellent walk scores. The buildings we occupy are sited within steps of public transit hubs with excellent walk scores. The Chicago and London offices are all-electric and obtained green certifications and awards for their design. For our interior fit-outs, we worked with our corporate office landlords to ensure interior construction is healthy and efficient, achieving certifications like LEED, Fitwel®, and BREEAM. Finally, we have engaged with our corporate office landlords to assess electric procurement for our spaces and have shifted to renewable electricity for the London office.

We believe that the best strategy for taking responsibility for our emissions is to first reduce them through improved behavior. Therefore, we have implemented tools and procedures to reduce emissions across our employee value chain. These ongoing reduction strategies include:

- Employees are provided reimbursements for taking public transit and ridesharing;
- Business travel ethos is shifting to virtual meetings and discouraging non-essential business travel; and
- When booking business travel, green flight options are indicated to select low emission routes and providers

CORPORATE EMISSIONS INVENTORY

We used the World Resources Institute Greenhouse Gas (GHG) Protocol guidance for Scope 1, Scope 2, and Scope 3 to identify and measure our emissions. Over the twelve-month period inclusive (September 2020 to August 2021), Harrison Street's GHG footprint was 628 MTCO2e. This GHG inventory represents our best estimate of CO2e emissions and includes serviced offices[5], employee business travel, and employee home working[6].

Electricity emissions from the corporate offices and home working have been reduced to zero by procuring unbundled renewable energy credits (RECs)[7]. The remaining balance of corporate emissions is indirect emissions from employee business travel and other travel. These emissions were reduced through the purchase of carbon offsets, which is an investment in an activity that reduces carbon emissions elsewhere. The offsets were contracted to support the activities of Florestal Santa Maria (FSM)-- a Reducing Emissions from Deforestation and Degradation (REDD) project founded in 2009 that supports sustainable forest management in Amazonia.

net zero carbon emissions[4]

Net-zero carbon dioxide (CO2) emissions are achieved when anthropogenic CO2 emissions are balanced globally by anthropogenic CO2 removals over a specified period. Net-zero CO2 emissions are also referred to as carbon neutrality.

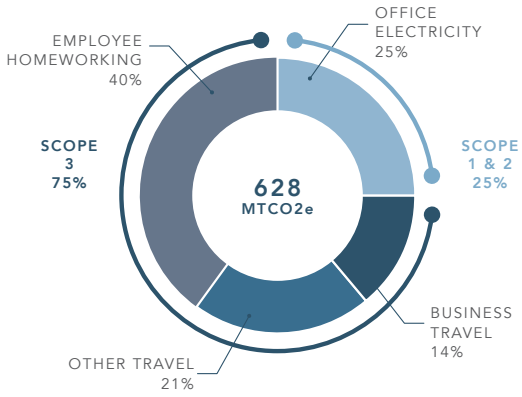
[4] IPCC Glossary of Terms

[5] *Serviced offices include Chicago and London. Harrison Street's Toronto and San Francisco offices were not fully established at the time the GHG inventory was conducted. New, fully operational offices will be included in future inventories as the Firm continues to grow.*

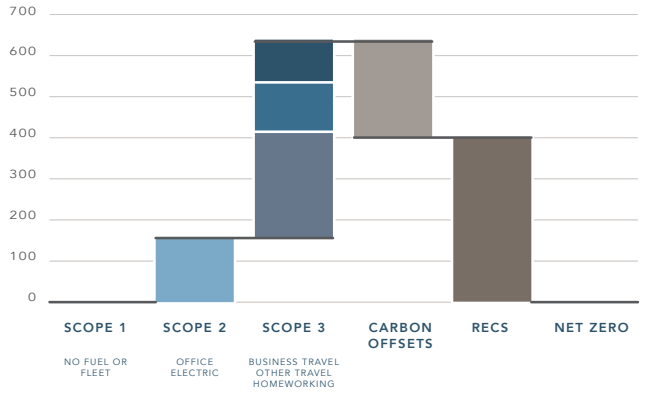
[6] *Harrison Street's offices remained operational during the inventory period and employees were given the option to work from home or work in Harrison Street's offices.*

[7] *A REC allows an organization to claim the environmental benefits of renewable electricity that is generated and delivered to the grid, which in turn reduces average grid emissions and supports the demand for renewable energy.*

CORPORATE EMISSIONS FOOTPRINT
08.31.2020 - 09.01.2021



CORPORATE EMISSIONS INVENTORY



The Firm's carbon emissions inventory has been externally assured, Verification Statement available upon request.

BASELINE EMISSIONS ASSESSMENT

Real estate investment emissions performance is driven by region and by sector, and understanding this nuance is essential to defining an appropriate target and pathway.

Establishing a Firm-wide emissions reduction target is a difficult task for any real estate investment firm. Assets are acquired and sold periodically, and value-add alterations are made to improve the asset performance. As a result, it is difficult to set a static baseline of "where are we today". However, setting this baseline is essential to tracking the impact of our efforts and validating success.

DATA MANAGEMENT

The management of ESG data is foundational to establishing a baseline and continuing to track and assess progress towards emissions reductions. Asset-level operational performance data is collected and includes information on energy, water, waste, and carbon emissions data. Operators upload and track these utilities monthly with support from third-party vendors for utility bill processing and payment as well as municipal benchmarking and reporting of performance data. Supplemental ESG data, such as audits, retrofits, and certifications, are reported by operators annually and augmented with third-party vendor project reporting on an ongoing basis.

Our data management efforts seek to provide accurate data to report to third parties and in a manner that is accessible to the general public. Annually, ESG is submitted for third-party review to assure data quality and provide internal and external stakeholders confidence in the integrity and reliability of our energy, water, waste, and emissions data. We have been submitting operational performance data to GRESB since 2013 and currently submit such data for a variety of our fund products in both the United State and Europe.

ASSESSMENT METHOD

To review existing energy loads and the decarbonization potential of standing assets under our management, we conducted third-party analysis on a large representative sample of the portfolio (over 300 assets) to baseline 2020 energy intensity and emissions. The analysis also included an assessment of energy sources, the prevalence of natural gas in the portfolio, and grid emissions factors for the regions where our assets operate.

BASELINE EMISSIONS PERFORMANCE & SECTOR ENERGY INTENSITY

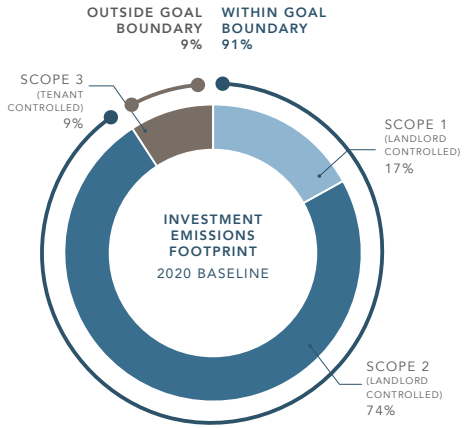
Scope 1 and Scope 2 represent the majority footprint of current operational emissions (91%). In most of the Firm's sectors, energy for the buildings is purchased by landlords. However, in the Life Sciences sector and single-tenant healthcare, energy is purchased by tenants and represents an estimated 9% of our emissions footprint and is considered Scope 3.

