BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, December 1, 2022, at 12:30 PM
City Hall Conference Room 3C

AGENDA

1. **CALL TO ORDER**

2. **PUBLIC COMMENT**

3. **INVESTMENT AND FINANCIAL MATTERS**

   a. Harrison Street – Real Estate

4. **INFORMATION**

   a. Next regular BOT meeting scheduled for Thursday, December 15, 2022, at 2 PM
   b. Manager Review Meeting with Principal – Real Estate scheduled for Thursday, January 5, 2023, at 12:30 PM

5. **PRIVILEGE OF THE FLOOR**

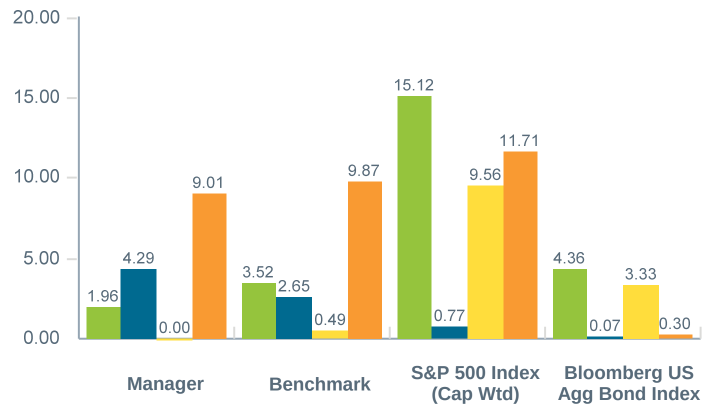
6. **ADJOURNMENT**

Manager: Harrison Street Core Property, LP **As of September 30, 2022**
Benchmark: NCREIF ODCE Index (AWA) (Gross)

Performance

	QTD	1 Year	3 Years	5 Years	7 Years	10 Years	2021	2020	2019	2018	2017
Manager	**2.34**	**15.10**	**10.12**	**9.28**	**9.61**	**10.03**	**10.94**	**4.91**	**7.87**	**8.18**	**11.11**
Benchmark	0.52	22.09	12.37	10.24	9.85	10.92	22.17	1.19	5.34	8.35	7.62
Difference	1.82	-6.99	-2.25	-0.96	-0.24	-0.89	-11.23	3.72	2.53	-0.17	3.49

Historical Statistics - 10 Years (Excess Return vs. Risk Free)

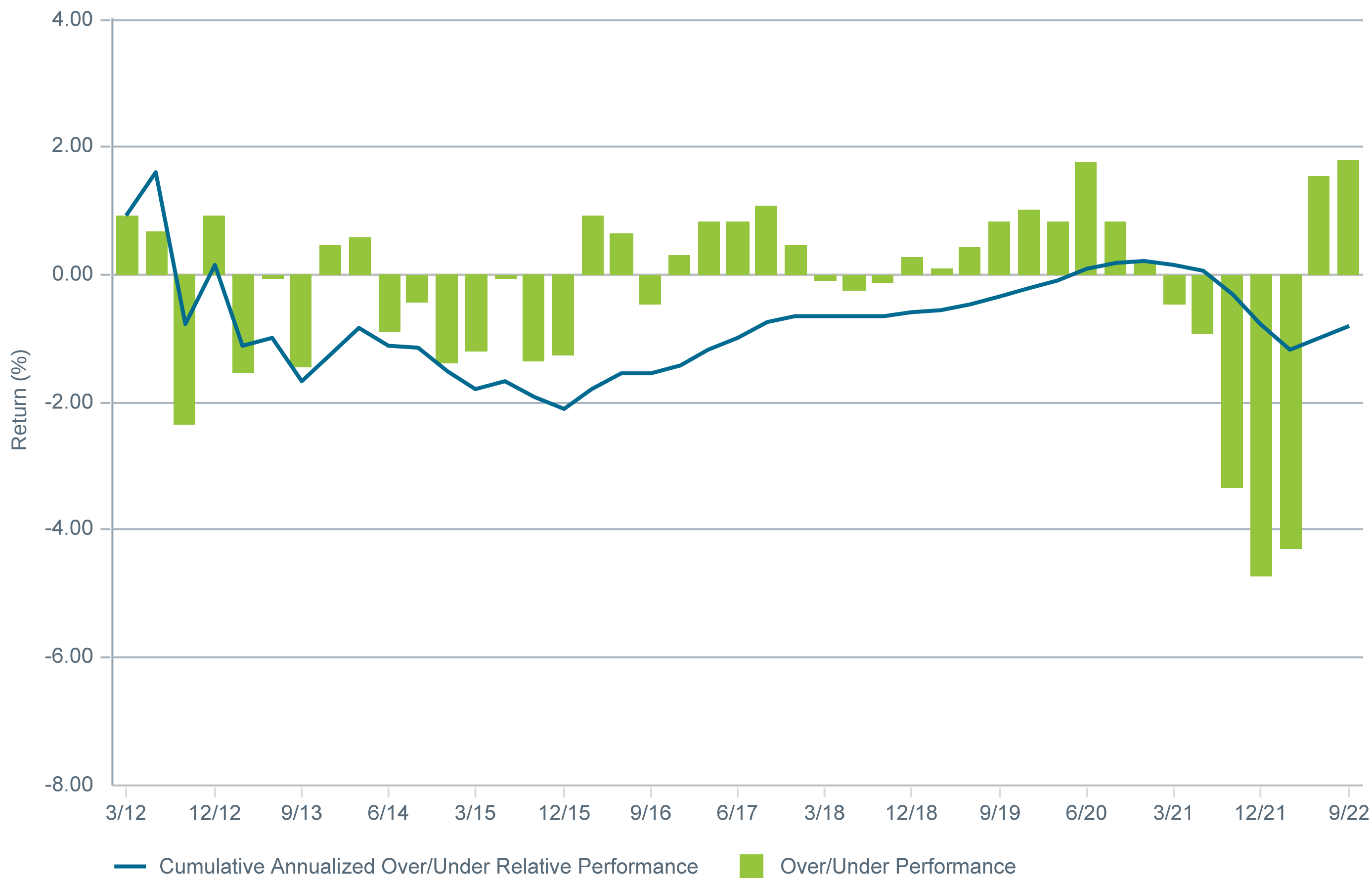


	Manager	Benchmark	S&P 500 Index (Cap Wtd)	Bloomberg US Agg Bond Index
Standard Deviation	1.96	3.52	15.12	4.36
Sharpe Ratio	4.29	2.65	0.77	0.07
Downside Risk	0.00	0.49	9.56	3.33
Excess Return	9.01	9.87	11.71	0.30

Actual Correlation - 10 Years

	Actual Correlation
NCREIF ODCE Index (AWA) (Gross)	0.52
S&P 500 Index (Cap Wtd)	-0.45
Russell 2000 Index	-0.43
MSCI EAFE Index (USD) (Net)	-0.36
MSCI Emg Mkts Index (USD) (Net)	-0.30
Bloomberg US Agg Bond Index	-0.42
Bloomberg US Trsy US TIPS Index	-0.50
Wilshire US REIT Index	-0.38
HFRI FOF Comp Index	-0.38
Bloomberg Cmdty Index (TR)	-0.03
ICE BofAML 3 Mo US T-Bill Index	-0.23
Cons Price Index (Unadjusted)	0.33
NCREIF ODCE Index (AWA) (Gross)	0.52

Relative Performance - Since Inception



RVK

Manager: Harrison Street Core Property, LP **As of September 30, 2022**
Benchmark: NCREIF ODCE Index (AWA) (Gross)

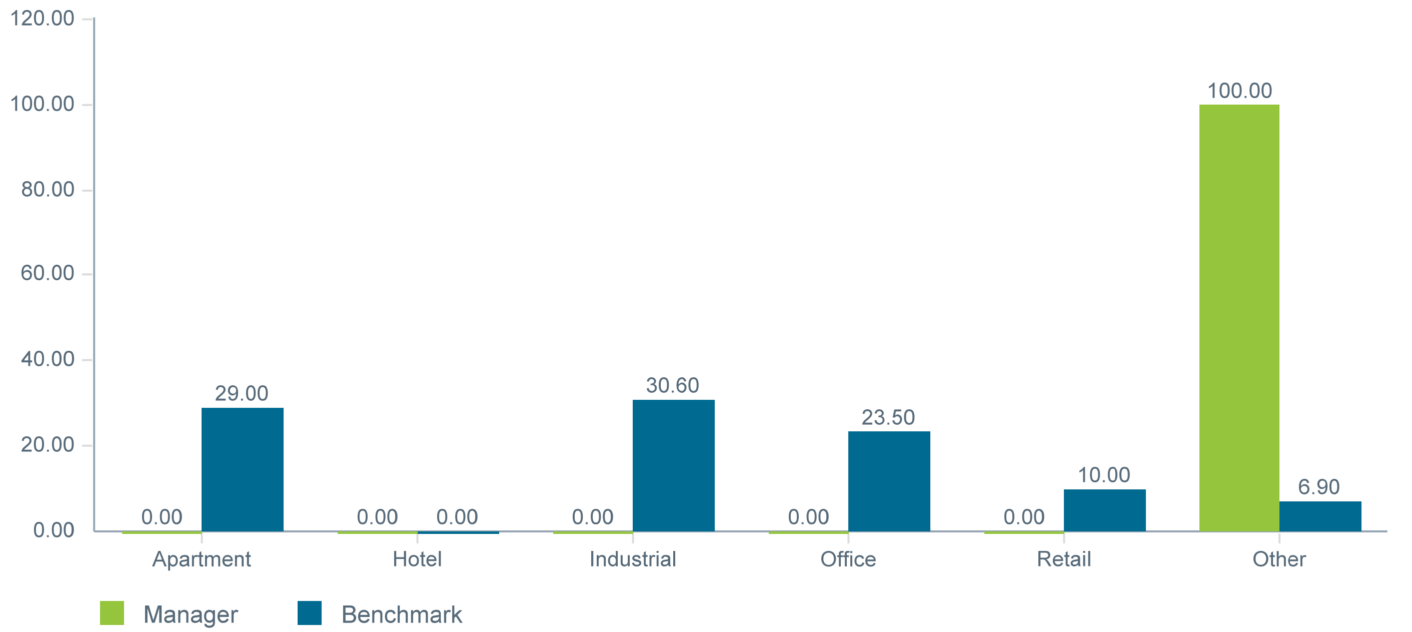
Investment Strategy

The Fund's strategy is on primarily stabilized income-producing investments in niche sectors; Education, Health, and Storage. Within these sectors the fund invests in student housing, seniors housing, medical office buildings, life science buildings, and self-storage. The majority of the return from the Fund is expected to be realized from current income, with a modest portion of the return to be derived from asset appreciation. Harrison Street believes that the primary property types it targets will provide better risk/return profiles than properties in traditional core portfolios across all economic cycles.

