



August 2021

FIRM UPDATE



HARRISON STREET
Making an Impact.

TABLE OF CONTENTS

- 3 CEO Letter
- 4 About Us
- 5 Acquisitions
 - Featured investments
- 7 Dispositions
- 8 Investor Relations
 - ESG Investor Council
- 9 Strategy Updates
 - Core Real Estate – United States
 - Social Infrastructure – North America
 - Opportunistic Real Estate Fund Series – North America
 - Opportunistic Real Estate Fund Series – Europe
- 13 Harrison Street Happenings
 - Harrison Street Network of Women
 - New Office Opening
 - Giving Back
 - Diversifying our talent pipeline
- 14 Looking Ahead



CEO LETTER

Friends,

The first half of 2021 was among the most active and successful periods in our Firm's 16-year history. Our demographic-driven strategies continued to perform backed by resilient demand across our healthcare delivery, life sciences, student housing, storage and infrastructure assets. We have seen continued interest in acquisition and development of assets across our strategies. In addition to our established North American and European Opportunistic strategies, our core and social infrastructure strategies, we are excited to embark on new endeavors focusing on Canadian, clean energy and digital real assets, each of which will draw on our unparalleled expertise investing in alternative real assets in partnership with world class institutions and operators.

Harrison Street's competitive edge remains in our extensive relationships with universities, health systems and operators which provides unique access to attractive opportunities. We have closed more than \$12 billion in new investment activity since the onset of the pandemic, and are on pace for \$10 billion in 2021 alone, with more than \$4.6 billion in transaction volume in the first half of the year. We are excited to share some of these investments in the subsequent pages.

Our senior housing portfolio, consisting of 15,000+ residents at 157 operating properties, continues its steady recovery in occupancy which saw declines from our communities' front doors being closed to new residents during the early months of the pandemic. Our portfolio has experienced six consecutive months of positive net absorption and we anticipate a full return to pre-COVID occupancy levels in the near term. Pre-leasing levels at our student housing portfolio, consisting of over 100,000 beds, has remained strong as many universities are planning for in-person classes. Finally, the Firm's social and utility infrastructure investments, including sustainable buildings, wind, solar, district energy and telecommunication assets, are highly structured and continue to perform above expectations.

Capital has come roaring back to the transaction market and seeking assets with durable cashflow, such as Life Sciences, Medical Office and Student Housing. We have capitalized on this appetite with dispositions to date of \$740 million and anticipate \$6 billion of total dispositions by year end. 90% of this disposition volume is anticipated to be through portfolio sales as new entrants seek meaningful exposure to our sectors.

We are grateful for the trust placed with Harrison Street from our global investor base. We continue to be focused on generating superior performance and creating differentiated investment solutions for our investors. In conjunction, Making an Impact in all we do remains of utmost importance. Since formally launching the Firm's ESG initiative in 2013, our focus continues to evolve and grow dramatically. In an effort to help elevate our impact, we are launching an ESG Investor Council this year. We look forward to receiving real-time input from a pool of our investors deeply rooted in their organization's ESG efforts.

The Harrison Street team is in the office and on the road working hard to meet and exceed our 2021 and beyond business plans. I wish you all the best as you close out the summer and remainder of 2021.

Regards,



Christopher Merrill
Co-Founder, Chairman & CEO

ABOUT US

Harrison Street is a **leading investment management firm exclusively focused on alternative real assets**. Since inception in 2005, the Firm has created a series of differentiated investment solutions focused on demographic-driven, needs-based assets. The Firm has invested \$44 billion across **senior housing, student housing, healthcare delivery, life sciences** and **storage real estate** as well as **social and utility infrastructure**. Our experience spans investments on or near 184 universities, in partnership or affiliation with 30 top healthcare systems and a network of 50+ leading operating partners. We continue to innovate with this robust network throughout North America and Europe.

Harrison Street has nearly 200 employees located in Chicago, San Francisco, London and Toronto. The team consists of **subject matter experts in alternative real assets investing** and has one of the longest track records in non-traditional real estate. Our dedicated and passionate team works diligently to find innovative ways to generate long-term value as fiduciaries for our global institutional investor base.