The regional and global diversity of the Firm's portfolio results in significant variability in Scope 2 emissions intensity, as electric grid emission factors vary greatly by geography depending on the energy fuel mix of the grid. In addition, regions such as the US are far more dependent on fossil fuels than regions of the UK and Europe. The largest contributors to our emission footprint, therefore, are properties with large square footage residing in grids with high emission factors.

Another important finding of this baseline analysis was that only 1% of the current energy supply mix was sourced directly from renewable energy producers. This indicates there is a significant opportunity to reduce emissions by shifting existing brown energy contracts to renewable suppliers.

Building energy intensity (i.e., energy consumed annually divided by the square footage) is a significant driver of a property's emissions, and this energy intensity varies greatly by sector. Energy intensity ranges from 3 kWh per sq. ft., on average, in self storage to 35 kWh per sq. ft., on average, in medical office buildings. This variability makes it difficult to track emissions reduction at a portfolio level dependent upon sector weightings. Energy efficiency investments can be deployed to lower energy intensity, and thus emissions. However, there is some limitation to our ability to reduce energy loads as critical tenant activities must be supported.

The impact of grid emissions factors and sector energy intensity means we must strategically approach decarbonization of our real estate focusing on those assets with the highest carbon impact and those positioned to see the greatest reduction potential based on their location, current operations, and the nature of activities occurring within the building.



REGULATORY TRENDS

The global regulatory landscape of building efficiency and emissions requirements is poised to have a significant impact on the real estate sector. We are proactively monitoring this landscape as we pursue decarbonization to remain "ahead of the curve" on regulations and policy trends.

To compare our portfolio's baseline performance against regulatory trends, we use two different approaches defined below. We are tracking the carbon reduction pathways of our assets using these tools and we have an action plan for when assets are not in line with these reduction targets.

For our European assets, the Carbon Risk Real Estate Monitor (CRREM) tool, developed in the EU to help identify which properties will be at risk of stranding due to the expected increase in the stringent building codes, regulation, and carbon prices.

For our US assets, two carbon reduction initiatives were assessed; the City of New York's Local Law 97 and the City of Boston's Building Performance Standard. Both require buildings of a certain type and size to meet new energy efficiency and greenhouse gas emissions limits by 2024 and even stricter limits by 2030. Although not all Harrison Street's properties reside in either locale, we are using them as a proxy until the CRREM tool is available globally.

Our carbon emissions strategy is designed to mitigate the risk that any of our assets under management will be negatively affected by current and future emission regulations (including emissions threshold and fines for noncompliance), which we believe will make our assets more marketable and resilient.

> *The efficiency and emissions regulations applied to real estate are of critical focus during our diligence on standing and development acquisitions. The current environment offers a unique value-add opportunity to invest in the efficiency transition.*

PAUL BASHIR
CEO EUROPE

CARBON REDUCTION GOAL

Net-zero commitments are gaining industry momentum, set in motion by the global need to make an immediate, sharp pivot away from carbon-intense energy sources to avoid the most catastrophic impacts of climate change. As the world at large is working toward net-zero carbon by 2050, many commitments announced to date have long-term timeframes with no clear strategic plan on how the commitment will be achieved or the changes that will be put into place in the short term. Harrison Street has decided to take a different approach by setting an aggressive near-term goal alongside a clear strategic pathway of how to achieve this goal.

Our goal is to reduce carbon emissions of landlord-controlled real estate assets by 70% by 2025 from the 2020 baseline.[8]

Achieving this goal will depend on a combination of initiatives, and anticipated emissions reductions already underway. We believe this scale of reduction is achievable with a focused strategic plan, adequate allocation of internal resources, ongoing communication of the financial value achieved through these efforts, and collaboration with our operators and property managers.

The emissions reductions defined in the graphic are estimated based upon the baseline statistically significant sample analysis conducted by third-party consultants. Thresholds (light blue) shown communicate that the actual reduction (dark blue) from each strategy will vary depending upon regional distribution, asset age and sector, and fund value strategy. Though these strategies are expected to be implemented in parallel, they are presented in order of impact and approach, focusing first on energy reduction then lastly on grid-purchased renewable electricity.

KNOWN CHALLENGES

We are aware that there are many challenges to track and curb emissions to meet our goal, including:

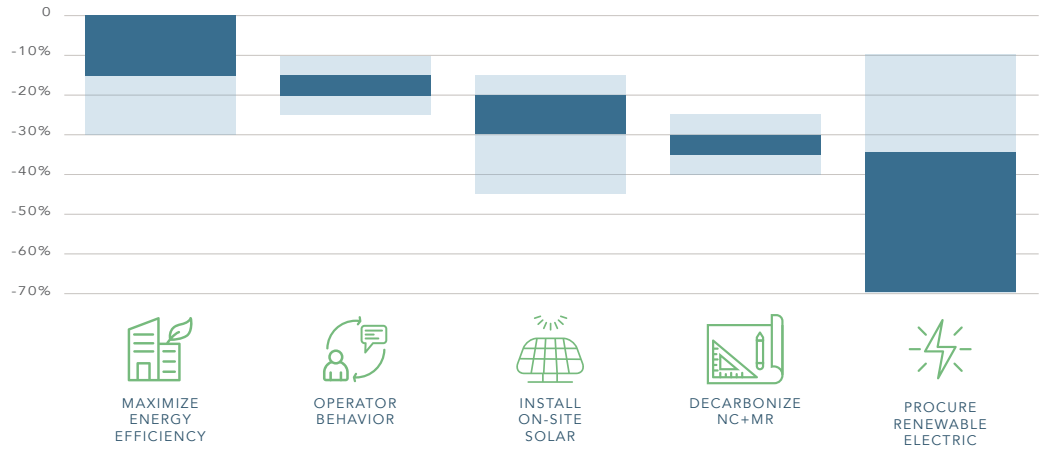
Operator & Joint Venture Partner Engagement. The impact of the Firm's efforts can be hindered by the willingness of our operating partners and joint venture partners to align with our ESG initiatives. Although several of our partners have established ESG-focused roles, for many operators, property managers, and joint venture partners ESG is still a new topic and will require collaboration to adopt mutually beneficial strategies with quantifiable value.

Dynamic Asset Base. The Firm's asset base is in constant flux as we acquire and sell properties and launch new funds; therefore, the location, current operations, and the nature of the activities occurring within the buildings underpinning our dataset are dynamic. These variable factors can both help and handicap tracking to our goal.

Asset-level Data Quality & Completeness. To track and report progress, accurate and complete asset-level data for new and existing assets is foundational. Streamlining data collection and quality assurance is key to shifting internal capacity to partner engagement and strategy implementation.

Honoring Fiduciary Responsibility. Given we are first and foremost a fiduciary, we perform robust diligence and financial analysis on our ESG activities to verify the value created. Clearly defining internal guidelines for business case creation in alignment with fund investment goals, and communicating this value-add business case to internal and external stakeholders will be critical to success.

CARBON REDUCTION PATHWAY



[8]This target applies to Scope 1 and Scope 2 landlord emissions and will be measured against our 2020 baseline.

