

**APPLICATION FOR FINANCIAL ASSISTANCE TOWN OF  
BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY  
1 Independence Hill, 2nd Floor, Farmingville, New York 11738**

DATE: April 30, 2018

APPLICATION OF: HSRE LAKE GROVE, LLC  
Name of Owner and/or User of Proposed Project

ADDRESS: 444 WEST LAKE STREET, SUITE 2100  
CHICAGO, IL 60606

Type of Application:      ☐ Tax-Exempt Bond      ☐ Taxable Bond  
                                 ☐ Straight Lease      ☐ Refunding Bond

**ASSIGNMENT AND ASSUMPTION OF PREVIOUSLY APPROVED TAX-  
EXEMPT BOND TRANSACTION**

Please respond to all items either by filling in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable. Application must be filed in two copies. A non-refundable application fee is required at the time of submission of this application to the Agency. The non-refundable application fee is \$2,000 for applications under \$5 million and \$4,000 for applications of \$5 million or more.

Transaction Counsel to the Agency may require a retainer which will be applied to fees incurred and actual out-of-pocket disbursements made during the inducement and negotiation processes, and will be reflected on their final statement at closing.

Information provided herein will not be made public by the Agency prior to the passage of an official Inducement Resolution, but may be subject to disclosure under the New York State Freedom of Information Law.

Prior to submitting a completed final application, please arrange to meet with the Agency's staff to review your draft application. Incomplete applications will not be considered. The Board reserves the right to require that the applicant pay for the preparation of a Cost Benefit Analysis, and the right to approve the company completing the analysis.

PLEASE NOTE: It is the policy of the Brookhaven IDA to encourage the use of local labor and the payment of the area standard wage during construction on the project.

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**Part I: Owner & User Data**

**1. Owner Data:**

A. Owner (Applicant for assistance): **HSRE LAKE GROVE, LLC**

Address: **444 WEST MAIN STREET, SUITE 2100**

**CHICAGO, IL 60606**

Federal Employer ID #: \_\_\_\_\_ Website: **www.harrisonst.com**

NAICS Code: **53100**

Owner Officer Certifying Application: **STEPHEN GORDON**

Title of Officer: **MEMBER**

Phone Number: **(312) 920-0200**

Email: **SGORDON@HARRISONST.COM**

**B. Business Type:**

Sole Proprietorship ☐ Partnership ☐ Privately Held ☒

Public Corporation ☐ Listed on \_\_\_\_\_

State of Incorporation/Formation: DELAWARE

**C. Nature of Business:**

(e.g., "manufacturer of \_\_\_\_\_ for \_\_\_\_\_ industry"; "distributor of \_\_\_\_\_"; or "real estate holding company")

REAL ESTATE HOLDING COMPANY

**D. Owner Counsel:**

Firm Name: DLA PIPER

Address: 444 WEST LAKE, SUITE 900

CHICAGO, IL 60606

Individual Attorney: SHARI HELFT LENNON

Phone Number: (312) 369-3902 Email: SHARI.LENNON@DLAPIPER.COM

**E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):**

Name	Percent Owned
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HARRISON STREET CORE HOLDING I, LLC

**F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:**

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (if yes, please explain)

N/A

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

N/A

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- G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

N/A

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- H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

N/A

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- I. List parent corporation, sister corporations and subsidiaries:

**HARRISON STREET CORE HOLDING I, LLC IS PARENT CORPORATION.**

**SEE ATTACHED AT APPENDIX A FOR INFORMATION.**

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- J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

**YES. OWNER IS PARTNERS WITH ENGEL BURMAN IN REAL ESTATE DEVELOPMENTS ON LONG ISLAND INCLUDING THE BRISTAL AT HOLTSVILLE, WHICH RECEIVED FINANCIAL ASSISTANCE FROM THE BROOKHAVEN IDA.**

- K. List major bank references of the Owner:

**ZENA DIGGS, BANK OF AMERICA, (312) 828-9041**

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**JOEL DALSON, PNC, (312) 338-2226**

2. User Data

***\*\* (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) \*\****

A. User (together with the Owner, the "Applicant"): LAKE GROVE SENIOR CARE LLC

Address: C/O THE ENGEL BURMAN GROUP

67 CLINTON ROAD, GARDEN CITY, NY 11530

Federal Employer [REDACTED]