YTD 2021 HIGHLIGHTS¹

- **95 assets acquired (\$4.6 billion gross cost)**
- **30 assets sold (\$740 million gross sales price)**
- **\$3.7 billion of capital raised across strategies**
- **Launch of ESG Investor Council**
- **23 new hires; launch of Harrison Street Network of Women**



CPV Three Rivers | Utilities: Power

Awarded Northern American Power Deal of the Year by IJ Global



UChicago | Social: Education

Named the Public-Private Partnership Development of the Year at Student Housing Business' 11th Annual Innovator Awards



ACQUISITIONS¹

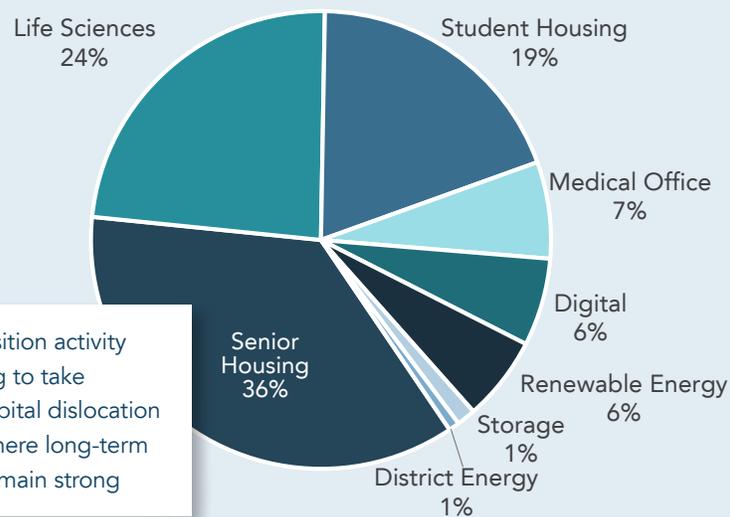
As COVID-19 concerns seem to wane, we have seen an **uptick in capital returning from the side lines** and **new entrants** with a particular **focus on core transactions with durable cash flows**. Interest across Harrison Street's sectors has increased due to their strong demand fundamentals, but most notably for **Medical Office, Life Sciences, Digital and Storage assets**. Pricing of marketed core assets, especially large portfolios, continues to see **increased bidders and aggressive deal terms**. Debt for acquisition and development remains readily available for high quality sponsors with spreads compressing. Harrison Street's competitive advantage remains in our extensive network of universities, healthcare systems and operating partners. **65% of investments** made thus far in 2021 have been through our relationships and **sourced off-market**.

Year to date, Harrison Street has invested in **\$4.6 billion of transactions** across **95 assets** in North America and Europe. Activity has been diversified **across sectors** and **investment strategies**. Highlights include (based on total transaction cost):

- 61% invested in non-core assets, 39% invested in core assets
- Over 30% invested in Life Sciences and Medical Office
- Average equity commitment of \$21.9 million
- 67% single asset transactions

Additionally, we are in the **process of closing nearly 70 assets totaling ~\$4.5 billion in total cost**. The assets are well diversified across regions, sectors, and strategies. Notable activity includes numerous life sciences assets, multiple **investments in Canada**, a **public-private partnership for US government housing**, and **build-to-rent** in the US and Europe. With the closing of these assets during the second half of the year, the Firm's **anticipated acquisition volume is ~\$9 billion in 2021**.

YTD 2021 ACQUISITIONS BY SECTOR



Increased acquisition activity in senior housing to take advantage of capital dislocation opportunities where long-term fundamentals remain strong

FEATURED INVESTMENTS

In April, Harrison Street acquired a **portfolio of 16 newly built Class-A senior housing properties** located in **desirable markets** in California and Nevada with an **average age of 4 years**. At acquisition, the communities were 82.4% occupied with leasing trending positively. As the seller sought liquidity, this **off-market opportunity** offered **attractive terms**, including a **structured NOI guaranty**. This transaction allowed the Firm to form a new relationship with a high-quality West Coast senior housing operator. The properties consist of more than 1,500 mixed acuity units.



Senior Housing Portfolio



101 College Street | Life Sciences

In June, Harrison Street closed on the **development of 101 College Street, a state-of-the-art life sciences** facility in New Haven, Connecticut. The asset will support New Haven's burgeoning life sciences ecosystem, and strategically surrounded by **Yale University, Yale Medical School, and Yale New Haven Hospital**. The 525,000 sqft project was **73% pre-leased** at the time of groundbreaking to Yale University, Arvinas (NASDAQ: ARVN), and BioLabs for **long-term weighted average leases**.