We will track all operational assets worldwide to this goal annually. Therefore, the underlying set of assets will be dynamic as assets are acquired or sold.

Electricity and carbon intensity baselines have been established by sector to further assess goal progress by property type.

Asset-level operational performance data gathered through utility bills is tracked monthly and checked by a third-party vendor in order to ensure the data set is complete and correct for goal calculations.

CARBON REDUCTION PATHWAY

MAXIMIZE ENERGY EFFICIENCY

INCREASE THE NUMBER OF REAL ESTATE ASSETS THAT MEET AN EFFICIENCY RATING MINIMUM OF ENERGY STAR 75 OR EPC B

Low carbon and net-zero carbon buildings begin with reducing energy demand. There are carbon savings associated with energy efficiency upgrades for capital improvements and mechanical and electrical system upgrades.

KEY ACTIONS:

- During new acquisition diligence, order a third-party assessment of efficiency and emissions, and embed value-add efficiency investments into the closing business plan
- Perform efficiency assessments of standing assets a minimum of every five years
- Identify accretive efficiency retrofit opportunities including, lighting, hot water efficiency, heating, cooling, and ventilation equipment, building control systems, smart thermostats, and envelope improvements
- During capital planning, prioritize high-efficiency options for large equipment end of life replacement, and perform payback analysis on cost premiums
- Require third-party monitoring of utility bills and consumption trends with regular performance benchmarking
- Track financial investment and expense reduction from efficiency value add investments

OPERATOR AND TENANT BEHAVIOR

COLLABORATE WITH OPERATORS TO FORMALIZE AN ALIGNED CLIMATE ACTION STRATEGY, FURTHER DRIVING INDUSTRY CHANGE AND MARKET ADOPTION

Carbon reduction is almost fully controlled by site operators. As an equity investor, Harrison Street's ability to achieve reduction targets will be maximized when operators and tenants embrace climate action and behave as change agents.

KEY ACTIONS:

- Engage 1-1 with operating partners and evaluate the depth and alignment of their ESG and carbon emissions strategy
- Enhance operators' ESG and carbon reduction strategy by facilitating training and providing guidance documentation on ESG expectations
- Communicate operator ESG alignment ratings to the internal investment team
- Work with existing vendors to negotiate enhanced ESG service agreements
- Work with operators to define tenant engagement strategy to improve operational efficiency and emissions reduction
- Provide operational performance scorecards to operators, challenging improved efficiency through active energy management

PRODUCE RENEWABLE ELECTRIC

ASSESS APPLICABLE ASSETS FOR ON-SITE SOLAR DEVELOPMENT AND PURSUE OFF-SITE SOLAR INVESTMENT OPPORTUNITIES

Integrate zero-carbon energy directly on-site at properties with viable solar install areas in advantageous policy environments to establish a value-generating solar development pipeline.

KEY ACTIONS:

- Establish national strategy with solar development implementation partners
- Complete on-site solar feasibility assessments on portfolio assets
- Identify pipeline of on-site solar investment opportunities
- Asses direct investment into off-site solar projects
- Define capitalization strategies and solar performance monitoring procedures

CARBON REDUCTION PATHWAY

DECARBONIZE NEW CONSTRUCTION & MAJOR RENOVATION

REVIEW NEW DEVELOPMENTS AND MAJOR RENOVATIONS AND CONFIRM ALIGNMENT WITH HARRISON STREET MINIMUM EFFICIENCY STANDARDS

Capitalize on opportunities to reduce emissions from new construction and buildings undergoing major renovation through increased electrification, minimum energy efficiency standards, and assessing on-site energy resilience.

KEY ACTIONS:

- Assess partner-provided construction plans for new developments and major renovations using third-party engineering advisors
- Engage development partners to adopt minimum efficiency standards and fixture specifications and integrate into project pipeline
- Prioritize all-electric design and the phasing out of natural gas where feasible
- Assess onsite renewable energy and energy resiliency strategy on new developments

PROCURE RENEWABLE ELECTRIC

INCREASE THE NUMBER OF ELECTRIC PROCUREMENT CONTRACTS IN DEREGULATED MARKETS TO RENEWABLE SOURCES

Pivot away from energy systems and suppliers that rely on fossil fuels to low or zero-carbon electricity with a comprehensive energy supply management process and procedure that capitalizes on the direction of energy markets, policy, and technology.

KEY ACTIONS:

- Standardize renewable electricity procurement bidding strategy and decision-making procedures with operating partners
- Engage national procurement advisors to leverage opportunities for regional asset supply bundling.
- Prioritize bundled REC agreements and investment in virtual power purchase agreements.
- Leverage partnerships in utility space to connect assets to community solar PPA opportunities

LOOKING FORWARD: ADDRESSING SCOPE 3 & 4 EMISSIONS

Harrison Street's commitment to reducing Scope 1 and Scope 2 emissions is a decisive first step in our net-zero carbon journey and focuses first on where we have the most control. However, emissions outside this boundary are still within our long-term responsibility and we are therefore taking steps to evaluate strategies to reduce emissions beyond landlord-controlled energy use.

These strategies are under evaluation and over the long-term we seek to address value chain emissions produced by our operators and tenants (Scope 3) as well as strategies to alter business practices to avoid emissions completely (Scope 4):

- Pursue strategies to improve the efficiency of tenant-controlled buildings (Scope 3)
- Measure and reduce the embodied carbon of new development and major redevelopment
- Establish standards for the management and replacement of lower GWP refrigerants
- Invest in carbon capture technologies
- Install energy storage and zero-carbon emergency backup systems to reduce peak demand, provide a reliable supply, and avoid emergency gas use
- Install EV chargers and zero-carbon transportation amenities

2021 CLIMATE ACTION PLAN

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PART 2

CLIMATE RISK & RESILIENCY

Assessment of real estate asset climate risk exposure, vulnerability, and the financial impact of climate change and the low-carbon economy.

DECEMBER 2021

PART 2

EXECUTIVE SUMMARY

Harrison Street recognizes that changing climate conditions will impact the operation, performance, and value of real estate.

Recent extreme weather events, the release of the 2022 UN IPCC update[9], and global calls for climate action have put a spotlight on climate-related risks. Natural disasters and the financial implications of transitioning to a lower-carbon economy present both risk and opportunity to the Firm's assets.

We seek to take progressive steps in assessing physical and transition climate risk in each of our investment funds and defining actionable steps for internal decision-makers and insights for the Firm's clients on how to effectively manage and mitigate these risks.

This analysis aligns with the recommendations from the Task Force on Climate-Related Financial Disclosures[10]. It integrates asset market value with available data on physical risk ratings and transition risks, using scenario-based analysis where possible. Risk exposure is modeled at the asset, fund, and firm-level. Our approach is grounded in continuous improvement, as such our methodology for climate risk assessment will expand and be enhanced as thought leadership and assessment tools evolve.

Harrison Street's goal is to manage a resilient portfolio with reduced climate risk exposure and positioned to leverage opportunities.