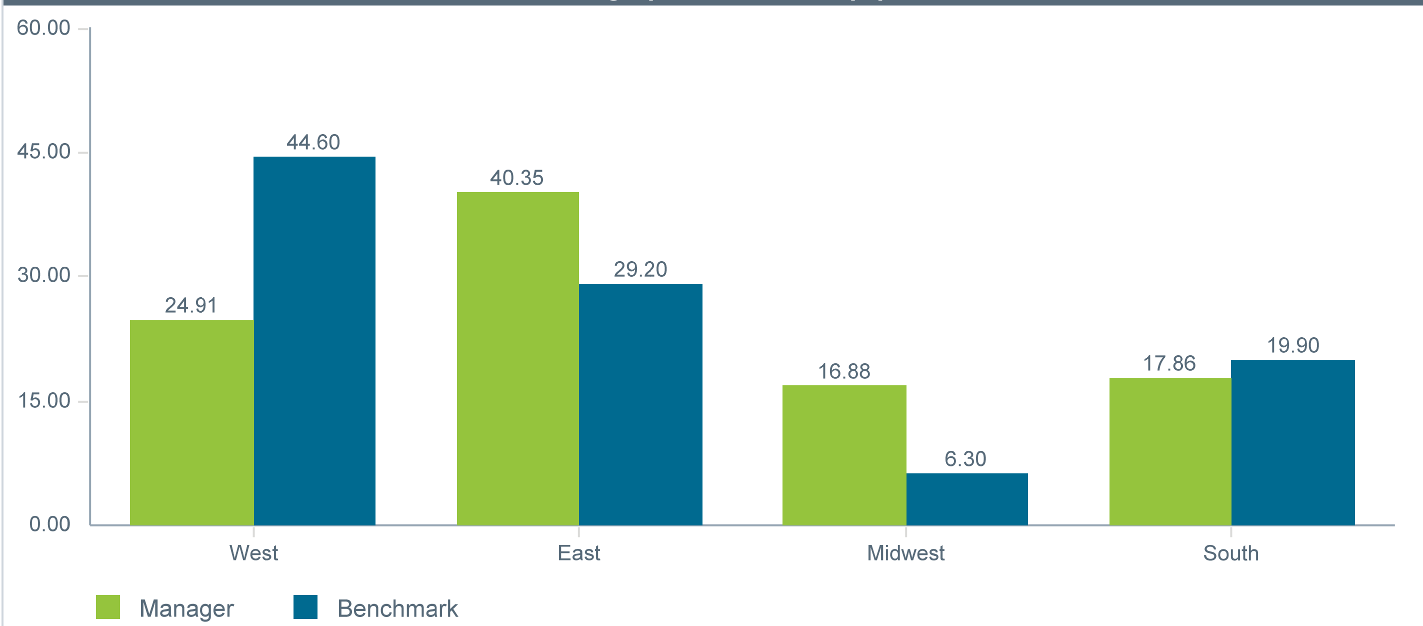
Investment Profile

Fund Inception	2011
Legal Structure	LP
Fund Structure	Open-End
Gross Real Estate Assets ($M)	13,464
Fund Leverage %	23.78
Portfolio Occupancy %	89.30
Cash Reserve %	1.08
Number of Investments	387
Number of Limited Partners	231

Property Type Allocation (%)



Geographic Allocation (%)



Performance shown is gross of fees and product specific. Calculation is based on quarterly periodicity. Investment profile data shown is provided by the investment manager and is as of the most recently available quarter end. Allocation data shown is based on NAV. Manager allocation to "Other" consists of education, healthcare, senior housing, and storage real estate. Benchmark allocation to "Other" consists of entertainment (theaters, golf courses, bowling alleys), healthcare (hospitals, clinics), manufactured homes, parking lots, self-storage units, senior living, and undeveloped land.

HARRISON STREET

Prepared for:

CITY OF JACKSONVILLE, FLORIDA

December 1, 2022 | Confidential

PERE
AWARDS 2021

Alternatives Investor of the Year: North America

Capital Raise of the Year: North America

Pensions&Investments 2020
BEST PLACES TO WORK
IN MONEY MANAGEMENT
MULTIYEAR WINNER
2014 ★ 2015 ★ 2016 ★ 2017 ★ 2018 ★ 2019

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Firm Overview

HARRISON STREET

First Mover in Alternative Real Assets

- Since inception in 2005, Harrison Street has **created differentiated investment solutions across demographic-driven real assets** in North America and Europe
- **Extensive track record including approximately $63 billion** of gross investment across 1,508 assets since inception
- **Superior access through our network** of leading universities, healthcare systems and specialty operators
- Talented, passionate and dedicated team of **240+ employees** in Chicago, London, New York, Toronto, San Francisco and Washington DC

554 institutional investors across the globe including North America, Europe, Asia-Pacific, Middle East and Latin America

As of September 30, 2022

Resiliency in Harrison Street's Sectors of Focus

Student Housing: University of South Carolina

Healthcare Delivery: Palomar MOB

Senior Housing: Oakmont Camarillo

Life Sciences: Representative photo

Build-to-Rent: Representative photo

Self Storage: Buck Creek

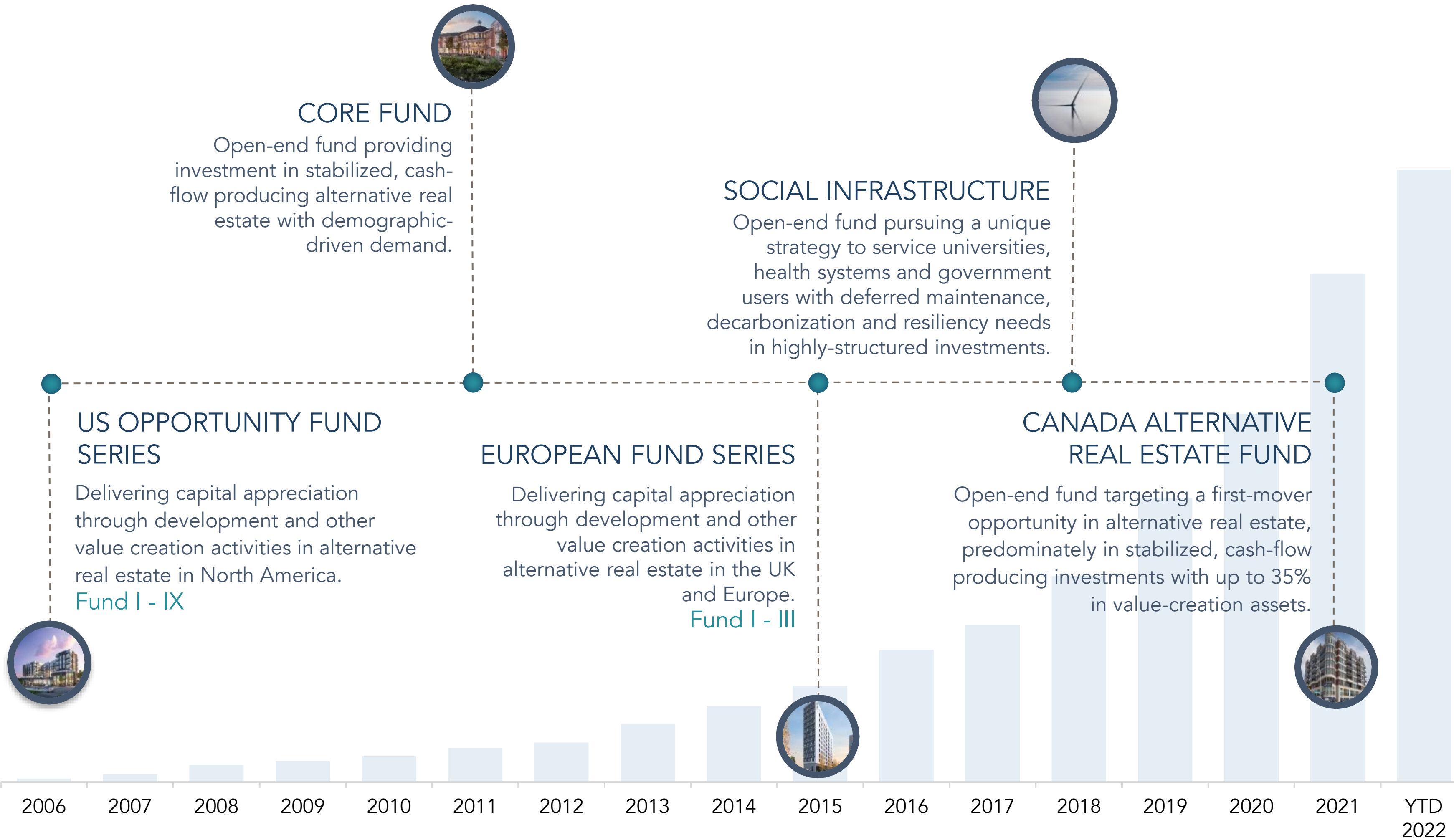
Digital: New Albany

Utilities: Gevo Wind

Public-Private Partnerships: Mayroad Military Family Housing

Investment Strategy Innovation

$53.4 billion in assets under management across the risk-return spectrum[1]



As of September 30, 2022

1 Reflects AUM for the Firm's investment advisory and asset management clients, and is inclusive of the Firm's regulatory AUM reported in its Form ADV

Bar chart represents growth in assets under management

Core Fund Overview

As used in this "Core Fund Overview" and associated sections, the terms "Core Fund", "HSCPF" and "Fund" shall refer to Harrison Street Core Property Fund, L.P., together with its parallel vehicles.

Harrison Street Core Property Fund

Investment Strategy

Manage a diversified portfolio of high-quality, **stabilized education, healthcare, life sciences, and storage** assets. Harrison Street believes investments in these assets, including student housing, senior housing, medical office, life sciences and storage properties, provide an attractive combination of strong current income and long-term growth.

Inception Date	November 2011
Structure	Open-end fund, perpetual life
Target Return	Deliver attractive current income with minimal volatility and the opportunity for capital appreciation in a highly diversified portfolio
Target Leverage	22-27% LTV
Target Markets	Demographic-driven markets including strong university towns and leading healthcare systems

The information above is a brief summary of certain principal terms of the offering and is qualified in its entirety by the more detailed information appearing in the Private Placement Memorandum (PPM), including the "Principal Terms" section. Investors are encouraged to read the fund's entire PPM

Core Property Fund Platform

Investment Committee

Christopher Merrill[1,2]
Joey Lansing[1,2]
Tom Errath[1]

Mike Gordon[1,2]
Robert Mathias[1,2]
Ben Mohns[3]

Stephen Gordon[1,2]
Geoff Regnery[1,2]

Portfolio Management

Joey Lansing
Senior Portfolio Manager
Partner

Kate Davis
Portfolio Manager
Director

Colleen McMillin
Assistant Portfolio Manager
Director

Ron Miles
Asset Management
Director

Kyle DeArmond
Portfolio Management
Vice President

Melanie Weiss
Portfolio Management
Assistant Vice President

Scott Child
Portfolio Management
Analyst

Charles Cox
Portfolio Management
Analyst

Jason Woronoff
Portfolio Management
Analyst

Portfolio Accounting & Reporting

Greg Bonitatibus
Fund Controller
Director

Ally Orlopp
Financial Reporting
Assistant Vice President

John Willard
Financial Reporting
Senior Associate

Clare Urchell
Financial Reporting
Associate

Caroline Deehan
Financial Reporting
Associate

Jarrett Robinson
Financial Reporting
Associate

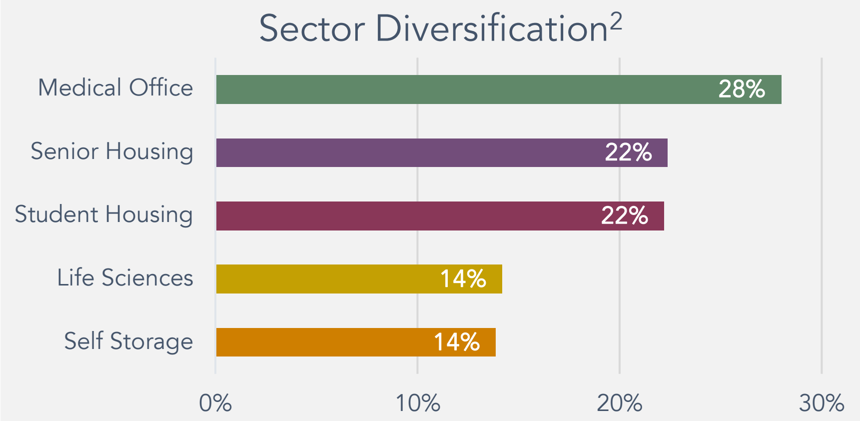
Transactions (55) | Asset Management (51) | Research (6) | Investor Relations (22)