In July, Harrison Street partnered with Illinois Institute of Technology's ("Illinois Tech") **on-campus utility system** in a **40-year public-private partnership** supporting the university with deferred maintenance costs, operations and maintenance services, energy conservation measures, and cost saving efforts. The plant provides chilled water, steam production and distribution, as well as electricity production to the Illinois Tech campus.



Illinois Institute of Technology | P3 Utilities



DISPOSITIONS²

Year to date, we have **sold 30 properties** with a total gross sales price of **\$740 million**. Nearly **80%** of the sales have been **medical office assets** as we looked to capitalize on the increased appetite for the sector. This included successful execution of the **sale of a 14-property medical office portfolio** to a publicly traded REIT. We are in the process of listing and **marketing a 32-property medical portfolio** for disposition, total gross value expected to exceed \$700 million, and includes multiple medical sub-sectors such as clinical medical office buildings, behavioral hospitals and inpatient rehabilitation facilities.

The balance of dispositions to date have been student housing properties. **Buyer interest** has been **strong for student housing** given conventional cap rates are trending at 3.5% - 4%, which represents a 75 - 100 basis point spread between multifamily and student housing. However, cap rates are showing signs of trending lower in student, particularly in light of the **significant appetite for large portfolios** from new entrants. We **anticipate two student housing portfolio sales**, consisting of **~55 properties**, to transact later this year.

Low interest rates and ample financing options along with attractive risk adjusted returns, longer term stability, and diversification into other asset classes for the most sophisticated investors are driving interest and pricing. Our **business plan estimates total disposition volume for 2021 to near \$6 billion**, with roughly **90% via portfolio sales**.



Healthpeak Portfolio Sale | Medical Office



In June, Harrison Street sold a 14-property medical office portfolio with 833,000 square feet across Virginia, Illinois, Minnesota, New Jersey, Oregon, Texas, and California for approximately \$371 million.

INVESTOR RELATIONS²

The resiliency of our strategies has attracted nearly \$6 billion of investor commitments since the start of the COVID-19 pandemic in March 2020. While many of our investor interactions remained virtual during the first half of the year, engagement and execution surpassed that of 2020. Notably, **40% of commitments** have been from **new Harrison Street relationships during 2021**.

ESG INVESTOR COUNCIL

Harrison Street strives to implement pioneering Environmental, Social and Governance practices across the Firm and its investments to deliver positive impact for its stakeholders and the world. Since formally launching the Firm's ESG initiative in 2013, the level of complexity and focus has grown dramatically in both breadth and depth. **In an effort to continue to elevate our impact, we are forming an ESG Investor Council** ("Council").

The Council will consist of a handful of the Firm's investors who are deeply ingrained in their organizations' ESG initiatives and passionate about the cause. The Council will provide **real-time input** and act as a **sounding board on the Firm's ESG strategy**. The Council will meet twice a year and topics will vary based upon time of year, macroeconomic events and key areas of interest. Some examples of potential topics include:

- Net Zero GHG emission goals and execution
- ESG reporting
- Leveraging GRESB, UN PRI and other organizations to further enhance ESG leadership and best practices
- Diversity, Equity & Inclusion initiatives
- Exploration, execution and value of social impact projects

To learn more about our ESG initiatives, please see the [Firm's 2020 Impact Report](#).

STRATEGY UPDATES

CORE REAL ESTATE – UNITED STATES

Launched in 2011, Harrison Street's core fund was created to provide investments in **stabilized, cash-flow producing real estate with demographic-driven demand**. The fund invests in senior housing including independent living, assisted living and memory care communities; medical office buildings and other healthcare-related real estate investments; student housing, both on and off campus, and other education-related real estate investments; life sciences buildings and storage properties.

Since inception, the fund has consistently produced an attractive distribution yield. The fund is valued over \$10 billion and consists of a diversified portfolio of 319 properties.