FINANCIAL IMPACTS OF CLIMATE RISK

Climate risk adds a layer of uncertainty to an asset's investment position, potentially impacting the rental market growth, insurability, increased operational expenses within the hold period and thus affecting the sale price and marketability of the asset. The risk of an asset not being insurable, occurring either when insurance coverage is unavailable or unaffordable, may become a critical concern in markets where acute hazards are projected to drastically increase in the future, and thus could impact the investment appetite in those markets.

There is an opportunity in markets with climate change-induced losses, however, for resilient and efficient buildings to command a rent premium or higher sale price, have steadier cash flow, be easier to sell, or be easier and cheaper to insure. This resilient property may still be affected by physical risk due to its location, but it should experience less damage and disruption throughout its ownership.

CLIMATE RISK STRATEGY

To assess climate risk we engaged external consultants to take a holistic view, coupling catastrophe modeling and climate scenario modeling to identify asset exposure to physical and transition climate risk. Then, we assessed the most material vulnerability topics that determine an asset's sensitivity to the risk. Through this assessment, we have developed an internal dashboard of Firm and Fund-level values at risk for a variety of physical and transition climate risks.

Based on the material risks, we have defined a strategic plan to mitigate and adapt vulnerable assets to be resilient to climate change and the low-carbon economy. These strategies include integrating climate risk into new deal diligence, assessing mitigation investments for vulnerable high-risk assets, assessing emergency backup power availability at vulnerable assets, and integrating climate risk data into ongoing investment analysis and decision making.

	ASSESS	MINIMIZE	MITIGATE	ADAPT
OBJECTIVE	Conduct risk assessments during investment diligence and across standing portfolios	Minimize carbon emissions through improved efficiency and renewable energy	Mitigate climate risk by improving the physical resiliency attributes of assets	Create a resilient portfolio with reduced risk exposure and positioned to leverage opportunities
OPPORTUNITY	Understand current and future projected risks, insurance expenses, operational disruptions, and long-term value opportunities	Identify strategies for expense reduction, increased building lifespan, operational efficiency, and legislative compliance	Long-term planning, positioning of assets to be more resilient and therefore of higher value upon sale	Evaluate the impact of risks on long-term operations and investment strategy, positioning assets to be more resilient and valuable

[9] *UN IPCC Sixth Assessment Report, Summary for Policy Makers. 2021.*

[10] *Recommendations of the Task Force on Climate-related Financial Disclosures*

ASSESSMENT APPROACH

The scope of this report is to assess material climate risks at assets, the corresponding level of vulnerability and and to define mitigation procedures to reduce the assessed risk.

Real estate assets are on the frontline of climate change, and determining the risk exposure of assets to physical risk and transition risk must be a priority for investment managers. The first step to managing this risk exposure is to assess it, and there are many tools available with varying degrees of applicability. Though the Task Force for Climate-Related Financial Disclosures has defined a standardized disclosure framework, there is no single prescriptive tool for assessing risk.

The landscape of climate risk vendors is evolving quickly and is made up of open-source data models, catastrophe risk modeling tools used by the insurance industry, and climate risk software integrating forward-looking scenarios.

COUPLING CATASTROPHE AND CLIMATE RISK MODELING

Catastrophe models (also known as cat modeling) assess physical and chronic risk based on historical patterns and determine the risk impact based on the asset's location, construction attributes, and tenancy, and quantify the amount of damage or loss that might occur. By considering asset-level building attributes, catastrophe models can reveal how vulnerable the asset is to the peril.

By contrast, climate change models most often do not consider asset-level attributes and instead focus on geolocation. These "black box" software solutions vary but most forecast how the risk will change under different climate change scenarios and time periods. Coupling catastrophe modeling with climate change modeling provides a deeper view of the risks and the vulnerability of assets to those risks over time.

Additional climate risks and scenarios will be expanded in future reports, alongside additional indicators such as insurability, mitigating costs, and operational expense impacts.

USE OF MEANINGFUL RISK TIME HORIZONS

The hold period in our investment vehicles varies based on the strategy. Though we are interested in the climate risk impact during our hold period, it is also material to understand the risk during future buyers' hold periods, which they will likely assess during acquisition. Therefore, forward-looking climate change risk scenarios were modeled at 10 and 30-year time horizons.

Some of the material climate risks we review in this report do not use forward-looking scenarios and instead use data for the current time period, such as some catastrophe risks and regulatory risks. As assessment tools evolve, additional forward-looking risks will be included in the Firm's climate risk assessment procedures.

THE MATERIALITY OF PHYSICAL HAZARD AND TRANSITION RISKS

The list of physical and transition climate risks is long and the methods for evaluating vulnerability vary. It is important to define the risks that are most material to our sectors; considering tenant vulnerability, resource consumption of the asset, connectivity to the community, and regional concentrations within our portfolios, etc. Internal datasets of asset attributes, consumption trends, and discussions on insurance premium trends and loss statistics were referenced to inform our risk assessment approach.

RISKS ASSESSED

For our 2021 report, operational real estate assets owned by Harrison Street across all funds as of 3Q 2021 were included in the scope of the risk assessment. The list of risks presented in this report is not exhaustive and may be expanded in future reports; however, we believe that these present the most meaningful assessment at this time.

For physical and hazard risk, climate risk scenarios (see summary table) were evaluated alongside catastrophe models. In collaboration with external risk modeling and insurance consultants, the team assessed the presence of the risk, the value at risk, and the vulnerability of the asset to the risk. Financial metrics were used to assess the consequence of the risk occurring, including Total Insured Value (TIV) and Average Annual Loss (AAL). TIV represents the sum of the building, contents, and business interruption values. AAL is a product of the modeling and represents how much the asset might spend due to catastrophe loss, and is a measure of risk acuity.

For transition risk, different assessment approaches were applied for North American assets and European assets based on available data and assessment tools. The CRREM tool and EPC building ratings were utilized for European assets which have yet to be extended to the US as of the writing of this report. Therefore, building efficiency ratings (Energy Star) and presence of performance regulation were used as a proxy to assess transition risk in North America.

ANALYSIS METHODS

The risk assessment and management strategy has been developed in collaboration with our external consultants, to enhance the long-standing use of catastrophe modeling with climate risk scenario models, enhancing discussions on insurance expense, operational risks, and asset valuation.

Based on asset and fund climate risk exposure and vulnerability analysis, material "Hotspots" related to the sector, region, or financial exposure for the fund were identified. Hotspot analysis then investigates site-level building design, tenant operations, and investment strategy to further evaluate the risk impact such as if appropriate insurance coverage is present and if investment into risk mitigation/adaptation should be pursued. If mitigation is required, a "Deep-Dive Analysis" is performed alongside an engineering consultant to evaluate building improvements to mitigate risk, collaborating with insurance consultants to understand the impact on long-term expenses.

PHYSICAL RISKS

- Wildfire
- Hurricane
- Flood
- Severe Storm
- Sea Level Rise
- Water Stress
- Heat Stress

TRANSITION RISKS

- Carbon Emissions Regulation
- Building Efficiency Regulations

PHYSICAL RISK

The material impacts of physical climate risks within our investment sectors and regions of operation.