Impact (4) | Accounting (34) | Legal & Compliance (12)

As of September 30, 2022
1 Permanent Member of Investment Committee | 2 Executive Committee Member | 3 Rotating Member of Investment Committee

Open-End Fund Dedicated to Alternative Real Estate

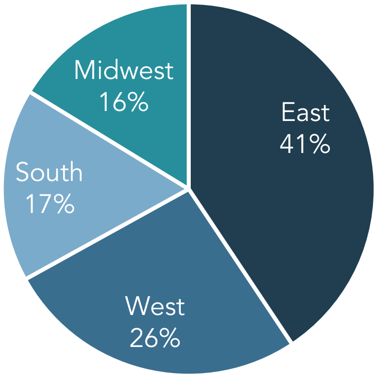
Gross Asset Value	$14.1 billion
Net Asset Value	$10.9 billion
Number of Properties	396
Occupancy[1]	90%
Loan-to-Value	22.9%
Average Gross Investment Size[2]	$35.6 million

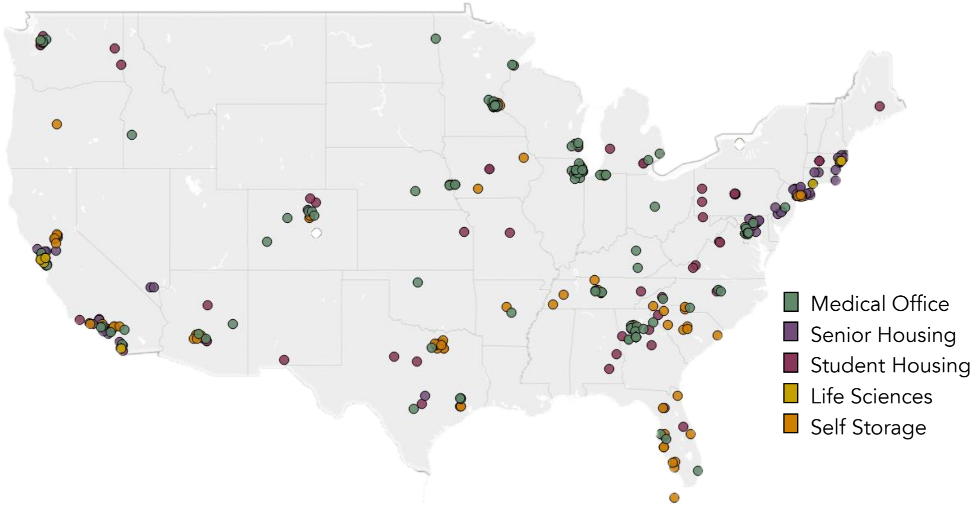


Geographic Diversification

Target markets based on strength of underlying demographics, universities, healthcare systems and/or life sciences clusters.

Investments in 38 states, 84 MSAs and 262 cities throughout the United States



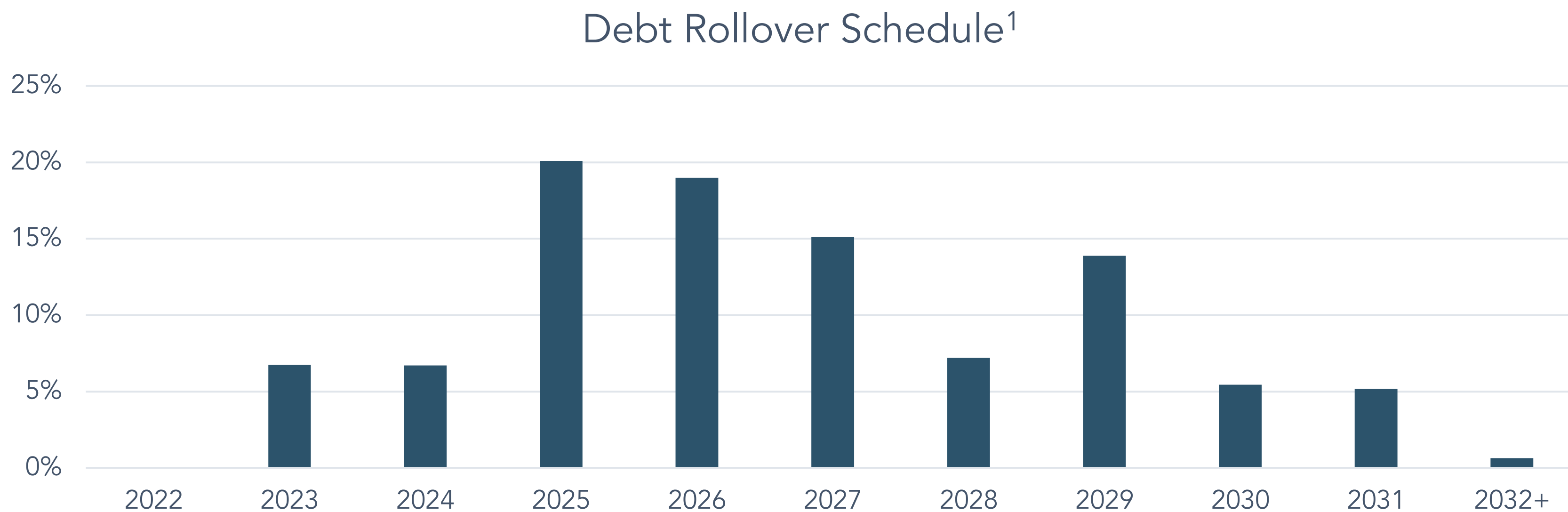


As of September 30, 2022
1 Occupancy excludes development and value-add assets
2 Shown at the Core Fund's ownership share

Debt Profile & Strategy

The Fund manages portfolio leverage to 22-27% LTV with an emphasis on fixed-rate, interest-only debt and will continue to balance fund-level and asset-level debt executions

22.9%	4.03%	4.5 years	3.8X
Loan-to-Value	Weighted Average Interest Rate	Average Maturity	Debt Service Coverage Ratio

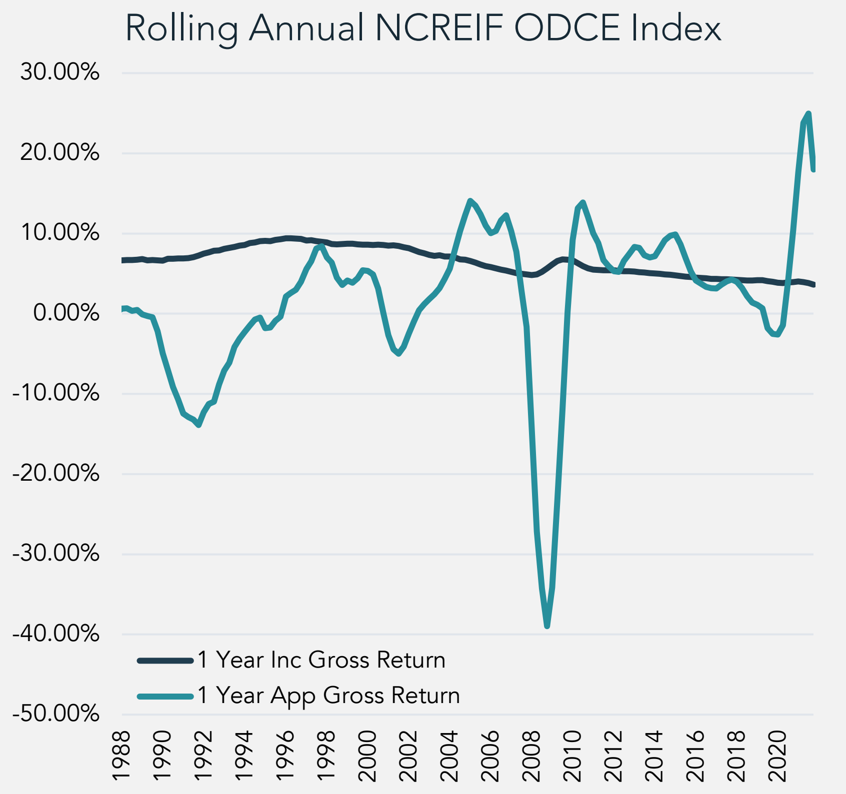


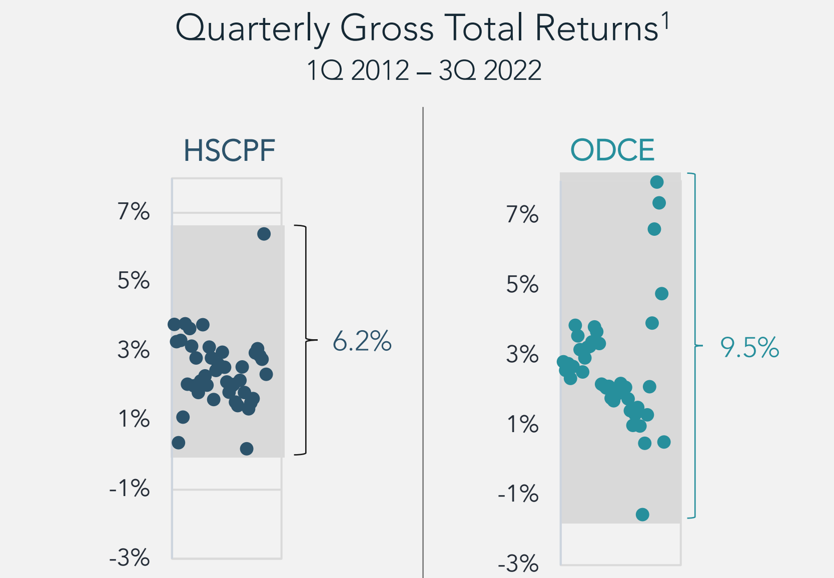
As of September 30, 2022
1 Excludes the Fund's revolving credit facility

HARRISON STREET

10+ Year Track Record Highlights Diversification Benefits

HSCPF has outperformed ODCE on a risk-adjusted basis, with a low correlation (beta) to the index, demonstrating its diversification benefit to traditional core





HSCPF	ODCE
SI Gross Total Return[1]: 10.04%	SI Gross Total Return[1]: 10.95%
SI Net Total Return: 9.06%	SI Net Total Return: 9.94%
Standard Deviation: 2.06%	Standard Deviation: 3.40%
Beta[2]: 0.29	Beta[2]: 1.0