Palomar Health Outpatient Center | Medical Office



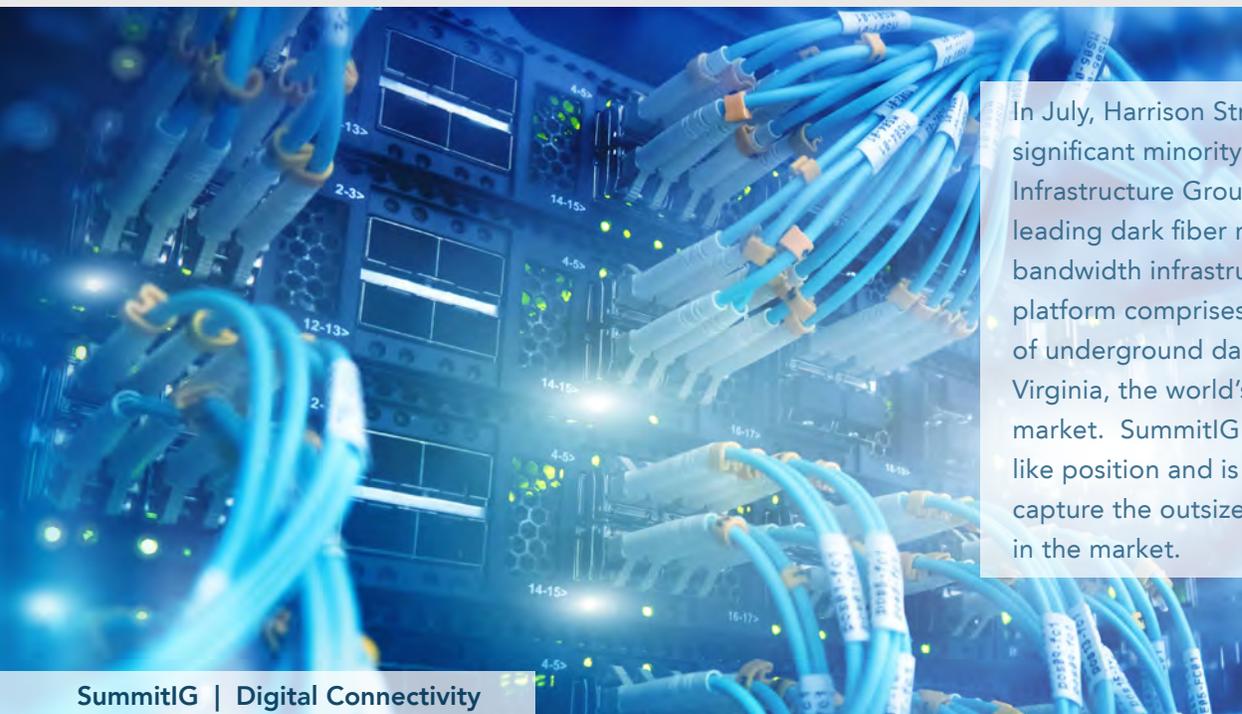
In June, Acquisition of the second phase of three Class A Medical Office buildings located in Escondido, CA. The asset is 100% master leased to Palomar Health on a long term basis with annual rental escalations. Palomar Health is one of the largest public health care districts in California.



SOCIAL INFRASTRUCTURE – NORTH AMERICA

Launched in 2018, Harrison Street's social infrastructure fund seeks to create a diversified portfolio of **middle-market** infrastructure assets across North America. The demand for the fund's target sectors, **Social** and **Utility infrastructure** with key off-takes of **Municipalities, Universities, Schools** and **Hospitals** ("MUSH"), is driven by aging infrastructure, demographics, decarbonization and overall need by the underlying user. The fund seeks **highly structured assets**, supported by **long-term contractual arrangements** which produce consistent financial performance across economic cycles.

Our social infrastructure strategy is actively seeking opportunities to enhance long-term stakeholder value while contributing to improving the environment and producing better outcomes for students, patients and communities.



SummitIG | Digital Connectivity

In July, Harrison Street acquired a significant minority interest in Summit Infrastructure Group, Inc ("SummitIG"), a leading dark fiber network solutions and bandwidth infrastructure. SummitIG's platform comprises more than 600 miles of underground dark fiber in Northern Virginia, the world's largest data center market. SummitIG holds a monopoly-like position and is uniquely situated to capture the outsized growth delivering in the market.

OPPORTUNISTIC REAL ESTATE FUND SERIES – NORTH AMERICA

Launched in 2006, the closed-end opportunistic fund series has invested in **over 740 assets** with a gross cost of **over \$21 billion**. The fund series invests in demographic-driven real estate and seeks to create value through the acquisition, development, redevelopment and/or repositioning of assets in partnership with strong operating partners. The fund series has invested in approximately **107,000 student housing beds**, **27,000 senior housing units**, **8.7 million square feet of medical office space**, **1.4 million square feet of life sciences** and over **115,000 storage units**.