FACTORS IMPACTING ASSET VULNERABILITY

In addition to the presence of the physical risk at the asset location, our data analysis also considers an asset's propensity or predisposition to be adversely affected by the risk, also known as vulnerability. Vulnerability encompasses a variety of concepts including sensitivity or susceptibility to harm. Vulnerability is tempered by the adaptive capacity of the asset, its site, and surrounding community, to adjust to potential damage as well as the ability to take advantage of opportunities presented by climate change.

The asset-level attributes that contribute to physical climate risk vulnerability include:

- Physical construction of the asset
- Population inhabiting the asset
- Site energy systems resilience
- Building cooling and plumbing system efficiency
- Site connectivity to community
- Community adaptive capacity

The vulnerability of assets to chronic water stress and heat stress is mostly driven by the condition and design of cooling and plumbing systems. Increasing cooling degree days from heat stress will cause premature failure of building cooling systems and will increase cooling costs. Water stress will result in higher water expenses and poorer water quality, impacting asset expenses and tenant experience, particularly at high water use sectors like senior living and student housing.

IMPACT TO HARRISON STREET ASSET CLASSES

Residents in **senior living communities**, particularly those with assisted living and memory care, are highly vulnerable to disasters and evacuation is not desirable, thus special attention is paid to building design and mechanical equipment placement to reduce asset vulnerability in the event of a natural disaster. On-site emergency energy backup systems are standard to ensure the asset has power in the event of grid failure. The connectivity of the asset to the community, particularly roadways, is also critical as staff must be able to access the property in the event of flooding.

Residents of **student housing** assets are much more mobile and can more easily evacuate in the event of a disaster. Roadway access is important, though most student housing assets are in highly walkable areas and adjacent to college campuses, which are likely to provide hubs during natural disasters. Emergency backup power for life safety systems and heating is also critical for ensuring residents are safe during events.

Healthcare facilities are occupied by staff and patients, where the latter may be in a vulnerable state if at the facility, though typically assets owned by the funds only provide outpatient care. On-site emergency energy backup systems are standard to ensure the asset has power in the event of grid failure. Similarly, life sciences assets should have resilient building construction and onsite energy backup systems to both support staff and maintain the viability of research activities.

At **self-storage** assets, due to not being occupied, tenant vulnerability and energy resilience are less material. However, the construction of the site to limit damages to stored items is important.

Data centers are likewise less occupied; though management staff may be on-site, the center itself can operate through a natural disaster if building construction and energy systems prioritize resilience, which is standard now for new builds due to the attention paid to resiliency during project design.

REGIONAL EXPOSURE & VALUE AT RISK

Climate change is creating new risks and exacerbating existing vulnerabilities all over the world and these impacts will not be equally distributed across the US or Europe, instead it is likely to impact key regions. To this end, the exposure of our investment portfolio to acute events like hurricanes, flooding, or wildfires, and chronic stressors like rising sea levels will similarly vary by region and also by sector-specific vulnerabilities.

Harrison Street's portfolio spans the continental US, the UK, and is expanding into Canada and western Europe. We have assessed the physical risk material to the location of our invested assets globally.

AGGREGATE RISK SCORE

Maps were created that detail operational real estate assets owned by Harrison Street. The aggregate risk score rolls up all assessed physical risks. Scores were scaled from green to red, with green representing very low risk, and red representing high risk. This score was based on the average annual loss, which is a product of the modeling and represents how much the asset might spend as a result of the risk occurring, and is a measure of risk acuity.

RISK MITIGATION STRATEGY

Based on fund climate risk exposure and vulnerability analysis, material "hotspots" related to the sector, region, or financial exposure for the fund were identified. Hotspot analysis then investigates site-level building design, tenant operations, and investment strategy to further evaluate the risk impact. Confirming that appropriate insurance coverage is present and if investment into risk mitigation/adaptation should be pursued. If mitigation is required, a "deep-dive analysis" is performed alongside an engineering consultant to evaluate building improvements to mitigate risk, collaborating with insurance consultants to understand the impact on long-term expenses.

TRANSITION RISK

The potential material impacts on our assets and investment strategy from the global transition to a low-carbon economy.

FACTORS IMPACTING ASSET VULNERABILITY

As discussed in the Physical Risk section above, asset-level vulnerability posed by transition risk is a critical part of risk analysis. The global carbon transition challenges the status quo investment strategy and decision-making processes and will impact financial performance. Assets will become "stranded"– facing premature obsolescence – if they don't comply with increasingly stringent energy and emissions regulations.

The asset-level attributes that contribute to transition risk vulnerability include:

- Efficiency rating
- Age and condition of HVAC systems
- Energy footprint & financial responsibility
- Fuel source & grid connectivity

All assets with landlord-controlled utility accounts track monthly energy consumption, benchmark efficiency ratings, and assess the age and condition of MEP systems upon acquisition and prioritize ongoing efficiency assessments during ownership.

Senior Housing assets have a moderate to high energy footprint, depending upon the level of assisted care, making the sector more vulnerable to energy price volatility. Utility accounts are most often paid by landlords and not passed onto tenants. Natural gas is a typical source of heating in northern climes and is used for emergency backup power.

Student Housing has a moderate to low energy footprint and the utility accounts at assets are typically controlled by landlords, with expenses at times charged back to tenants. This reduces the exposure of the asset to energy price volatility. Natural gas is sometimes used for heating in northern assets, however, the sector is more likely than senior housing to be all-electric.

Healthcare has a variable, moderate to high energy footprint depending on the tenant's activity, and energy sources vary by region, including natural gas or district energy (steam, chilled water, etc.). Utility account control varies in the sector, depending on the number of tenants in a building and the lease structure.

Life Sciences has a high energy footprint stemming from laboratory equipment and specialized MEP systems. Assets are often single-tenant occupancy, resulting in utility accounts most often controlled by tenants.

Self-storage has a very low energy footprint and typically all-electric operations and landlord-paid utilities. Many self-storage facilities are not climate controlled, further reducing their energy footprint. Many self-storage facilities are not climate controlled, further reducing their energy footprint. Storage facilities are not occupied, other than front desk staff, and therefore are not as vulnerable to power outages.

Data centers typically have a very high energy footprint, however, the building owner's energy responsibility varies based on the datacenter structure (e.g. managed, co-location, cloud, etc.). A data center's flat roof and consistent loads make it a prime candidate for solar, and its need for resilient, uninterrupted energy makes a strong case for onsite power production.

REGIONAL EXPOSURE & VALUE AT RISK

As world governments begin to establish country and jurisdiction carbon emissions reduction targets, real estate sees both risk and opportunity within this energy transition. We have assessed the transition risk material to the location of our invested real estate assets globally.

BUILDING PERFORMANCE REGULATION

The risk of building performance regulation impacting our assets was assessed by reviewing operational asset-building efficiency ratings, relative to their market. At present, the US is implementing building performance reporting regulation at a local and state level--no national efficiency regulation has been implemented.[11] The method used for building performance reporting in the US is the EPA's Energy Star Portfolio Manager rating of 0-100, with 50 being the median building rating and 75-100 being an efficient building, qualified for certification. In the UK, as well as most European countries, buildings are rated using Energy Performance Certificates (EPC) and labeled on an A through G scale, with G being the worst-performing. In 2019, the UK government began a process to establish aggressive carbon targets and the likely trajectory is a new target of EPC B by 2030, though this has not yet been announced.