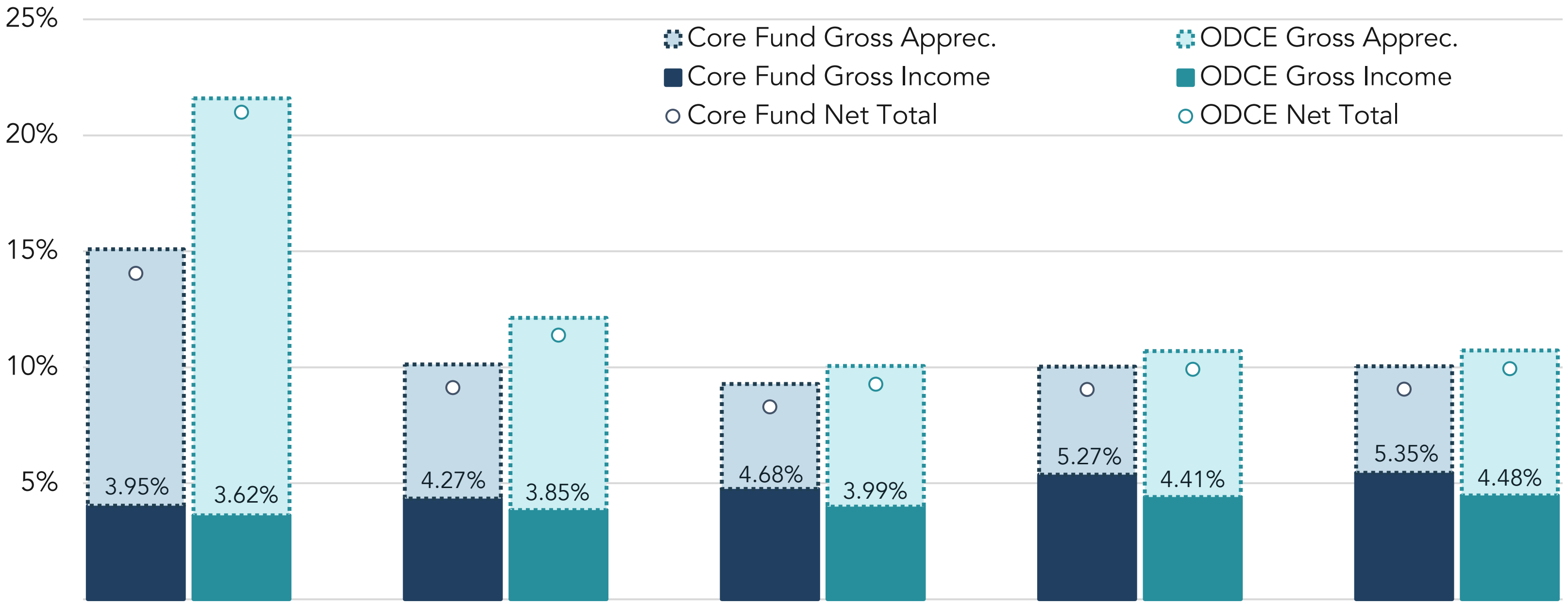
As of September 30, 2022

1 Gross returns are net of general expenses and gross of management fees. Net returns are after both fees and expenses. Returns portrayed reflect the reinvestment of dividends of participants who have elected to reinvest. "Since Inception" period is measured over HSCPF's fund life, beginning with the 1Q 2012 period. Returns for both HSCPF and ODCE are annualized over the 10.75 year period and are as of September 30, 2022. Past performance is not indicative of future results.

2 Beta coefficient calculated from HSCPF's quarterly gross total returns against that of ODCE, where ODCE is defined as market returns

Historical Performance with Attractive Income

Time-Weighted Returns



	One Year		Three Year		Five Year		Ten Year		Since Inception	
	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE
Gross Total Return	15.10%	22.10%	10.12%	12.37%	9.28%	10.24%	10.03%	10.92%	10.04%	10.95%
Net Total Return	14.06%	21.00%	9.13%	11.39%	8.29%	9.27%	9.04%	9.92%	9.06%	9.94%

As of September 30, 2022
The NCREIF Fund Index – Open End Diversified Core Equity (ODCE) index is a gross-of-fees capitalization-weighted index of the core open end funds focused on investments in commercial real estate. Gross returns are net of general expenses and gross of management fees. Net returns are after both fees and expenses. Returns portrayed reflect the reinvestment of dividends of participants who have elected to reinvest. See additional important disclosures on disclosure page. Past performance is not indicative of future results. "Since Inception" period is measured over HSCPF's fund life, beginning with the 1Q 2012 period. Returns for both HSCPF and ODCE are annualized over the 10.75 year period and are as of September 30, 2022. Past performance is not indicative of future results.

Core Fund Portfolio Overview

As used in this "Core Fund Portfolio Overview" and associated sections, the terms "Core Fund", "HSCPF" and "Fund" shall refer to Harrison Street Core Property Fund, L.P., together with its parallel vehicles.

Medical Office Portfolio

$3.9B	8.9M	94%	38	9.3
Gross Market Value	Square Feet of Net Rentable Area Across 141 assets	Current Occupancy	MSAs	Years Weighted Average Lease Term[1]

As of September 30, 2022
1 Weighted by Fund's ownership share based on leased area (SF)

Medical Office Opportunity




IN SCOPE				OUT OF SCOPE
TRADITIONAL MEDICAL OFFICE BUILDINGS	INPATIENT REHABILITATION FACILITIES	AMBULATORY SURGERY CENTERS	MICRO-HOSPITALS	LONG-TERM ACUTE CARE HOSPITALS
• Aging population requires more doctor visits each year • Long-term leases with higher retention • Migration of services to outpatient procedures • The buildings include a wide range of uses from GPs to cancer treatment	• Private-pay and Medicare-pay tenant base • Higher margins than higher-acuity post care facilities (hospice) • Higher rehab success rates than SNF	• High-quality lower-cost substitute for hospitals outpatient surgery • Quicker turnaround and lower cost compared to HOPDs • Physicians preferred ASCs over traditional hospitals	• Cover traditional hospital services – both primary acute and emergency care • Ability to provide services closer to patients in underserved urban areas or rural areas at a lower cost vs. a larger hospital format	• Government paid • Poor healthcare outcomes • Patients require intensive hospital care

Case Study: Montrose Regional Health MOB

Medical Office Development

Transaction Details	
Location	Montrose, CO
Size	83,900 SF
Budgeted Total Project Cost[1]	$40.9 million

Closed September 2022

Opportunity

- Development of an 83,900 SF build-to-suit medical office building in Montrose, CO with NexCore
- The property is currently 94% preleased with a 15-year term and is planned to feature a combination of multi-specialty services along with an ambulatory surgery center space
- Recapitalize at an attractive cap rate of 5.45% on stabilized NOI at completion in return for the Fund's forward commitment. The fund believes this represents a 25-45bps discount to where it would trade today

Market & Partnership

- There is limited supply of new MOB space, especially at this size, in the Montrose area, providing a competitive edge to this asset
- Within a five-mile radius, there is a median household income of $60K and the local population is expected to grow 1.8% over the next five years. Population grew 7.7% over the last 10 years
- This acquisition represents the continued expansion of the Fund's relationship with NexCore, a proven developer and operator of preleased MOBs
- Montrose Regional Health and Cedar Point Health have preleased 88% of the space. Both companies have strong financial health, with Montrose achieving a two-year revenue CAGR of 8.7% in 2019-2021, and Cedar Point achieving a two-year revenue CAGR of 12.2%. Additionally, Montrose has signed a 75-year ground lease on the property for $0.64 PSF with a 10% increase every five years

As of September 30, 2022
1 Includes all costs budgeted at the time of closing

Senior Housing Portfolio

$3.2B	8,682	80%	$604K	$670K
Gross Market Value	Total Units across 70 Assets	Current Occupancy	Median Net Worth 75+[1]	Median Home Value[1]

20%
Independent Living

55%
Assisted Living

25%
Memory Care

As of September 30, 2022
1 Weighted by gross market value at the Fund's ownership share.
Demographic data shown within a 3-mile radius

HARRISON STREET

Senior Housing Opportunity



IN SCOPE

AGE RESTRICTED

- Targeted towards the more active senior
- On-site services optional
- Specifically zoned for people 55+

INDEPENDENT LIVING

- Still active but with added services
- Partial meal plan
- On-site social services and activities (shuttle bus, salon, game night, movie theater)
- Light housekeeping

ASSISTED LIVING

- Full meal plan
- On-site social services and activities
- Access to varying levels of healthcare services
- Heavier housekeeping

MEMORY CARE

- Full meal plan with assistance
- Higher security
- Specialized activities and services catered for memory longevity
- Access to specialized caregivers

OUT OF SCOPE

SKILLED NURSING

- Specialized care with 24-hour supervision
- Physically need assistance with daily routines
- Covered by Medicare for up too 100 days

LOW ACUITY ⟷ HIGH ACUITY

HARRISON STREET

Case Study: Oakmont Senior Housing

Senior Housing Portfolio Acquisition

Transaction Details	
Location	CA (18) and NV (2)
Size	2,011 (1,349 AL / 662 MC)
HS Ownership[1]	100.0%
Purchase Price[2]	$922.7 million

Closed April, May & September 2021

Opportunity

- Acquisition of 20 recently-built communities located in California and Nevada with an average age of approximately 7.7 years
- At quarter-end, the portfolio was 91.8% occupied and all communities have maintained impressive leasing velocity
- Since acquisition, the portfolio has generated a gross unlevered appreciation return of 8.8%
- Allowed HS to expand its relationship with an experienced and well-respected West Coast senior housing operator, Oakmont Management Group

Market

- Fortress coastal California markets with strong and attractive demographics. At acquisition, within a 5-mile radius of the portfolio, the average median household income was more than $85k and median home values average more than $570k, which was 1.25x and 2.15x higher than the national averages, respectively
- Most of the assets are in urban, infill areas that have high barriers to entry due to land constraints and challenging development processes
- Aging population is expected to continue to increase, and strong NOI growth is anticipated

As of September 30, 2022
1 Includes Harrison Street Core Property Fund and co-investors
2 Represents total purchase prices at 100% per the PSAs

Student Housing Portfolio

$3.1B	34,474	95%	48	5.9	25%
Gross Market Value	Total Beds across 68 Assets	Current Occupancy	Universities	Years Average Age[1]	Of Portfolio On-campus /School Affiliated[1]

As of September 30, 2022
1 Weighted by gross market value at the Fund's ownership share

Student Housing Opportunity

PURPOSE BUILT OFF CAMPUS
4-year public universities
4-year private nonprofit universities

P3 ON-CAMPUS
4-year public universities
4-year private nonprofit universities

Case Study: Hub Blacksburg

Student Housing Recapitalization

Transaction Details	
Location	Blacksburg, VA
Size	1,530 Beds
Core Fund Ownership I HS Ownership[1]	87.1% I 98.2%
Purchase Price[2]	$340.0 million

Closed September 2022

Opportunity

- To partner with co-investors and Core Spaces, a leading developer, operator, and manager of purpose-built student housing to recapitalize a 497 unit, 1,530 bed student housing property located at Virginia Tech
- The asset is a brand new, highly-amenitized two-phase project with an extensive unit mix and top of the line finishes and is located in close proximity to Virginia Tech's main campus as well as its retail and nightlife corridor
- Preleasing at the property for AY 23-24 has begun with rates at 6.9% over AY 22-23 rents, which is well ahead of underwriting