Since inception, the fund series has disposed of over 435 assets with gross cost of approximately \$9 billion.

In March, Harrison Street, in partnership with an existing operating partner, acquired a portfolio of five self storage properties located in Alberta, Canada. The assets are located in growing submarkets with a strong demographic profile and limited competing supply. Bluebird will brand and implement professional management practices across the portfolio to drive occupancy and rental growth.



Bluebird Storage | Self Storage



University of South Carolina | Student Housing

In June, Harrison Street closed on a development project of a purpose-built student housing (“PBSH”) property with 673 beds at The University of South Carolina in Columbia, SC. The property will be adjacent to the University’s Greek Village while maintaining proximity to the campus core, directly appealing to the ~25% of undergraduate students participating in Greek Life. The University of South Carolina is a public research university and the largest university in the state with total enrollment greater than 35,000 students.



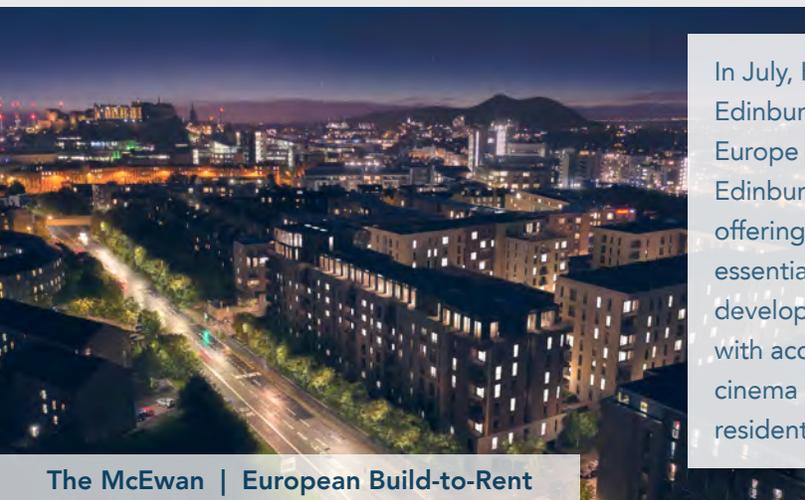
OPPORTUNISTIC REAL ESTATE FUND SERIES – EUROPE

Launched in 2015, the closed-end opportunistic fund series pursues real estate opportunities in **life sciences & technology, specialty residential** and **student accommodation** across key markets in Europe including **UK, Ireland, Germany, France, Spain, Portugal, Italy, the Netherlands** and **the Nordics**. These highly fragmented asset classes benefit from demographic-driven demand, high barriers to entry and require operational expertise for successful management. Harrison Street has **invested over €3.5 billion** in approximately 18,000 student housing beds, over 2,600 specialty residential units and 2.1 million square feet of life sciences throughout Europe.

In April, Harrison Street and Trinity Investment Management formed a joint venture (“JV”) to acquire BioCity Group, UK’s largest life sciences incubation business. The JV has merged BioCity with Trinity’s real estate business to form We Are Pioneer Group, a £450m company managing more than 2.6m sqft of science parks and single assets located across the UK. The deal includes 12 properties comprising 488,000 sqft of science parks in Nottingham, Cardiff and Glasgow.



BioCity | European Life Sciences



The McEwan | European Build-to-Rent

In July, Harrison Street, Apache Capital Partners and Moda’s Edinburgh development became the first residential scheme in Europe to achieve a Fitwel 3-star healthy building certification. Edinburgh includes top-tier amenities, innovations and service offerings that are recognized by Fitwel Certification System as an essential service to improving residents’ health and well-being. The development was designed with mental well-being top of mind with access to mental health professionals, well-being workshops, cinema screenings and yoga talks, the calendar of events brings residents together and inspires genuine human connection.



HARRISON STREET HAPPENINGS

HARRISON STREET NETWORK OF WOMEN

We are pleased to announce the launch of the **Harrison Street Network of Women** ("HS NOW"). HS NOW is committed to investing in, and empowering, the women of Harrison Street. We will continue to **support a culture of equity, inclusion, and innovation** by providing women with networking and development opportunities to build valuable connections, raise their visibility, and grow professionally. The mission is in alignment with our DEI committee objectives of increasing diversity and providing employees with an inclusive work environment.