REAL ESTATE CARBON EMISSIONS REGULATIONS

Nascent carbon emissions regulations impose risk due to asset-level operational emissions performance, relative to science-based carbon emissions reduction pathways. One approach available for assessing carbon emissions risk is CRREM--a tool originally developed in the EU that aids investors and property owners to assess asset exposure to stranding risks based on their energy and emission data, location and corresponding climate change predictions, and the applicable regulatory requirements (e.g., building codes, carbon taxes). This tool has yet to be extended to the US as of the writing of this report. In the US, New York City and Boston have passed regulations that set GHG emissions caps for the city's largest buildings and impose fines for non-compliance, and other jurisdictions are implementing similar regulations.

[11] *Energy Star Federal, State, and Local Benchmarking Policies. July 2021.*

ENERGY SUPPLY MARKETS & GRID RESILIENCY

Climate change is likely to increase electricity use in summer for cooling, and supply chain disruption from catastrophic events will impact natural gas and electricity markets, resulting in price volatility. This was seen recently in the natural gas markets, resulting in extreme energy pricing swings in both the US and Europe.

Natural disasters have also revealed weaknesses in the US power grid, as seen in the failures of the Texas grid from the winter storm in February 2021 and the California grid failures due to extreme heat and wildfires. Both cases can be attributed to failing grid infrastructure, poor management, and extreme climate-related events.

Finally, RECs have historically been used for organizations to claim renewable electricity that is generated and delivered to the grid. However, during 2021 the price of RECs in the US rose drastically over four months from $2 per MWh to $7 per MWh. Although the price has fallen back somewhat at the time of this writing, we expect to see continued volatility and an overall upward trajectory in the market as a reduction of available RECs and increasing corporate demand for renewable energy to meet climate goals has already resulted in this price escalation and is unlikely to subside.

AGGREGATE RISK SCORE

Maps were created that detail operational real estate assets owned by Harrison Street across all funds post Fund IV as of 3Q21 in North America. The aggregate risk score represents assessed transition risks with scores scaled from green (low risk) to red (high risk). This score is based on operational asset-building efficiency ratings and the presence of local and state building performance regulation. Our Europe assets utilized the CRREM tool to assess transition risk.

RISK MITIGATION STRATEGY

Based on the Funds' climate risk exposure and vulnerability analysis, material "hotspots" related to the sector, region, or financial exposure for the fund were identified. Refer to Part 1: Carbon Emissions Reduction for our goal and pathway to mitigate high and moderate risk.

Image courtesy of The Dinerstein Companies
Photo by Hugh Hargrave Photography

CLIMATE-RESILIENT PATHWAY

CLIMATE RISK DILIGENCE

INCREASE THE NUMBER OF NEW ACQUISITIONS ASSESSED FOR CLIMATE RISK VULNERABILITY AND INCLUDE MATERIAL MITIGATION STRATEGIES IN THE BUSINESS PLAN.

Capture opportunities created by climate and limit exposure to risk within investment funds by integrating climate risk into investment committee decision-making processes, making climate risk transparent, and embedding mitigation into value add strategy.

KEY ACTIONS:

- Conduct baseline assessment of physical and transition risk for potential acquisitions and present within investment committee memo
- For potential acquisitions in high-risk regions, conduct third-party physical and transitional risk assessments during diligence. If mitigation is material, include a capital improvement plan into closing
- Assess new developments for climate risk and incorporate mitigation strategies into plans

CLIMATE RISK DASHBOARD

MAINTAIN AN INTERNAL INTERACTIVE DASHBOARD OF ASSET CLIMATE RISK EXPOSURE.

Provide accessible and transparent data on climate risks to internal decision-makers to promote buy-in and Firm-wide engagement into climate risk management.

KEY ACTIONS:

- Build data analytics dashboard using the raw dataset of climate and catastrophe risks connected to investment attributes
- Publish dashboard to internal transactions and asset management teams
- Provide training to team members on climate change risks, how to use the dashboard, pursuing mitigation plans, and implications for annual operational and capital budget plans

CLIMATE RISK MITIGATION AT STANDING INVESTMENTS

REDUCE THE VULNERABILITY OF OWNED INVESTMENTS TO PHYSICAL AND TRANSITIONAL RISK THROUGH INVESTMENT IN MITIGATION.

For assets in areas of high physical or transition climate risk, integrate risk mitigation into the business strategy for the investment, capturing opportunities presented by climate change, and market differentiation of the asset.

KEY ACTIONS:

- For assets with high climate risk ratings, conduct a deep-dive assessment of site-level vulnerability
- Engage insurance consultant to re-assess premium increases, cash loss risk, and the savings potential from mitigation investment
- Engage external engineering firm to assess asset physical design and create a cost-benefit analysis
- Define the internal decision-making process on resiliency investments and investor engagement
- For transition risk mitigation, see Part 1: Carbon Emissions Reduction

ENERGY RESILIENCY ASSESSMENT

CONDUCT ASSESSMENT OF EMERGENCY ENERGY BACKUP SYSTEMS AT ASSETS IN VULNERABLE REGIONS OR SECTORS.

For assets where energy outages may have a material impact on tenant health and safety, emergency backup power systems should be integrated into building energy infrastructure. These systems have the potential to reduce emissions, consumption, and expenses if systems assessment uses a holistic and strategic approach.

KEY ACTIONS:

- Collect baseline of emergency energy backup system specifications current in place at assets
- Assess energy backup system suitability at assets with high vulnerability
- Investigate low carbon alternatives for emergency power, such as solar-connected battery storage, and prioritize power systems that can be used throughout the year for load shedding or increased on-site energy production

Climate-Resilient Pathways

Iterative processes for managing change within complex systems in order to reduce disruptions and enhance opportunities associated with climate change.

2021 CLIMATE ACTION PLAN

PART 3

SOCIAL HEALTH & WELLBEING

Assessment of climate-change induced social risks and a strategic plan to support resiliency and the wellbeing of building occupants.

DECEMBER 2021

HARRISON STREET
Making an Impact

The Loop in Isla Vista, CA. Image Courtesy of Cardinal Group

PART 3

EXECUTIVE SUMMARY

Climate change impacts more than simply the physical building, it also has a significant impact on building occupants. Whereas in this Climate Action Plan we have addressed how we intend to limit the amount of impact our investments have on the climate, as well as how our assets will react to the already changing climate, we have yet to address the human factor. For those factors within the built environment that we can control and that impact humans, we want to continually improve upon, and those that are outside our direct control we want to be prepared as best as possible to adapt to the impacts of climate change.

Given the asset classes we serve, such as senior housing and student housing, the "S" is of utmost importance at the property level. Assessing the impact climate change will have on the human and social aspects of our assets is a critical component of our Climate Action Plan. These material social risks include maintaining healthy environments while pursuing efficiency goals, supporting the mental wellbeing of vulnerable populations, and providing safe buildings that are resilient in the event of climate disasters. Thus, we are committed to ensuring our buildings are safe and healthy for all occupants.