Website: WWW.ENGELBURMAN.COM

NAICS Code: 53100

User Officer Certifying Application: STEVEN KRIEGER

Title of Officer: MEMBER

Phone Number: (516) 747-1200

B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Privately Held ☒

Public Corporation ☐ Listed on \_\_\_\_\_

State of Incorporation/Formation: NEW YORK

C. Nature of Business:

(e.g., "manufacturer of \_\_\_\_\_ for \_\_\_\_\_ industry"; "distributor of \_\_\_\_\_"; or "real estate holding company")

REAL ESTATE HOLDING COMPANY

D. Are the User and the Owner Related Entities? Yes No ☒

i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.

ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: FARRELL FRITZ, P.C.

Address: 400 RXR PLAZA

UNIONDALE, NY 11556-1320

Individual Attorney: PETER CURRY, ESQ.

Phone Number: (516) 227-0772

Email: PCURRY@FARRELLFRITZ.COM

F. Principal Stockholders or Partners, if any (5% or more equity):

Name	Percent Owned
JAN BURMAN	
STEVEN KRIEGER	
SCOTT BURMAN	
DAVID BURMAN	
MICHAEL WEISS	
JONATHAN WEISS	

G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding?  
(if yes, please explain)

CERTAIN REAL ESTATE ENTITIES IN WHICH JAN BURMAN WAS A  
PRINCIPAL DECLARED BANKRUPTCY IN THE 1990's, ALL OF WHICH  
BANKRUPTCIES HAVE LONG SINCE BEEN DISCHARGED.

- ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (if yes, please explain)

NO

H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

THE OWNERSHIP GROUP HOLDS A GREATER THAN 50% INTEREST IN  
NUMEROUS OTHER UNRELATED REAL ESTATE OWNERSHIP AND  
OPERATIONAL ENTITIES.

- I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

YES. SEE ANSWER TO QUESTION "H" ABOVE.

J. List parent corporation, sister corporations and subsidiaries:

NONE

Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

**YES. THE BROOKHAVEN IDA ISSUED TAX EXEMPT BONDS AND PROVIDED A PILOT IN 2013 TO SUPPORT THIS PROJECT.**

K. List major bank references of the User:

WELLS FARGO BANK, MELISSA HILTON (202) 303-2975

**Part II – Operation at Current Location**

***\*\* (if the Owner and the User are unrelated entities, answer separately for each) \*\****

1. Current Location Address: N/A
2. Owned or Leased: N/A
3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.): N/A
4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:  
N/A

5. Are other facilities or related companies of the Applicant located within the State?  
Yes ☒ No ☐

A. If yes, list the Address: THE APPLICANT HAS FINANCIAL INTERESTS IN

MULTIPLE ASSISTED LIVING FACILITIES THROUGHOUT NY STATE.

6. If yes to above ("5"), will the completion of the project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? Yes ☐ No ☒

A. If no, explain how current facilities will be utilized: CURRENT FACILITY WILL



**REMAIN A FULLY INTEGRATED ASSISTED LIVING FACILITY.**

- B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

N/A

7. Has the Applicant actively considered sites in another state? Yes ☐ No ☒

A. If yes, please list states considered and explain: N/A

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes ☐ No ☐

A. Please explain: \_\_\_\_\_

N/A

9. Number of full-time employees at current location and average salary (indicate hourly or yearly salary):

N/A

**Part III – Project Data**

**1. Project Type:**

A. What type of transaction are you seeking?: (Check one)

**ASSIGNMENT AND ASSUMPTION OF EXISTING TAX-EXEMPT BOND  
TRANSACTION.**

Straight Lease ☐    Taxable Bonds ☐    Tax-Exempt Bonds ☐  
Equipment Lease Only ☐

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

Sales Tax Exemption ☐    Mortgage Recording Tax Exemption ☐  
PILOT Agreement: ☐

**2. Location of project:**

A. Street Address: **2995 MIDDLE COUNTRY ROAD, LAKE GROVE, NEW YORK**

B. Tax Map: District **0208** Section **014** Block **01** Lot(s) **17.1; 17.2; 18; 19**  
District **0208** Section **013** Block **04** Lot(s) **8.10**