Market & Partnership

- The asset serves students at Virginia Tech, a Power Five university with a Fall 2021 enrollment of 37,379 students. The university has experienced a 12.4% increase in total enrollment from 2016-2021. Freshmen enrollment increased 14.5% over the same time period
- The university has strong supply and demand fundamentals with an average off-campus purpose-built student housing occupancy of 99.0% over the last five years
- This investment allows the Fund to expand its long-standing relationship with Core Spaces

As of September 30, 2022
1 Core Fund acquired this portfolio along with two co-investors
2 Purchase price per the MIPA at 100%

Life Sciences Portfolio

$2.0	2.9M	95%	11.5	6.1
Gross Market Value[1]	Square Feet of Net Rentable Area Across 24 assets	Current Occupancy	Years Weighted Average Lease Term[2]	Years Average Age[3]

As of September 30, 2022
1 Gross market value at 100% is $3.1B
2 Weighted by Fund's ownership share based on leased area (SF)
3 Weighted by gross market value at the Fund's ownership share

Life Sciences Opportunity

The life sciences real estate sector is characterized by the ongoing demand for specialized buildings to providing facility solutions for life sciences industry participants' office, laboratory, research and computing needs

DEMAND

- 90% of healthcare spend today is for chronic diseases
- Prescription drugs and therapies offer the potential to vastly reduce costs

CLUSTERS

- University and Health System anchored
- Talent attractors
- Comprehensive ecosystems

FUNDING

- NIH
- Venture Capital
- Corporate Venture/M&A

Case Study: City Science Portfolio

Life Sciences Portfolio Acquisition

Transaction Details	
Location	San Diego, CA
Size[1]	1.4 million SF
HS Ownership[2]	95.0%
Projected Total Project Cost[3]	$1.6 billion

Closed December 2021

Opportunity

- Acquisition of the City Science Portfolio, a seven property, Class-A life sciences portfolio located in San Diego, a top life sciences cluster market
- The portfolio is comprised of 416,000 SF, with the opportunity to develop on two additional land parcels. The portfolio is anchored by tenants including Tanvex BioPharma USA Inc., Wacker Chemie AG, and Qualcomm
- Recently executed a five-year extension on Qualcomm's 48,709 SF lease at 10445 Pacific Center Court with 3% annual escalations and rental rates more than 25% ahead of underwriting
- The Fund views this as an attractive opportunity due to its combination of both core assets and long-term development options in a market with very strong fundamentals

Market & Partnership

- The City Science Portfolio increased the Fund's exposure in Sorrento Mesa, the #1 life sciences growth market within San Diego, a highly desirable life sciences cluster market in the US
- The San Diego life sciences market remains undersupplied with 1.4% direct vacancy as of the second quarter of 2022[4]. Asking rents are up 25% year-over-year. While VC funding and leasing activity have moderated from record 2021 levels, they continue to outpace the prior record levels achieved in 2020
- The submarket features excellent demographics within a 30-minute drive radius: proximity to UCSD's and Carmel Valley's STEM workforce, 12,400+ residential units, and 4.4M SF in retail

As of September 30, 2022
1 416,000 existing SF; estimated 1.4 million SF at project completion
2 HS ownership of 95% represents HS controlled ownership inclusive of several co-investors; ignores Sterling Bay's 5% ownership
3 Projected based on purchase price at 100% per the PSA plus future development costs, TIs, LCs, etc.
4 JLL 2Q2022 Market Report (Core Clusters)

Storage Portfolio

$2.0B	66,167	85%	8.4M	$93K	116K
Gross Market Value	Total Units across 93 Assets	Current Occupancy	Square Feet	Median Household Income[1]	Population[1]

As of September 30, 2022
1 Weighted by gross market value at the Fund's ownership share. Demographic data shown within a 3-mile radius

Storage Opportunity

Self storage demand is driven by the occurrence of a variety of "life events" including renting, moving and downsizing. Typical and fluid life events drive consumers to use self storage

Self storage has become a mainstream US business that is better understood by consumers. Nearly 1 in 10 US households currently rent a self storage unit (compared to 1 in 17 in 1995)

HS Research

Case Study: Project Cascade Self Storage Portfolio

Self Storage Portfolio Acquisition

Transaction Details	
Location	WA, NY, CA, CO, OR
Size: Assets I SF	10 Assets I 886,000 SF
Core Fund Ownership	100.0%
Purchase Price[1]	$320.0 million

Closed July 2022

Opportunity

- Acquisition of a 10-property, 886,000 SF, newly constructed self storage portfolio located in Washington (5), New York (2), California (1), Colorado (1), and Oregon (1)
- The portfolio is located in highly affluent markets, featuring climate-controlled units as well as fully enclosed, climate-controlled drive through interior access and drive-up units
- Allows the Fund to acquire a portfolio of investment-grade high quality assets with strategic geographic diversification and compelling rental rate upside through physical and economic lease up.

Market & Partnership

- The portfolio's assets are located in highly populated and affluent areas with a weighted average population of 125K and a median home value of $470K within a three-mile radius of the asset
- Zoning laws provide high entry barriers for new competition, giving the assets a competitive advantage in both driving occupancy and growing rents
- The properties are managed by existing Harrison Street operating partners Trojan Storage and Reliant Self Storage as well as Life Storage. The Fund believes this acquisition presents an excellent opportunity to further expand its relationship with leaders in the self storage industry

As of September 30, 2022
1 Purchase price per the PSA at 100%

Actionable Pipeline

Funding Obligations	Projected Fund Equity	Type	Division	Status	Anticipated Close Date
Self Storage	20,100,000	Acquisition	Southeast	Due Diligence	4Q 2022
Senior Housing	50,000,000	Acquisition	Pacific	Negotiating Agreement	4Q 2022
Life Sciences*	100,000,000	Development	Pacific	Negotiating Agreement	4Q 2022
Self Storage	14,200,000	Development	Southeast	Underwriting	4Q 2022
Medical Office	48,470,000	Preleased Development	Pacific	Closing	1Q 2023
Self Storage	38,800,000	Acquisition	Pacific	Negotiating Agreement	1Q 2023
Life Sciences	65,000,000	Acquisition	Mideast	Underwriting	1Q 2023
Self Storage	20,710,000	Acquisition	Southeast	Due Diligence	2Q 2023
Medical Office	40,700,000	Preleased Development	Mountain	Closing	4Q 2023
Medical Office	100,000,000	Acquisition	Mideast	Underwriting	1Q 2024
Total	**$497,980,000**				

Recent updates as of October 25, 2022
Investments in underwriting status are subject to allocation by Harrison Street's Allocation Committee
**Excludes potential co-investment funding*
There is no guarantee that the Fund will participate in any or all of the future pipeline deals

Looking Ahead

- Anticipate **continued resiliency of the fund's portfolio due to its demographic-driven and needs-based demand**
- **Continue to be very selective with investment opportunities** that are consistent with the fund's strategic direction, including:
  - **Focus on high-quality and irreplaceable assets**
  - **Focus on exposure to short duration leases** through student housing, senior housing and self storage that **allow for more frequent repricing in response to inflation**
  - **Balance geographic footprint** across the US
  - **Continue to grow relationships with major health systems and universities**
- Optimize asset-level performance with **frequent reassessment of business plans**
- **Anticipate investment pace to be 1-2 quarters from time of LP commitment.** Anticipate co-investment opportunities for larger transactions

As of September 30, 2022

Appendix

Collaborative Investment Process

Portfolio Construction

Establish fund objectives, strategies expected returns

- Executive Management
- Portfolio Management
- Transactions
- Research

Acquisition

Source investments. Conduct due diligence, underwriting, investment structuring

- Transactions
- Asset Management
- Portfolio Management
- Research

Investment Committee Review & Approval

Asset Management

Day-to -day responsibility of properties. Execution of business plans, set annual budgets, monitor performance, valuations and hold/sell analysis

- Asset Management
- Portfolio Management
- Investor Reporting
- Research

Valuation Committee Review & Approval

Disposition

Once optimal time to sell, hire broker, interview & select buyer. Manage closing and post-closing process

- Asset Management
- Portfolio Management
- Investor Reporting
- Research

Investment Committee Review & Approval

RETURN OF CAPITAL

HARRISON STREET

Platform Dedicated to Alternative Real Assets

GLOBAL INVESTMENT LEADERSHIP[1,2]

Christopher Merrill
Co-founder, Chairman & CEO

Joey Lansing
Global Head of Portfolio Management & Strategy

Steve Gordon
Global Chief Financial Officer

Rob Mathias
Head of International

Geoff Regnery
Global Head of Investor Relations

Mike Gordon
Global Chief Investment Officer

NORTH AMERICA

Mark Burkemper[1]
Head of Transactions

Rob Cook[1,3]
Head of Opportunistic Portfolio Management

Ben Mohns[1,3]
Head of Asset Management

Brian Mutchler[1]
Head of Special Situations

Jenna Sheehan[1]
Head of Investor Relations

Carolyn Arida[3]
Head of Utilities

Jim Hennessy[3]
Head of P3 Business Development

Michael Hochanadel
Head of Digital Assets

Jonathan Turnbull[3]
Head of Canada

EUROPE

Paul Bashir[3]
CEO

Albert Yang[3]
Investor Relations

Josh Miller
Transactions

Ben Chittick
Asset Management

Dorina Gorman
Portfolio Management

GLOBAL OPERATIONS, RESEARCH, ESG & RISK MANAGEMENT

Erin Nahumyk[1]
Chief Accounting Officer

Stacy Nyenbrink[1]
Chief People Officer

Tom Errath[2]
Head of Research

Jill Brosig
Chief Impact Officer

Mike Gershowitz[1]
General Counsel & Chief Compliance Officer

Bill Sechen
Chief Information Officer

55 Transactions

23 Portfolio Management

51 Asset Management

34 Portfolio Accounting & Reporting

8 Research & Strategy

22 Investor Relations

12 Legal & Compliance

4 Impact

37 Corporate, HR & IT

As of September 30, 2022
1 Executive Committee Member | 2 Permanent Member of Investment Committee | 3 Rotating Member of Investment Committee

Corporate Impact Strategy

To implement pioneering ESG practices across the firm and its investments to deliver positive impact for its stakeholders and the world

FIRM ESG STRATEGY

Management & Policy
Execute disciplined strategy, reflect on performance, and continuous improvement

Diversity, Equity & Inclusion
Build an inclusive culture that fosters equal opportunities and attracts, retains, and develops a diverse set of individuals at all career stages

Giving & Service
Promote & provide opportunities for team members and the Firm to dedicate their time, talent and funds to those in need

Partner Services
Promote the acceptance and implementation of business improvement & differentiated practices among partners

INVESTMENT ESG STRATEGY

Community Impact
Positively impact the lives of residents, tenants, staff & communities through new jobs & opportunities

Climate Resilient
Strengthen resiliency of portfolio to climate related hazards and increase distributed renewable energy

Efficient Operations
Increase the investment in recourse efficiency and adoption of clean energy technology

Tenant Health
Promote the health and wellbeing of residents and employees

ALIGNED WITH LEADING FRAMEWORKS

SUSTAINABLE DEVELOPMENT GOALS

GRESB
Member since 2013

U.S. GREEN BUILDING COUNCIL LEED USGBC

fitwel

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
Member since 2020

WELL LIVING LAB

BREEAM CODE FOR A SUSTAINABLE BUILT ENVIRONMENT

PRI

As of September 30, 2022
ESG refers to "Environmental, Social and Governance" factors, and to the consideration of these factors when making investment decisions. Having ESG screens does not assure compliance with the UN-sponsored "Principles for Responsible Investment." No strategy, formula or approach can guarantee gains or avoid losses.