Our goal is to support the wellbeing of occupants and build resilience against climate-change-induced social risks.

Our strategic plan for addressing and mitigating these risks across our portfolio includes collaborating with a variety of industries and respective experts to enhance various aspects of our assets and programs delivered by operators. All to employ leading strategies around the health of the indoor environment and support the wellbeing of our building occupants.

SOCIAL RISK

Social risk constitutes the underlying social conditions that make individuals and communities vulnerable to external hazards, and how quickly they are likely to recover. Through the following section, we seek to define the key climate-related social risks that have the most material impact on our sectors and regions. Such topics include but are not limited to:

MEETING EFFICIENCY GOALS WHILE MAINTAINING HEALTHY BUILDINGS

Adapting buildings to the risks of climate change and to meet carbon reduction goals can at times be at odds with prioritizing occupant health. Energy efficiency strategies and building improvements (i.e. renovations) have the potential to negatively impact indoor air quality. For example, greater efficiency may be achieved by reducing ventilation, but that comes at the expense of healthy indoor air or limiting energy usage during extreme temperatures impacts the comfort and safety level of the indoor thermal environment for building occupants. As a result, balancing these competing interests needs to occur.

CLIMATE CHANGE & EFFECTS ON HEALTH, WELLBEING, AND SAFETY

Mental Health, especially that of more vulnerable populations, can be negatively affected by climate change-induced disasters and the resulting increase in stress. The occupants of senior and student living facilities, the elderly and young adults, are two populations that suffer disproportionately from loneliness and isolation[12], which intensified during the COVID-19 pandemic[13] [14].

Emergency Preparedness plans and protocols will likely need to be continuously reviewed and updated to account for the higher frequency of climate-related events and to keep occupants as safe and healthy as possible. Extreme temperatures and other weather-related events can also increase power outages, creating lapses in care in senior and healthcare facilities and exposure to unsafe temperatures. It is also possible that climate-related extreme events could create potentially hazardous conditions in the geographies where they occur. In the event of extreme natural disasters, residents in senior care communities and patients at healthcare facilities are not easily evacuated.

Labor shortages and supply chain disruptions due to climate-related events and global emergencies can impact the care provided to acute care occupants at senior living and healthcare facilities. This in turn can increase costs elsewhere in housing like rent costs and affordability, which may begin to exclude certain populations more vulnerable to the effects of climate change.

COMMUNITY FISCAL RESILIENCY

The vulnerability of an asset's surrounding community will have a relative impact on an asset's resiliency. Simply, the fate of real estate is tied to the fate of the community in which it is located. Municipal vulnerability is impacted by how much the municipality is investing in climate change adaptation to reduce the risk of failing community infrastructure. A city's fiscal condition as well as its resilience policies and strategies will likely impact its ability to make resilience-related investments. This investment signals the strength of the market and the municipality's access to capital.

[12] *Loneliness Linked to Serious Health Problems and Death Among Elderly. UCSF, 2012.*

[13] *Young adults hardest hit by loneliness during pandemic. Harvard Gazette, 2021.*

[14] *Mental Health, Substance Use, and Suicidal Ideation During the COVID-19 Pandemic. CDC, 2020.*

SOCIAL IMPACT PATHWAY

MAINTAIN HEALTHY BUILDINGS

PURSUE HEALTHY BUILDING CERTIFICATIONS IN ALL APPLICABLE, OCCUPIED ASSETS

To provide our properties with a level of market differentiation and to ensure occupied assets within our portfolio meet performance-based third-party healthy building standards.

KEY ACTIONS:

- Engage with operating partners to register and certify occupied assets within the portfolio
- Onboard new partners to the certification program to ensure newly acquired assets and new developments are slated for certification as applicable
- Provide resources like policy templates, training, connections to approved technology vendors, to support operators in optimizing their health building and operations strategies.

OPTIMIZE THE INDOOR ENVIRONMENT IN SENIOR LIVING

CREATE OPTIMAL INDOOR CONDITIONS WITHIN OUR ASSETS TO POSITIVELY SUPPORT OCCUPANT HEALTH

People spend the majority of their time indoors, making the potential impact of the indoor environment on human health significant. As outdoor air quality declines due to climate change, those most affected will spend even more time indoors.

KEY ACTIONS:

- Partner with The Well Living Lab (WLL), a collaboration between Delos and Mayo Clinic, to design research trials at our assets to study the connection between health and the indoor environment
- Focus initial efforts on the Firm's senior living communities, to determine how the indoor environment impacts seniors' overall health, sleep, cognitive ability, and social interaction
- Make positive interventions as necessary to assets' indoor environments based on findings

MENTAL HEALTH AND WELLBEING

FACILITATE PROGRAMS AND TOOLS TO MONITOR AND IMPROVE OCCUPANT MENTAL HEALTH AND WELLBEING

Providing programming and technology that can support positive mental health, community, and intergenerational connections is essential for our asset sectors.

KEY ACTIONS:

- Build programs that cross-pollinate senior housing and student housing asset types to promote connection, such as our program StudentCare
- Roll-out digital prevenative care tools that detect and predict cognitive health and use findings to provide proactive and enhanced care
- Create occupant and tenant engagement programming that prioritizes mental and emotional wellbeing integrated with professional support
- Operating partners perform tenant satisfaction surveys annually and share results with Harrison Street along with action plans for improvement

EMERGENCY PREPAREDNESS

INCREASE THE NUMBER OF OPERATING PARTNERS THAT HAVE EMERGENCY PREPAREDNESS PLANS IN PLACE

Having a comprehensive emergency preparedness plan in place can help prepare building occupants to respond to emergency situations, helping to limit injuries, illness, and/or damage to a facility.

KEY ACTIONS:

- Provide operating partners with standards for procedures emergency preparedness plans should cover. Onboard any new partners to these procedures
- Confirm that all operating partners have aligned policies and procedures
- Regularly use third-party surveys to assess operating partners on their emergency preparedness plans and procedures

2021 CLIMATE ACTION PLAN

CLIMATE ACTION GOVERNANCE

HARRISON STREET
Making an Impact.

2021 CLIMATE RISK & RESILIENCY ASSESSMENT

CLIMATE ACTION GOVERNANCE

As we measure progress and hold ourselves accountable to the commitments and targets stated in this plan, we will practice and embody our Firm's core values of teamwork, innovation, passion, integrity, and excellence.

Achieving our climate action goals outlined in this plan will require a multifaceted approach including cross-functional collaboration, timely implementation, transparent reporting, and third-party assurance. We recognize that our processes of accountability are as important as our strategic plan. The following processes will support our plan's success and continual evolution.

INTERNAL LEADERSHIP RESPONSIBILITY

Harrison Street has had a formal ESG program since 2013, and in January 2020 it established an Impact Department. Our Chief Impact Officer, along with a fully dedicated staff, is responsible for the measurement, management, reporting, and enhancement of the Firm's environmental and social initiatives.