C. Municipal Jurisdiction:

- i. Town: **BROOKHAVEN**
- ii. Village: **LAKE GROVE**
- iii. School District: **MIDDLE COUNTRY SCHOOL DISTRICT**

D. Acreage: **6.32**

**3. Project Components (check all appropriate categories):**

- A. Construction of a new building ☐ Yes ☒ No
  - i. Square footage: \_\_\_\_\_
- B. Renovations of an existing building ☐ Yes ☒ No
  - i. Square footage: \_\_\_\_\_
- C. Demolition of an existing building ☐ Yes ☒ No
  - i. Square footage: \_\_\_\_\_
- D. Land to be cleared or disturbed ☐ Yes ☒ No
  - i. Square footage/acreage: \_\_\_\_\_
- E. Construction of addition to an existing building ☐ Yes ☒ No
  - i. Square footage of addition: \_\_\_\_\_

Total square footage upon completion: \_\_\_\_\_

- F. Acquisition of an existing building ☒ Yes ☐ No  
i. Square footage of existing building: APPROXIMATELY 125,000 SQ FT
- G. Installation of machinery and/or equipment ☐ Yes ☒ No  
i. List principal items or categories of equipment to be acquired: \_\_\_\_\_

4. Current Use at Proposed Location:

- A. Does the Applicant currently hold fee title to the proposed location?  
i. If no, please list the present owner of the site: BK AT LAKE GROVE LLC
- B. Present use of the proposed location: FULLY INTEGRATED ASSISTED LIVING FACILITY.
- C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) ☒ Yes ☐ No  
i. If yes, explain: BROOKHAVEN IDA APPROVED ISSUANCE OF TAX EXEMPT BONDS AND PILOT AGREEMENT IN 2013.
- D. Is there a purchase contract for the site? (if yes, explain): ☒ Yes ☐ No  
BK AT LAKE GROVE SEEKS TO ASSIGN ITS INTEREST IN THE IDA TO THE APPLICANT
- E. Is there an existing or proposed lease for the site? (if yes, explain): ☐ Yes ☐ No  
N/A

5. Proposed Use:

- A. Describe the specific operations of the Applicant or other users to be conducted at the project site: PROJECT WILL REMAIN A FULLY INTEGRATED ASSISTED LIVING FACILITY.
- B. Proposed product lines and market demands: N/A
- C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:  
N/A

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

HSRE LAKE GROVE, LLC SEEKS APPROVAL OF ASSIGNMENT AND ASSUMPTION IN ACCORDANCE WITH 2013 PROJECT DOCUMENTS. BK AT LAKE GROVE WILL TRANSFER ITS INTEREST IN THE PROPERTY TO HSRE LAKE GROVE, LLC IN ONE OR MORE CORPORATE TRASACTIONS. AT THE CLOSING, HSRE WILL ASSUME THE BOND INDEBTEDNESS AND THEN WILL DEFEASE THE SERIES 2013 B AND C BONDS, WITH THE \$10,000,000 SERIES A BONDS REMAINING IN PLACE.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes ☐ No ☒

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? N/A

6. Project Work:

A. Has construction work on this project begun? If yes, complete the following: N/A

i. Site Clearance:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
ii. Foundation:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
iii. Footings:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
iv. Steel:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
v. Masonry:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	% COMPLETE	_____
vi. Other:	_____			

B. What is the current zoning?: FICC IN

C. Will the project meet zoning requirements at the proposed location?

Yes ☒ No ☐

D. If a change of zoning is required, please provide the details/status of the change of zone request: N/A

E. Have site plans been submitted to the appropriate planning department? Yes ☒ No ☐

7. Project Completion Schedule:

- A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?
- i. Acquisition: N/A
- ii. Construction/Renovation/Equipping: N/A
- B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: HSRE LAKE GROVE, LLC SEEKS TO CLOSE THIS TRASACTION WITHIN SIXTY (60) DAYS.
- 

#### **Part IV – Project Costs and Financing**

1. Project Costs:

- A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

<u>Description</u>	<u>Amount</u>
Land and/or building acquisition	\$ <u>80,000,000.00</u>
Building(s) demolition/construction	\$ <u>N/A</u>
Building renovation	\$ <u>N/A</u>
Site Work	\$ <u>N/A</u>
Machinery and Equipment	\$ <u>1,000,000.00</u>
Legal Fees	\$ <u>N/A</u>
Architectural/Engineering Fees	\$ <u>N/A</u>
Financial Charges	\$ <u>N/A</u>
Other (Specify)	\$ <u>N/A</u>
Total	\$ <u>81,000,000.00</u>

Please note, IDA fees are based on the total project costs listed above. At the completion of your project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be adjusted as a result of the certified cost affidavit. Money will not be refunded if the final project cost is less than the amount listed above.