NEW OFFICE OPENING

We will be **opening a San Francisco office** during the second half of the year. The office will initially be staffed with members of our Investor Relations, Digital and Asset Management teams.

GIVING BACK

Giving back continues to be an important cornerstone of the Firm. We partnered with Together We Rise to **build bicycles for foster kids** in Chicago who do not have access to another form of transportation or who have never had a bike of their own. After completion, the bicycles were donated to SOS Children's Villages, Illinois and Children's Home & Aid, nonprofits that allow children to gain back a part of their childhood. Additionally, we partnered with Gardeneers, a nonprofit who customizes **school garden programs** with on-going support to Chicago students **in food desert communities**, to **ensure equal access to healthy food and food education**.

DIVERSIFYING OUR TALENT PIPELINE

Harrison Street is committed to building a diverse, equitable and inclusive environment, which allows everyone to thrive by encouraging, supporting and celebrating everyone's unique perspective. We actively pursue diversity as we build our workforce, develop our leadership and create opportunity across our business.

We recently welcomed a total of **23 summer interns across our US, Canada and London offices**, which was our largest class to date. The interns are completing programs in several departments of the firm including: Transactions, Asset Management, Data Analytics, Impact and Human Resources. We will continue to source talent from our current and new recruiting partners, including **Girls Who Invest** and the **PREA Foundation**.

In June, we began a **partnership with Jopwell**, which represents and **advances careers for Black, Latinx and Native American students and professionals in the workforce**. As we continue to grow the Harrison Street team, this partnership will enable us to expand our network and source increased diversity into our recruiting pipeline for both full time and intern hires.

LOOKING AHEAD

Harrison Street will continue to focus on **driving performance** and **creating differentiated investment solutions** with **unique access for our investors**. As we look to the remainder of the year, we anticipate continued momentum in the execution of the Firm's annual business plan which includes:

- **Generating consistent and attractive performance** across strategies underscoring their resiliency
- Closing high-probability pipeline opportunities, resulting in **\$10 billion of total acquisition volume**
- **Disposition volume to near \$6 billion**, with roughly 90% via portfolio sales
- **Achieving DEI annual goals**, resulting in continued diversity, equity and inclusion across our team
- **Achieving ESG annual goals**, resulting in increased GRESB scores for our open-end funds; further progress in the reduction of carbon emissions, water and energy usage across our assets and the Firm's offices

DISCLAIMER

Data as of June 30, 2021 unless otherwise noted

¹ As of July 29, 2021

² As of July 23, 2021

The materials contained in this report may not be distributed, circulated, quoted, or otherwise disseminated without the prior written consent of Harrison Street. The material contained herein may include forward-looking statements including, but not limited to, management's plans, projections, objectives, expectations and other similar statements. These statements are based on the current beliefs of management which are inherently subject to changes in circumstances, many of which are beyond management's control. Actual events or results may differ materially from the statements, plans, projections, objectives, and expectations contained herein. Any information provided by the fund, the Investment Manager or any of the respective affiliates (including information set forth herein) is not a recommendation to invest in the fund. Past performance is not indicative of future performance. The funds are not available to retail clients. Performance results may be shown gross of fees and expenses. In those cases, the results shown do not reflect the deduction of fund costs, including management fees. Actual performance results will be reduced by fees including, but not limited to, investment or asset management fees and other costs. Specific calculation of net of fees performance for a given fee structure can be provided upon request. All information herein is given as of June 30, 2021 and HS undertakes no obligation to update any such information. This presentation is not an offer to sell or a solicitation of an offer to purchase any securities of Harrison Street or any affiliate, and any such offers will only be made pursuant to a private placement memorandum or similar disclosure document and/or other definitive documentation relating to any such security ("Offering Documents"). The information contained herein is a summary only and does not contain material information that is or will be detailed in the Offering Documents related to a specific security, including, but not limited to, descriptions of terms and risk factors.

Harrison Street Real Estate Capital Ltd (FRN: 806260) is an appointed representative of Duff & Phelps Securities Ltd. (FRN: 466588) which is authorised and regulated by the Financial Conduct Authority.



HARRISON STREET
Making an Impact.