The Firm's Climate Action Plan is managed by the Impact Team, who are responsible for implementing the strategy and internal procedures defined in this report. In addition, the Impact Team engages the following committees to carry out this strategy:

- The Sustainability Leadership Team - A cross-functional team established in 2013 and composed of 18 individuals representing each key department in the Firm and is tasked with executing the Firm's ESG strategy
- The ESG Executive Committee - Composed of a subset of the Firm's Executive Committee, including the heads of Transactions, Asset Management, and Portfolio Management departments, to support and monitor the performance of the Firm's ESG strategy

HARRISON STREET IMPACT TEAM

JILL BROSIG
CHIEF IMPACT OFFICER

STEPHANIE BARR
VP, ESG IMPACT

MOIRA KELLEY
AVP, SOCIAL IMPACT

ELLIE TROXELL
ASSOCIATE, CLIMATE

ONGOING STAKEHOLDER DIALOGUE

Our Climate Action Plan and overall ESG strategy is continually evolving and being enhanced not only by an internal strategic focus but just as importantly by engaging in dialogue with key stakeholders and industry experts. For example, our ESG Council, which is composed of ten of the Firm's largest global investors who are both passionate about ESG and deeply involved in their own organization's sustainability efforts, provides a platform to harness collective ESG knowledge of the participants to help identify, discuss, challenge and work to solve present and future ESG matters.

We also actively reach out to our peers and industry experts and study research reports, both within our industry and outside, to challenge ourselves to think more innovatively or to simply learn about ideas and approaches we have yet to consider or that have been yet to be applied to our field. A few other ways we foster this ongoing dialogue include:

- Stakeholder Materiality Survey: conducted every three years to capture, analyze, and execute on those items that are most material from an E, S, and G perspective (Next materiality assessment in Spring 2023)
- Operating Partner Engagements: This ranges from ESG education to overall ESG strategy to tactical conversations on an ESG project. Occurs through one on one calls and Firm-led and operating partner attended ESG Webinars
- Industry Group Engagement and Industry Associations: participate and engage with peers and industry groups to share best practices, discuss issues of common concern, and benchmark performance

CLIMATE ACTION GOVERNANCE

DATA & REPORTING COMMITMENTS

FIRM-WIDE CLIMATE DATA MANAGEMENT

Streamlining the collection, validation, and analytics of emissions data is essential to efficiently carry out the strategic plan and reporting commitments. This data cannot be operationalized if it is stored in siloed software accessible only to external consultants and the Impact team. ESG must be connected to Harrison Street's internal investment data ecosystem, making it useful for firm-wide engagement and investment decision-making. Harrison Street has dedicated significant resources to optimizing the collection, validation, storage, and integration of ESG data and will continue to perpetuate the full integration of ESG data into the internal data ecosystem.

PROGRESS REPORTS

Throughout the year there are a number of avenues that the Impact Team utilizes to share the Firm's ESG progress and how we are doing against our stated goals. Specific to the activities discussed in this Climate Action Plan, several of these documents include metrics on carbon emissions reduction status, mitigation plans around any assets that may be impacted by physical or transition risk, as well as health and wellness goals. These reports and communication vehicles include:

Internal Reporting. Progress against key ESG initiatives are reported to the CEO, Executive Committee, and Management Committee quarterly.

Corporate Impact Report. Published annually and aligned with GRI, this report will provide a transparent accounting of the progress toward achieving our ESG goals, comment on progress on implementing strategies and provide updates of any material changes to the strategic plan.

Climate Action Plan Update. A streamlined report, published annually will reiterate goals, comment on progress against stated goals, and where applicable, update any substantive changes to strategies.

Investor Fund-level Reports. Select funds will annually disclose ESG information and progress, key projects or initiatives implemented, and any roadblocks met. If any deviations from the strategic plan occur those will be addressed, and mitigation plans stated. Where possible, case studies will also be included to better illustrate the impact ESG initiatives have on the performance of the respective investments.

Fund-Level GRESB Submission. Funds will submit annual asset-level emissions performance to GRESB, alongside risk assessment and risk management strategies implemented.

ASSURANCE

The asset-level ESG dataset used for fund reports, the public impact report, and GRESB submissions will be third-party verified on an annual basis.

METRICS FOR MEASURING IMPACT

We track the following metrics at real estate assets that are landlord-controlled:

CARBON

Scope 1 & 2 GHG Emissions (MTCO2e)
Energy use intensity (kWh/sq. ft.)
Emission intensity (MTCO2e/ sq. ft.)
On-Site Renewable Production (kW / kWh)
Efficiency investment ($)

CLIMATE

Asset Physical Risk Ratings
Asset Efficiency Rating
Jurisdiction Efficiency/Carbon Regulation
Water Intensity (gal / sq.ft.)
MEP System Efficiency Specification
Insurance Expense ($)
Enhanced Emergency Backup Power Tracking
Enhanced Tracking of Mitigation Investment ($)

SOCIAL

Fitwel Certification Status
Walk Score
Students and Seniors Housed
Jobs Created

By striving to optimize ESG data collection, analysis, and reporting, in addition to enhancing our internal decision making, we are better able to communicate with key stakeholders about the firm's ESG program's progress and performance.

JOEY LANSING
CHIEF STRATEGY OFFICER

CLIMATE ACTION GOVERNANCE

INVESTMENT PROCEDURES

Updating internal investment procedures to include climate action goals and strategies is critical to our ability to implement this plan. Below are how our carbon reduction goal, climate risk strategies, social impact strategy, and broader ESG initiatives are integrated into the investment lifecycle of the Firm's assets.

Acquisition: New assets considered for a Fund first undergo an extensive ESG review, which includes a detailed evaluation of current and potential ESG initiatives. This analysis is presented to Investment Committee (IC) as part of the formal investment approval process.

- ESG evaluation includes an analysis of effects on the community, tenant health and wellness, the operating partner's DEI values, climate impact, building certifications, and physical and transition risk.
- Any physical and/or transition risks identified as "high,", are reflected in IC materials and a mitigation plan is integrated into deal structuring and underwriting. Further, ESG-related value creation plans are developed and ESG asset performance is baselined.

Asset Management. Investments that are approved at IC, prior to closing, undergo a detailed third-party ESG assessment that looks at potential energy efficiency and renewables projects and building certifications. Post-closing, the Firm's Impact and Asset Management teams meet monthly to review assets across the Fund to ensure risks and initiatives identified during pre-close are executed upon and any newly identified ESG opportunities are budgeted, planned, completed and tracked for performance.

Activities include:

- Ongoing utility monitoring, benchmarking, and optimization of clean energy procurement
- Monitoring of carbon emissions
- Assessment of on-site renewable energy development
- Implementation of efficiency assessments and retrofits to improve performance
- Pursuit of third-party ESG-related certifications
- Engagement of stakeholders, including operators and building occupants

Disposition. All Fund assets undergo an annual hold/sell analysis to determine the optimal time for disposition. We recognize the growing value investors place on ESG and include the asset's ESG accomplishments and metrics in all offering materials, such as:

- Marketing materials describe any ESG features of the applicable property
- Potential buyers receive case studies describing ESG projects undertaken at the property
- Where applicable, the Firm measures property-level value created by ESG projects

CLOSING NOTES

DISCLOSURES

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