

A Letter from Christopher Merrill

As we conclude the year, our entire leadership team would like to express sincere gratitude to our steadfast global investor base, our exceptional operating partners, our extensive network of leading universities, healthcare institutions, and municipalities, and to our reliable group of diverse lenders.

Across the entire industry, 2023 was a year of challenging macro headwinds, with 10-year treasury rates increasing over ~300 bps from the 2022 trough, a stubborn inflationary environment that seemingly has started its course to moderation and a pricing standoff between buyers and sellers that resulted in a sharp drop in transaction activity of more than 50% across commercial real estate when compared to 2022. Liquidity was hard to come by during the year as most investors moved to the sidelines, and lenders hit pause on new financings except for the very best investment opportunities with leading sponsors. **While these broad stroke macro headwinds apply to all, the level of impact varied greatly by firm and investment strategy.**

Since our inception in 2005, Harrison Street's foundational principles, fundamental investment thesis, and risk management strategies were intentionally crafted to endure challenging macroeconomic environments like today. Designed to perform consistently in both favorable and adverse conditions, our firm has undergone rigorous cycle-testing. We have witnessed the resilience of our platform and targeted alternative sectors through significant events, including the Global Financial Crisis (GFC), the global pandemic, a 40-year inflationary high, periods of rising interest rates, and regional conflicts.

We consistently regard challenging markets as opportunities for our firm and strive to create value through complexity. 2023 was no different in this regard. I am pleased to share that Harrison Street achieved notable advancements in our business and reached significant milestones throughout the year. The success can largely be attributed to our strategic focus of investing exclusively in alternative real assets, which we believe are boasting their strongest fundamentals in our 18-year history. Additionally, our global team of domain experts continues to play a pivotal role, maintaining a laser-focus on providing unique access and delivering top performance for our stakeholders.

While many in the industry paused their investments, we were able to selectively acquire, develop and dispose of assets throughout the year. For instance, our investment team worked tirelessly to review over 2,000 opportunities globally across our sectors, of which we closed on 52 (~2.5% of reviewed transactions) representing a total cost of approximately \$4 billion. Corporately, **we continued to invest in our business and team** - hiring 47 new employees, opening new offices in Berlin, Luxembourg, Madrid, and Seoul and launching several technology initiatives including a new investor portal to be rolled out in mid-2024.

As we move into the new year, we remain confident that Harrison Street's ecosystem, honed over nearly two decades, will remain a premier access point to alternative real assets with unparalleled subject matter expertise. In the coming weeks, we look forward to sharing Harrison Street's 2024 Market Outlook.

On behalf of the Harrison Street team, we extend warm holiday wishes to you and your loved ones. We look forward to an exciting new year.

Sincerely,



Christopher Merrill, Co-Founder, Chairman, and CEO



2023 Highlights

Acquired

\$4.0 billion

(gross cost)
across North America
and Europe

Sold

\$1.8 billion

(gross sales price)
across student housing, senior
housing, medical office, data
centers and self storage

Distributed

\$802 million

to investors

Closed

\$2.2 billion

of financing for new and
existing assets



Gross cost includes all current and projected costs of a deal. This content was prepared for general information purposes only and is not an offer to sell or a solicitation of an offer to purchase any securities of Harrison Street Real Estate Capital LLC or any affiliate.



HARRISON STREET
Making an Impact.