

HARRISON STREET REAL ESTATE CAPITAL

Investments in Education, Healthcare & Storage Real Estate

Presented by Christopher Merrill, President & CEO

November 2011

*Focus on Education,
Healthcare & Storage Real Estate*



Student Housing



Senior Housing

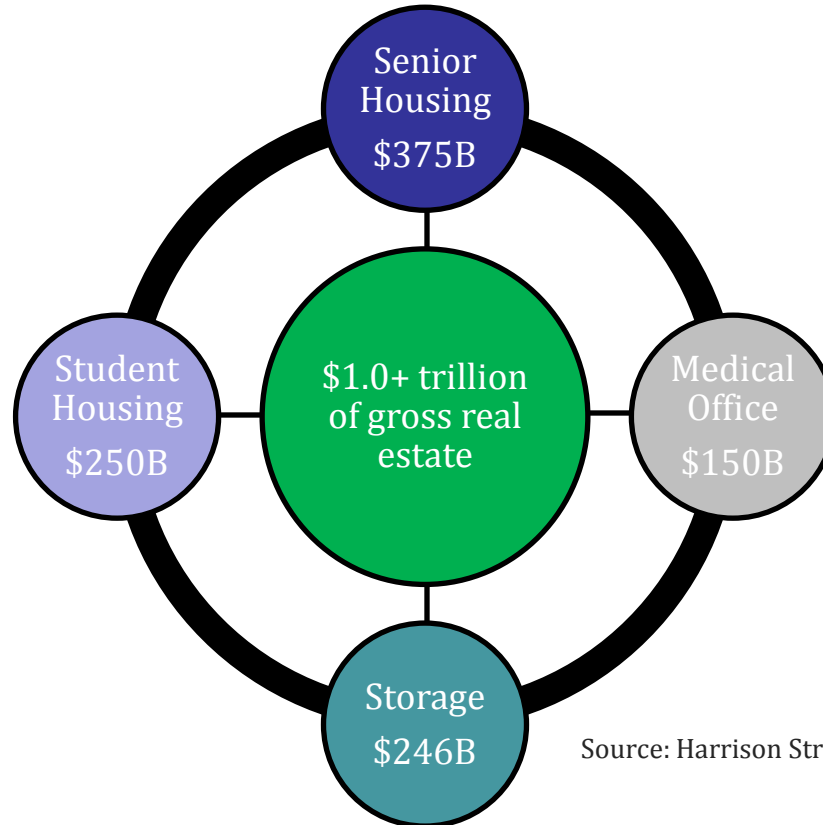


Medical Office



Self Storage

Target Sector Size



Source: Harrison Street Research

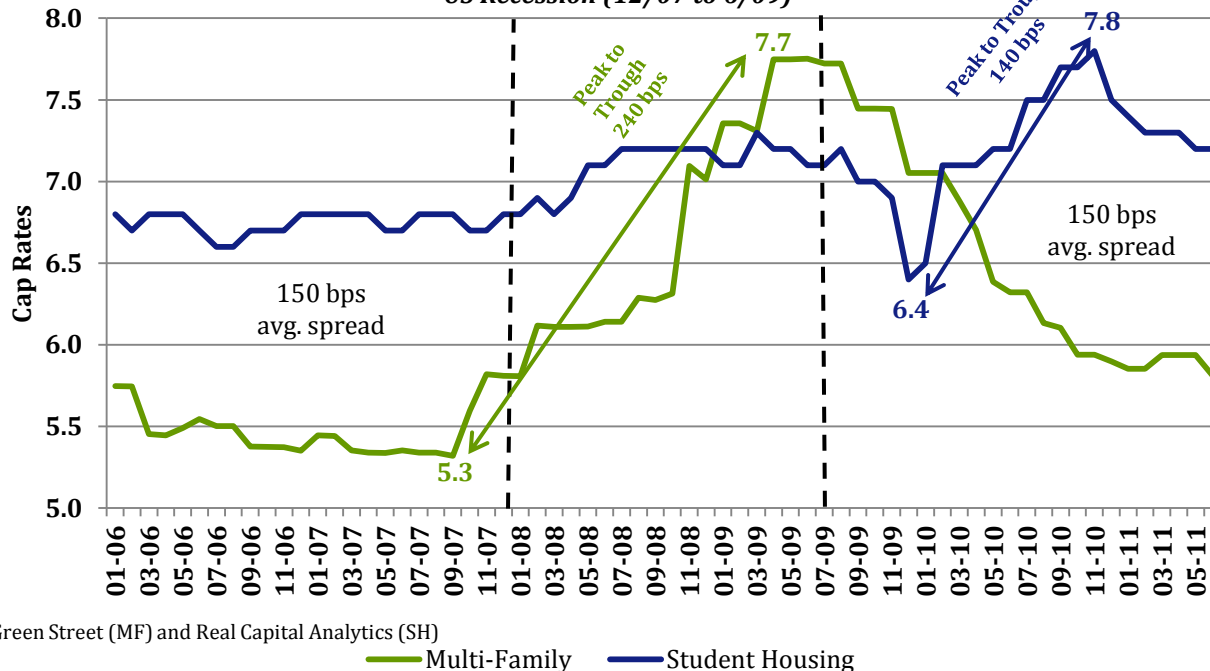
- ▶ The Harrison Street real estate segments are **sizable** and provide significant opportunity **(\$1.0+ trillion)** for **continued institutional investment**. Note that this figure does not include subsets within each sector (i.e. on-campus student housing, acute care facilities, etc.). The inclusion of additional categories significantly increases the investable size of these segments.