Harrison Street Impact Dashboard – Firm

Each quarter the Firm takes a comprehensive look at how it, and its investments, impact the world by reporting on the latest ESG happenings.

COMMUNITY IMPACT

	Since Inception
Students Housed*	600,000+
Seniors cared for	60,000+
Certified Healthy Building Occupants**	12,000+

*For the quarter based on total number of students being housed for that school year; since inception is summation of total students housed each school year since inception-only
**Once all certified developments become operational

2022 GRESB SCORES

Core ★★★★☆
80 / 100 GRESB Score
GRESB Average 74
Peer Average 77

SIF ★★★★☆
92 / 100 GRESB Score
GRESB Average 82
Peer Average 81

Euro II ★★★★☆
84 / 100 GRESB Score
GRESB Average 74
Peer Average 76

Euro III ★★★★☆
81 / 100 GRESB Score
GRESB Average 74
Peer Average 75

ENVIRONMENTAL IMPACT

CO_2

Procurement initiative to date has transitioned 40 assets to procurement of green electric across all funds. An additional 10 US based assets in deregulated states are intending to transition to green electric supply contracts by year end.

CONSERVICE The Utility Experts

Over 90% of US operational assets have transitioned to our bill pay and ESG services provider, enhancing quality and efficiency

BUILDING CERTIFICATIONS*

fitwel	# of Projects	% Total	SF (M)	% Total SF
Registered	208	N/A	30.2	34%
Certified	44	7%	10.7	12%
Total (Unrealized)	252	39%	40.9	46%

LEED & BREEAM	Project Number	SF (M)	% Applicable SF
Pending	10	2.9	3.1%
Certified	59	11.4	12.2%
Total (Unrealized)	69	14.2	15.2%

* *Running totals for Real Estate Funds-US Funds I-IV not applicable*

INNOVATION & RECOGNITION

HS NOW

* The second annual HS Network of Women was held in Milwaukee where the Firm's senior women discussed strategy, enhanced their leadership skills, and networked.

* Partnering with Path Forward.ORG to offer 16 week returnship programs to those who have taken time off for caregiving. Will seek to hire several from this program with the goal of permanent job placement at the conclusion of the program.

DIVERSITY, EQUITY & INCLUSION

% DIVERSE INDIVIDUALS	'21	YTD
SENIOR LEADERSHIP**	30.8%	34.3%
TOTAL WORKFORCE	49%	52%
NEW HIRES	53%	49%

In Q3 2022 33% of new hires were women and 24% of all hires were non-white. For the total workforce, 40% are women and 19% are non-white.
** Managing Directors and above

As of September 30, 2022

Harrison Street Impact Dashboard – Core

Each quarter the Firm takes a comprehensive look at how it, and its investments, impact the world by reporting on the latest ESG happenings.

COMMUNITY IMPACT

	Today	Since Inception
Students Housed*	31,723	250,000+
Seniors cared for	7,189	59,000+

	Since Inception
Certified Healthy Building Occupants**	19,500+

*For the quarter based on total number of students being housed for that school year; since inception is summation of total students housed each school year since inception
**Once all certified developments become operational

2022 GRESB SCORES

80	100	GRESB Score	GRESB Average 74	Green Star / Peer Average 77
30	30	Management Score	GRESB Average 27	Benchmark Average 27
51	70	Performance Score	GRESB Average 47	Benchmark Average 49

ENVIRONMENTAL IMPACT

Procurement initiative to date has transitioned 21 assets to procurement of green electric, equivalent to an estimated 17,000 MTCO2e of annual avoided emissions – equivalent to 2,100 U.S. homes' average*

CONSERVICE The Utility Experts

100% of operational assets have transitioned to our bill pay and ESG services provider, enhancing quality and efficiency

* From epa.gov calculator

BUILDING CERTIFICATIONS*

fitwel	# of Projects	% Total	SF (M)	% Total SF
Registered	112	N/A	13.3	36%
Certified	11	4%	2.9	8%
Total (Unrealized)	123	41%	16.2	44%

LEED	# of Projects	SF (M)	% Total SF
Certified	30	4.9	13%
Total (Including Pending & Unrealized)	33	5.1	14%

* *Running totals for Real Estate Funds-US Funds I-IV not applicable*

INNOVATION & RECOGNITION

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* Managing Directors and above

As of September 30, 2022

Joey Lansing

Partner, Global Head of Portfolio Management & Strategy

Joey brings 33 years of industry experience to the Firm and is a member of the Firm's Executive and Investment Committees. As Global Head of Portfolio Management and Strategy, he serves as the Senior Portfolio Manager for the core fund and leads the Portfolio Management group. He also oversees the Asset Management, Data Analytics, Technology, and Impact (Sustainability) functions for the Firm and is a member of the Firm's Environmental, Social and Governance Committee.

Prior to joining Harrison Street, Joey was the Chief Operating Officer for an institutional real estate consulting Firm. He was responsible for all operational and administrative aspects of the company including strategic planning, compliance, human resources, information technology and portfolio performance measurement. Prior to that, Joey was a Senior Principal at Syndicated Equities, where he led the Syndicated Access Fund. In this position, he developed the investment strategy, oversaw fund formation and manager selection, led all capital raising and investor relations activities and monitored investment performance for two private equity real estate funds of funds. Prior to joining Syndicated Equities, he was the Executive Vice President and General Counsel for Levy Restaurants and spent several years practicing real estate law in Chicago.

Joey is a Founding Member, Member of the Board of Directors and Finance Committee Chairman for Chicago Scholars. He earned his BA in Political Science with distinction from the University of Michigan and a J.D. from Loyola University of Chicago School of Law.

Kate Davis

Director, Portfolio Management

As a Director in the Portfolio Management group, Kate focuses exclusively on the firm's open-end core real estate fund. She works closely with the fund's Senior Portfolio Manager and all team members to execute the fund's strategy on behalf of investors.

Prior to joining Harrison Street, she was President & Portfolio Manager at Broadstone Real Estate, where she was responsible for the launch and management of a diversified fund of real estate investments. Before that, she was Portfolio Manager and Head of Research and Operations at Resource America. Over her career, Kate has held a variety of roles in real estate and finance.

Kate holds a BS in Finance from the University of Illinois Urbana-Champaign as well as an MBA from the University of Chicago Booth School of Business with concentrations in Finance and Strategic Management. She is active in CREW and ULI and is a committee member for The Goldie Initiative.

Anthony Potenza

Director, Investor Relations

As a Director in the Investor Relations group, Anthony is responsible for building and maintaining capital relationships with institutional clients throughout the United Sates and representing Harrison Street's investment vehicles around the world.

Prior to joining Harrison Street, he was a Vice President at LaSalle Investment Management where he was responsible for capital markets and business development on the US East Coast. Previously, Anthony was a senior member of Willis Towers Watson's Global Manager Research Group focused on underwriting and due diligence for real estate and private equity funds based in the Americas.

Anthony is a graduate of the Gabelli School of Business, Fordham University in New York City and currently holds Series 63 and 7 licenses.

Harrison Street Core Property Fund, LP

Important Disclosures

- Fund Structure: Harrison Street Core Property Fund, L.P. is a Delaware limited partnership. The Core Fund owns investments through a subsidiary real estate investment trust ("REIT"), which is taxed as REIT for federal income tax purposes.
- Contributions: The minimum commitment for each Investor is $10 million, unless the General Partner in its sole and absolute discretion accepts a lesser amount. Subscription agreements are accepted quarterly.
- Distributions: Cash flow distributions will generally be made on a quarterly basis. A Dividend Reinvestment Program (DRIP) is available to Investors.
- Redemptions: Investors may request that the Fund redeem all or any portion of their Units as of the end of any calendar quarter by delivering written notice at least 45 days before the end of the calendar quarter. A redemption charge of 50 bps of the amount redeemed will be assessed by the Fund against all redemptions by an Investor during the period prior to the first anniversary of the Closing Date upon which such Investor's Subscription Agreement was accepted.
- Valuations: The Fund has engaged Altus Group, a third-party appraisal management firm, to oversee and administer the appraisal process for the Fund. Commencing with the calendar quarter that includes the anniversary of an asset's acquisition, and continuing annually thereafter, the third-party appraisal management firm will coordinate and/or perform a full appraisal. Such appraisal will be updated quarterly by the appraiser or the Appraisal Management Firm. Debt and derivatives will be "marked-to-market" as determined by the General Partner each calendar quarter.
  - Investment Guidelines: The Fund will adhere to the following investment guidelines:
  - Maximum leverage of 40% at the fund level
  - No single property type shall exceed 40% of gross asset value
  - No single investment shall exceed 15% of gross asset value
  - Investments in single Metropolitan Statistical Area (MSA) shall not exceed 20% of gross asset value, or 30% in top ten MSAs
- Investment Management Fee: Each Investor shall be obligated to pay to the Investment Manager an annual investment management fee, payable quarterly in arrears, based on such Investor's respective share of Fund Net Asset Value as of the last business day of the calendar quarter, in accordance with the following schedule:

Investor's NAV	Annual Percentage
First $25 million	1.15%
In excess of $25 million to $50 million	1.05%
In excess of $50 million to $75 million	0.95%
In excess of $75 million to $100 million	0.90%
In excess of $100 million	0.85%