HSRE's Sectors vs. Traditional Sectors

- ▶ Since 2006, cap rates for student housing assets have been significantly less volatile compared cap rates for multifamily assets.
- ▶ Average cap rates for multifamily assets have ranged from a low of 5.3% to a high of 7.7%, resulting in a “peak to trough” of 240 basis points compared to only 140 basis points for student housing.
- ▶ Additionally, HSRE is able to acquire student housing assets at an average of ~150 basis points above where multifamily assets are currently trading while taking less risk given the consistent performance of student housing during the downturn.

Multifamily and Student Housing Cap Rates 2006 to 2011

US Recession (12/07 to 6/09)

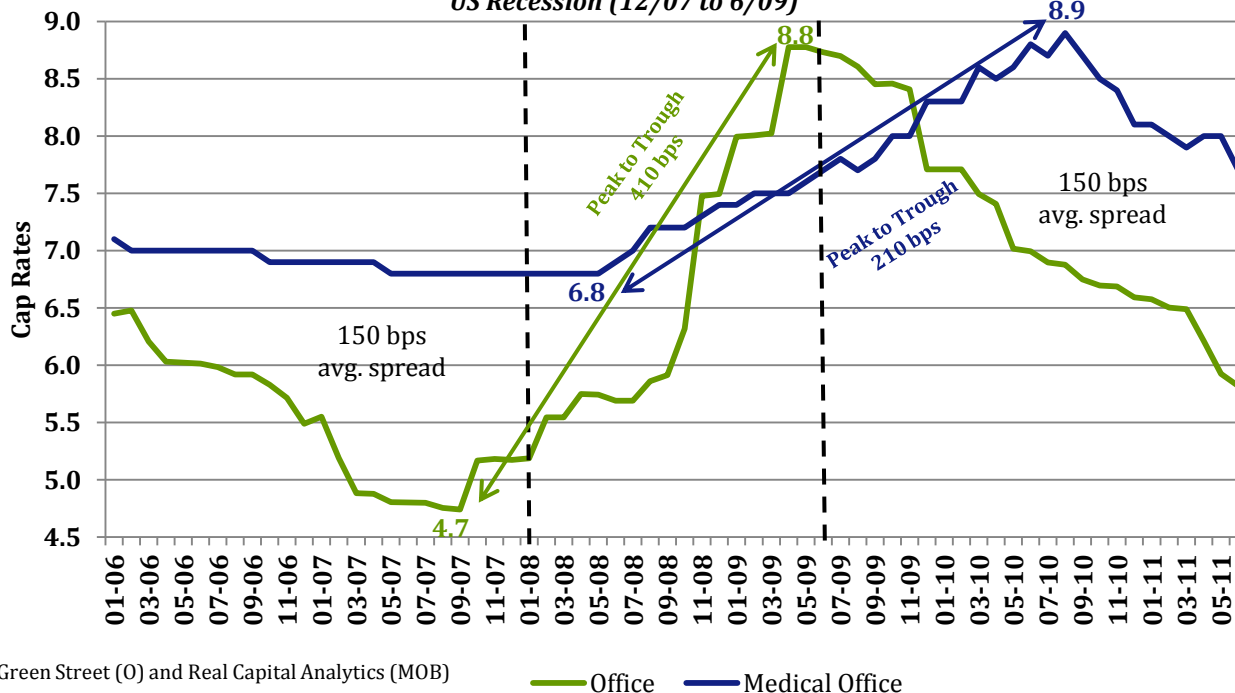


HSRE's Sectors vs. Traditional Sectors

- ▶ Since 2006, cap rates for medical office assets have been significantly less volatile compared to caps rates for the traditional office assets.
- ▶ Average cap rates for office assets have ranged from a low of 4.7% to a high of 8.8%, resulting in a “peak to trough” of 410 basis points compared to only 210 basis points for medical office.
- ▶ Additionally, HSRE is able to acquire medical office assets at an average of ~150 basis points above where traditional office assets are currently trading while taking less risk given the consistent performance of medical office during the downturn.

Office and Medical Office Cap Rates 2006 to 2011

US Recession (12/07 to 6/09)



HSRE's Sectors vs. Traditional Sectors

- ▶ Since 2006, cap rates for storage assets have been significantly less volatile compared to caps rates for the industrial assets.
- ▶ Average cap rates for industrial assets have ranged from a low of 5.9% to a high of 8.9%, resulting in a “peak to trough” of 300 basis points compared to only 140 basis points for storage.
- ▶ Additionally, HSRE is able to acquire storage assets at an average of ~150 basis points above where industrial assets are currently trading while taking less risk given the consistent performance of storage during the downturn.

Industrial and Storage Cap Rates 2006 to 2011