Glossary of Terms

- **AUM** – For projects under construction, Assets Under Management (AUM) are the higher of total gross project cost at 100% (Project Cost) or the current gross market value at 100% (GMV). For operating projects: (i) if the GMV is greater than or equal to the current gross cost basis at 100% (Cost Basis), then AUM is the greater of GMV or Project Cost; (ii) if the GMV is less than Cost Basis, then AUM is the GMV.
- **Committed Equity** – Unless otherwise noted, the total equity committed to be funded to the transaction from entities managed by the Sponsor throughout the expected hold period.
- **Invested Equity** – Unless otherwise noted, the total cumulative equity funded to the transaction from entities managed by the Sponsor as of the reporting date
- **Gross IRR** – The Gross Internal Rate of Return (IRR) at the investment-level is the output of the XIRR formula in Microsoft Excel of investment-level cash flows before hypothetical fund management fees, other fund expenses, and incentive fees (if applicable). At the fund-level, it is the output of the XIRR formula in Microsoft Excel of fund-level cash flows before fund management fees, fund expenses, and incentive fees (if applicable).
- **Gross ROE** – The Gross Return of Equity (ROE) at the investment-level is the total property-level distributions over total property-level contributions before hypothetical fund management fees, other fund expenses, and incentive fees (if applicable). At the fund-level, it is calculated as total fund-level distributions over total fund-level contributions before fund management fees, other fund expenses, and incentive fees (if applicable).
- **Gross Total Return** – The Gross Total Return equals income plus appreciation divided by the weighted average amount of equity during a quarter based on a Modified Dietz methodology. For periods longer than one quarter, gross total returns are geometrically linked. For periods of one year or longer, gross total returns are presented on an annualized basis unless otherwise noted.
- **Net IRR** – The Net Internal Rate of Return (IRR) at the investment-level is the hypothetical net investment-level return calculated by deducting the blended average fund-level drag (fund management fees, other fund expenses, and projected fund incentive fees (if applicable) from the actual gross investment-level return. No investor has received the stated returns. At the fund-level, it is the output of the XIRR formula in Microsoft Excel of fund-level cash flows after fund management fees, other fund expenses, and incentive fees (if applicable). An individual limited partner's Net IRR likely will vary based upon the timing of the limited partner's capital contributions, which may differ from those of other limited partners for various reasons. The assumptions and estimates underlying the calculations of the Net IRR are inherently subjective and different parties could reach materially different conclusions based on the same information. Accordingly, the actual Net IRR received by investors may differ materially from the calculations herein.
- **Net ROE** – The Net Return of Equity (ROE) at the investment-level is the hypothetical net investment-level multiple calculated by deducting the blended average fund-level drag (fund management fees, other fund expenses, and projected fund incentive fees (if applicable) from the actual gross investment-level multiple. No investor has received the stated returns. At the fund-level, it is calculated as total fund-level distributions over total fund-level contributions after fund management fees, other fund expenses, and incentive fees (if applicable).
- **Net Total Return** – The Net Total Return equals income plus appreciation less fund management fees and incentive fees (if applicable) divided by the weighted average amount of equity during a quarter based on a Modified Dietz methodology. For periods longer than one quarter, net total returns are geometrically linked. For periods of one year or longer, gross total returns are presented on an annualized basis unless otherwise noted.
- **S.I. Net DPI** – The Since Inception Distributions to Paid-In Capital (DPI) is the calculation of total net fund-level distributions divided by the total fund-level contributions as of the most recent reporting period or other date as noted.
- **S.I. Net IRR (note based on FMV)** – The Since Inception Net Internal Rate of Return (IRR) is the net fund-level IRR calculated above assuming the liquidation of the Fund's remaining assets at their current fair market value as of the most recent reporting period. Current fair market value is determined in accordance with applicable accounting standards and the Sponsor's valuation policy and procedures. There can be no assurance that unrealized investments will be realized at the valuations reflected herein. Ultimate returns will depend on the value of each investment and may vary significantly from the returns presented herein. The performance of certain funds referred to herein that are still in the process of making or realizing upon investments may be significantly affected by future investment activities. For the foregoing reasons, prospective investors should attach correspondingly qualified consideration to the performance information herein. Prospective investors are encouraged to contact Sponsor representatives to discuss the procedures and methodologies used to calculate the investment performance information provided herein.
- **S.I. Net TVPI (note based on FMV)** – The Since Inception Total Value to Paid-In Capital (TVPI) is net fund-level ROE/multiple calculated above assuming the liquidation of the Fund's remaining assets at their current fair market value as of the most recent reporting period.
- **Spot Cap Rates** – Calculated as the projected net operating income for the next twelve months divided by the current gross value of the asset.
- **Stabilized Yield on Cost** – Stabilized yield on cost is calculated as stabilized NOI divided by gross transaction cost.

Disclaimer

This presentation is being furnished on a confidential basis to "accredited investors" as defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), who are also "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. The materials contained in this presentation may not be distributed, circulated, quoted, or otherwise disseminated or reproduced without the prior written consent of Harrison Street*, and each recipient will keep permanently confidential all information contained herein not already in the public domain. This presentation is not an offer to sell or a solicitation of an offer to purchase any securities of HS or any affiliate, and any such offers will only be made pursuant to a private placement memorandum or similar disclosure document ("Private Placement Memorandum") and other definitive documentation relating to any such security. This presentation excludes material information detailed in such documentation, including, but not limited to, risk factors. Investors should make a decision to invest based solely on the information provided in such documentation. Harrison Street Advisors, LLC and its affiliates have a financial interest in the investors' investment in such Harrison Street sponsored fund or investment vehicle ("Sponsored Fund") on account of the asset management fees Harrison Street Advisors, LLC receives from the Fund as disclosed in the Private Placement Memorandum and governing documents of the Fund.

This presentation includes financial projections and other forward-looking statements that involve risk and uncertainty. Sentences or phrases that use words such as "expects", "believes", "anticipates", "plans", "may", "can", "will", "projects" and others, are often used to indicate forward-looking statements, but their absence does not mean a statement is not forward-looking. The forward-looking statements included in this presentation, including estimates of returns or performance, are based upon certain assumptions. Other events, which were not taken into account, may occur and may significantly affect performance. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to predict and may depend upon factors that are beyond the control of Harrison Street and its affiliates. Certain assumptions have been made to simplify the presentation, and, accordingly, actual results will differ, and may differ significantly, from those presented. Some important factors which could cause actual results to differ materially from those projected or estimated in any forward-looking statements include, but are not limited to, the following: changes in interest rates and financial, market, economic or legal conditions. In addition, the degree of risk will be increased as a result of the leveraging of investments. Other risks are described in the disclosure and other documents related to particular investments. Investors should conduct their own analysis, using such assumptions as they deem appropriate, and should fully consider other available information, including the information described in the disclosure and other documents related to particular investments in making an investment decision. In considering the prior performance information contained in this presentation, investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that any investment will achieve its targeted results. Individual property investments described herein are summaries only, relate only to the Sponsored Fund which made or may make such investment, and may not be indicative of other or future investments. Property performance and realization information is provided in the quarterly reporting for each Sponsored Fund. In addition, investment strategies described herein for such individual property investments are subject to change.

PERE is a leading publication for the world's private real estate markets. Its annual awards are determined by industry participants through a highly controlled voting system.

Pensions & Investment Best Places to Work award is a two part assessment designed to gather detailed data about each participating company that includes a questionnaire completed by the employer and a satisfaction survey completed by company employees.

*As used herein, unless the context otherwise requires, "Harrison Street", "HS" or the "Firm" refers collectively to Harrison Street Real Estate Capital, LLC, and its affiliates and subsidiaries, including Harrison Street Advisors, LLC.

Harrison Street Insights

State of the US Market

November 2022 Update

HARRISON STREET

Making an Impact.

Alternative Real Estate: It's Time to Sharpen the Pencils

In recent months, the commercial real estate transaction market, which had experienced a very strong 2021 and a solid start to 2022, saw a rapid and abrupt slow down. **Pencils went down for many investors as the Federal Reserve ("Fed") moved to curb the fastest pace of inflation seen in over 40 years with six consecutive rate hikes**, a total 375 basis point jump since the start of 2022. The Fed has signaled they are willing to risk putting the US economy into recession to slow down growth and get inflation under control.

Rather than withdraw unilaterally from the commercial real estate market, Harrison Street believes it is important for investors to carefully weigh the combination of headwinds and tailwinds that currently propel the market's direction. Headwinds include elevated market volatility, rising interest rates, and increasing risk of recession or stagflation. The counter tailwinds include historically low unemployment (it has only increased 10 bps to 3.7% since the Feds started its aggressive rate hikes in March 2022), positive rental rate growth fueled by continued demand and the ability for some property types to re-price leases to provide an inflation hedge.

We also believe **significant opportunities exist in alternative real estate sectors, even more than traditional commercial real estate, as they benefit from additional demographic-driven tailwinds.** These sectors depend on resilient demand drivers that are less correlated to the broader market, whereas traditional real estate is more linked to general economic conditions such as GDP and job growth. Alternative real estate sectors, such as student housing, senior housing, medical office, and self storage, have shown their ability to continue to produce positive net operating income throughout a downturn, as demonstrated during the Global Financial Crisis and the global pandemic. Furthermore, lenders are choosing to work only with top sponsors, which is likely to result in less competition and a strengthening of supply/demand fundamentals for the foreseeable future.

In our view, the current environment provides opportunities for platforms like Harrison Street ("Firm"), which have deep operator and lender relationships and an investment focus on high-quality alternative assets. The efforts to chase yield in secondary and tertiary markets are becoming more difficult for newcomers to the alternative space. **Harrison Street continues to utilize our years of experience, superior investment access, and proprietary data to target the most resilient assets and unlock attractive and appropriately priced opportunities throughout a market cycle.**

The underlying demand-drivers for alternative real estate continues throughout economic cycles. The fundamental strength and resiliency of the alternative asset class can be understood by answering the following questions:

Will people continue to age and require more annual doctor visits and some level of assistance in long-term care?

Will life events continue to require some level of goods to be stored?

Will students continue to prefer a traditional college experience at universities that offer a strong value proposition?

Will data continue to be utilized on a meaningful scale for consumers and businesses?

Will the need for research & development to reduce the levels of healthcare spend remain a priority as the population grows older and chronic diseases rise?

Investing in Today's Market

Similar to traditional real estate, liquidity and commensurate transaction activity in the alternative sectors has slowed in recent months, and the bid-ask spread has widened primarily driven by higher debt costs and/or a buyer's inability to raise capital. **Within alternative real estate, Harrison Street is well-positioned to be a leader in the process of price discovery,** due to our activity in both acquiring and selling assets, our knowledge of the strength and positioning of other market participants and counterparties, our involvement in developments across markets and our close relationships with operators, lenders, brokers and vendors.

Active involvement in price discovery does not result in making inappropriate investment decisions, but rather, it increases the potential that we will identify price dislocation and areas to capitalize on the current lack of liquidity. **We believe those with the ability to harness the lack of liquidity, act decisively and perform thoughtfully will unlock compelling opportunities, whether in the form of new investments, new relationships or new verticals.**

Since 2005, our investment thesis has been predicated on the ability to perform during times of economic strength and outperform relative to traditional real estate during times of economic weakness. **We do not employ a market-timing strategy.** The sectors in which we focus are nuanced and require deep expertise and due diligence of operations, submarkets and micro-demographics. Our distinct level of experience, which includes investing, managing and selling assets though market cycles, including the Global Financial Crisis and the global pandemic, provides us with an advantage in the marketplace. This expertise means we are well positioned for success across varying cycles.

Harrison Street's cadence of capital deployment has slowed during the past two quarters, and it is anticipated to be moderate during the next two quarters. **We continue to be very selective and favor dry-powder in this environment, which has not yet provided for much pricing dislocation.** We are not pursuing commodity assets, even in situations where we believe we can drive alpha when utilizing updated underwriting metrics.

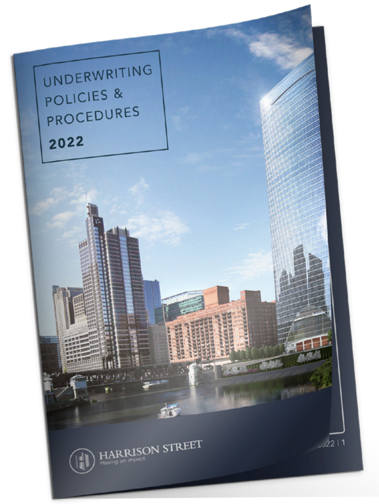
As such, we are laser-focused on investing in high-quality and irreplaceable assets and development sites. We anticipate selectively deploying capital in this environment when the following conditions exist:

- **Compelling cost basis:** The current lack of liquidity will likely create opportunities to acquire assets or strategic sites at attractive and re-priced cost basis.
- **Attractive supply/demand fundamentals:** There are micro-markets where demographics and secular trends continue to support asset performance within alternative real estate.
- **Competitive advantage:** In partnership with our leading operators and/or developers, we believe we can unlock opportunities and drive performance through our in-depth market insight and subject matter expertise.

Specifically, in today's market, **we are favoring high-conviction projects that have been in pre-development for years with our long-standing, leading operators.** As debt capital has pulled back, construction starts have been drastically reduced across sectors. Based on current permits pulled, **new construction deliveries are anticipated to be limited over the next 24 months, yet the demand outlook for our target sectors remains strong.** We believe Harrison Street's recently closed development projects will have a competitive advantage as they will deliver in strong markets at a time with depressed inventory levels.

Additionally, we continue to relentlessly meet with counterparties to identify opportunities to acquire assets at pricing that reflects the changing debt environment. While most of those transactions to date have not been consistent with our investment criteria, we are confident that our strategies will benefit from our continued outreach as sellers begin to capitulate and/or lenders need to identify solutions. **We believe distressed acquisition opportunities will surface during the next two years, as inexperienced or non-dedicated operators face challenges in alternative real estate's operational-intensive property types.**

Underwriting in Today's Market



Harrison Street continues to follow a disciplined and time-tested underwriting process. **The Firm's underwriting policies and procedures were designed to be able to navigate various market cycles and effectively value assets in varying markets.** In accordance with our underwriting policy, we continually utilize updated assumptions that incorporate current and forecasted micro-market fundamentals, the current yield curve, real-time revenue and expense growth assumptions, pertinent on-the-ground feedback from our Asset Management team, which oversees our $50 billion portfolio, and updated market exit cap rate assumptions.

Today, transaction volume is depressed due to market uncertainty, lack of liquidity and pull-back in debt financing. This is the by-product of the emergence of a macro-economic cycle that we believe could take up to three years to resolve. Generally speaking, across alternative real estate, property types with higher yield profiles and durable growth, **we have witnessed anywhere between a nominal increase to 75-100 basis point increase in spot cap rates (when compared to late-2021/early-2022), which we believe will be reversed once uncertainty is removed and liquidity returns to our asset classes.**

The following highlights some of Harrison Street's current underwriting assumptions:

- **Revenue growth assumptions have remained fairly consistent across alternative real estate.** Less correlated to the general market, with rising demand and likely lower supply, most alternative real estate sectors are well-positioned to achieve rent growth for the foreseeable future. Depending on the sector, **rental growth assumptions are typically ~3–5% annually.**
- **Certain expenses are projected to grow at higher rates over the next 36 months** based on today's inflationary environment. This primarily includes labor, energy/utilities, food supplies, repairs and maintenance, resulting in ~4–6% annual expense growth assumption in the near term. Growth in outlying years is generally at the long-term historical rate of inflation (3%). Non-controllable expenses, such as taxes and insurance, continue to be vetted with our long-standing vendors, and certain utility expenses are underwritten alongside our ESG staff and consultants. All expense assumptions are benchmarked against our existing portfolio and specific operating partners.
- **Our underwriting reflects a rising interest rate environment.** Our long-standing policy is to update the forward curve in our models on a weekly basis with a cushion of 10% in the first year and 20% thereafter. The most recent yield curve is expected to hit its peak of 4.5% in Q2 2023, at which point it begins to decline during the following 12 months by ~50bps, and ultimately settle at 3.2%–3.3% during the timeframe that we expect to harvest most of Harrison Street's current development projects. This expected yield is within 60-70 bps of LIBOR in 2019.
- **A customary policy for Harrison Street is to purchase interest rate caps for investments with floating debt (typically construction or value-add business plans).** The cost of these caps has increased to 1.0%–2.0%, compared to less than 50 bps at the beginning of 2022. Further, for non-core investments, the leverage level available has come down slightly and is now available between 50%–65% loan-to-cost.
- **Our base case underwriting consists of residual cap rate assumptions that are 50-100 bps higher than current spot cap rates.** Opportunistic business plans (3-7 years) typically have a 50–75 bps spread, while longer term holds typically have a 50–100 bps spread. In cases where we feel warranted, either due to market, asset or sector insight, there may be exceptions to this policy, which are fully vetted and discussed within our Investment Committee.

Alternative Real Estate: Resilient Fundamentals

Alternative real estate is bolstered by demographic-driven demand. The sectors offer defensive characteristics and cycle-tested resiliency in a variety of market environments, including today's landscape.

Hub at Champaign: Fund VII

Student Housing: Students' unwavering desire to participate in the traditional college experience of learning and living on or near campus has been on display since the start of the pandemic. Enrollment at leading public and private universities remains strong and continues to grow, while new supply for student housing is down considerably. Harrison Street's 84,610 operating student housing beds in the US and Canada are currently 94.7% leased. **Pre-leasing for academic year ("AY") 2023-24 has already begun and Harrison Street's portfolio, on average, is 9.9% ahead of leasing levels this time last year,** which is noteworthy given AY 2022-23 leasing was by far the strongest on record. In addition to robust leasing velocity, **rental rate increases for AY 2023-24 are already outpacing our budgeted 6-7%, with many properties achieving mid-to-high teen rental growth.**

The sector continues to be in-favor by investors with competitively priced capital for high-quality stable assets in core university markets. Attractive development opportunities exist for the most experienced operators who have been consistently pursuing top sites in strong university towns. Valuation risk is heightened for investors who chased yield at schools that do not have "enrollment-taker" characteristics or the appropriate risk/return profile.

Senior Housing: : Senior housing continues its steady recovery from the pandemic-induced occupancy loss. Increasing demand has driven positive property-level performance nationwide as the sector experienced the sixth consecutive quarter of positive net absorption during the third quarter 2022 (2nd highest on record). **Occupancy has reached its highest level since the second quarter of 2020, inventory growth is at its lowest point in over a decade, and quarterly rental rate growth of 4.4% is the highest quarterly rate ever recorded.**[1]

The sector benefits from predictable and positive underlying demographic trends that are expected to continue to strengthen as Baby Boomers age into senior housing. In fact, the sector is now closer to the 2029 date when the oldest Baby Boomers reach the typical senior housing entry age of 83. **Though the pandemic challenged the industry, leading operators quickly adapted to the environment and residents have been returning to senior housing communities at record levels.**

The Springs at Waterfront: Fund IX

Market participants have expressed pent-up demand for high-quality, cash flow producing senior communities, which we expect to translate into an uptick in transaction activity during the next 12 months, as the performance recovery continues to demonstrate positive trends. **There have been a handful of quality single-asset and mini-portfolio transactions that have priced within 25-50 bps of pre-COVID levels.** Lower-quality assets in non-strategic markets have not been generating significant interest, as the transactions are characterized by thin buyer pools, deep value investors and pricing that is significantly below seller expectations.

Midwest Orthopaedics: Core Fund

Medical Office: The sector's needs-based demand continues to show its strength and resiliency. Demand is expected to continue to be fueled by the trend of all but the most acute services coming out of hospitals and moving to lower cost medical office building ("MOB") environments, coupled with the growing aging population, which spends 2x more on healthcare than average. For the most part, **speculative development does not exist, which puts a natural governor on the sector's fundamentals.**

There are important nuances in operating this sector that should not be overlooked, such as understanding the optimal tenant mix, insurance reimbursement profile and potential role of frictional vacancy. It is critical to have strong relationships with sector-focused operators and leading health systems to scale in a sector with typically smaller property footprints (on average 40,000-60,000 sqft) and greater dependency on the working relationship of tenants within a building. High quality and stabilized MOB transactions have largely maintained pricing in light of the increase in interest rates. **While cap rates of core-oriented transactions have increased by 25-75 bps, depending primarily on size of transaction (smaller, single-asset transactions have been less impacted than larger ones), buyers are largely accepting a lower return due to the defensive nature of medical office assets**. We have also seen an uptick in all-cash buyers today, as some investors look to shift their commercial office exposure to incorporate medical office.

Life Sciences: As one of the most favored sectors emerging from the global pandemic, cap rates saw significant compression between 2020 and early 2022. Double-digit rental increases, low vacancy, high absorption and supply shortages, in both cluster and emerging markets, supported the strong valuations. **Today, demand for purpose-built lab space continues to result in positive net absorption.** However, in recent months, tenants have right-sized their space needs to execute leases that account for their current footprint, versus leasing completed in 2020-21 that typically accounted for a tenant's growth expectation over the next several years.

The need to lower healthcare spending around the globe is likely to continue to drive demand for the life sciences industry and attract venture capital ("VC") funding. **While the current market volatility may have tempered some level of funding, 2022 is still anticipated to be the third highest VC funding year on record and National Institute of Health continues to fund at peak levels.** The strength of a property's submarket and tenants are critical to the performance of life sciences real estate. Pricing for high-quality assets has seen a modest 25-50 bps cap rate expansion since the beginning of 2022. The asset class should continue to be in high demand with a larger spread between the haves and the have-nots.

Sorrento Ridge: Fund VIII


Trojan Self Storage: Core Fund

Self Storage: Demand is driven by life changing events, such as disaster, death, divorce, downsizing, military deployment, work from home, and a growing renter pool, all of which continue to occur regardless of the general economy. Over the past 18 months, Harrison Street's storage portfolio, consisting of over 82,000 units across 114 properties, has **increased occupancy to record-levels, achieved strong rent growth, and mitigated expense inflation through operational efficiencies.**

The sector's strong property fundamentals have drawn record levels of capital. The high water mark was in 2021 with transaction volume ballooning to over $23 billion in sales, nearly 3x higher than the previous high. Despite recent disturbances in macroeconomic activity, investor appetite remains elevated for high-quality assets in top-tier markets. Preliminary data from RCA indicates $9.8 billion of storage trades through Q3 2022, ~$1.5 billion above 2020's total volume.

Data Centers: The sector continues to benefit from unprecedented demand. Major markets, such as Northern Virginia and Silicon Valley, have seen vacancies drop while also experiencing significant increases in inventory. Year to date 2022 continues to be characterized by strong tenant demand, with the majority of developments pre-leased before commencing construction. Hyperscale customers contributed to the majority of this demand as the "cloud" has emerged as the growth and profitability engine for the largest technology firms.

Given the significant growth in primary markets, constraints have surfaced related to power distribution and land availability. **Prime sites in core markets are highly coveted and secondary markets are emerging as hyperscale clusters.** The data center sector is not immune to broader macroeconomic factors, such as higher interest rates and cost of inflation. However, both dynamics have resulted in increasing rental rates with users absorbing the impact of higher costs to support consistent development returns. **While liquidity remains strong, particularly on the equity side, we estimate cap rates for stabilized core investments have expanded roughly 50-75 bps from early 2022 to account for the increase in interest rates.**


New Albany: Fund IX


Representative Photo: Fund IX

Build-to-Rent ("BTR"): The emergence of this new sector has not been slowed by the pandemic or the volatility in interest rates. On the contrary, **fundamentals look increasingly compelling as interest rates and the for-sale housing shortage has widened the affordability gap between owning and renting** (the rental discount to the cost of home ownership has increased in certain markets by 20% - 30+%). We are seeing costs stabilize with the reduction in new home starts. Absorption of delivered units remains very strong as the macro demand drivers continue unabated and cost of ownership increases.

The BTR market remains competitive, with deep buyer groups and several rounds of offers. Cap rates for the nascent product type quickly converged with conventional multifamily valuations over the last 12-18 months, with little if any margin remaining for high quality assets and markets.

Disclaimers & Footnotes

Data as of November 14, 2022, unless otherwise noted.

1 NIC 3Q 2022 data

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