2. Method of Financing:

	Amount	Term
A. Tax-exempt bond financing:	\$ _____	_____
B. Taxable bond financing:	\$ _____	_____
C. Conventional Mortgage:	\$ _____	_____
D. SBA (504) or other governmental financing:	\$ _____	_____
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	_____
F. Other loans:	\$ _____	_____
G. Owner/User equity contribution:	\$ _____	_____

Total Project Costs    \$ **81,000,000.00**

- i.    What percentage of the project costs will be financed from public sector sources?

N/A

3. Project Financing:

- A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application?    Yes ☐    No ☒

- i.    If yes, provide detail on a separate sheet.

- B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds?    Give details:

N/A

- C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan?    Give details:

N/A

- D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds?    If so, indicate with whom:

N/A

## **Part V – Project Benefits**

### **1. Mortgage Recording Tax Benefit:**

- A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$ N/A

- B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .75%):

\$ N/A

### **2. Sales and Use Tax Benefit:**

- A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

\$ N/A

- B. Estimated State and local Sales and Use Tax exemption (product of 8.625% and figure above):

\$ N/A

- C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

i. Owner: \$ N/A

ii. User: \$ N/A

### **3. Real Property Tax Benefit:**

- A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit: N/A

- B. Agency PILOT Benefit:

i. Term of PILOT requested: **ASSUME PILOT OBLIGATIONS UNDER 2013 TRANSACTION.**

ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attached such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and requests such benefit to be granted by the Agency.

**\*\* This application will not be deemed complete and final until Exhibit A hereto has been completed and executed.\***

### **Part VI – Employment Data**

1. List the Applicant's and each users present employment, and estimates of (i) employment at the proposed project location at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area\* ("LMA") that would fill the full-time and part-time jobs at the end of year second year following completion:

	Current Number of Employees	Projected Number of New Employees First Year	Projected Number of New Employees Second Year	Residents of LMA
Full-Time				
Part-Time**				

**Note: Projected numbers are for specific years and not cumulative.**

\* The Labor Market Area includes the County/City/Town/Village in which the project is located as well Nassau and Suffolk Counties.

\*\* Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).

#### **2. Salary and Fringe Benefits:**

Category of Jobs to be Retained and Created	Average Salary or Range of Salary (indicate hourly or yearly)	Average Fringe Benefits or Range of Fringe Benefits
Salary Wage Earners		
Commission Wage Earners		
Hourly Wage Earners		
1099 and Contract Workers		

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

**ATTACHED IS THE MOST RECENT EMPLOYMENT REPORT SUBMITTED TO THE AGENCY.**



**Part VII – Representations, Certifications and Indemnification**

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

Yes ☐ No ☒

2. HAS THE APPLICANT OR ANY OF THE MANAGEMENT OF THE APPLICANT, THE ANTICIPATED USERS OR ANY OF THEIR AFFILIATES, OR ANY OTHER CONCERN WITH WHICH SUCH MANAGEMENT HAS BEEN CONNECTED, BEEN CITED FOR A VIOLATION OF FEDERAL, STATE OR LOCAL LAWS OR REGULATIONS WITH RESPECT TO LABOR PRACTICES, HAZARDOUS WASTES, ENVIRONMENTAL POLLUTION OR OTHER OPERATING PRACTICES? (IF YES, FURNISH DETAILS ON A SEPARATE SHEET)

Yes ☐ No ☒

3. Is there a likelihood that the Applicant would not proceed with this project without the Agency's assistance? (If yes, please explain why; if no, please explain why the Agency should grant the benefits requested)

Yes No

N/A

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4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

N/A

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5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

Initial   *JS*

6. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Workforce Investment Act of 1998 (29 U.S.C. §2801) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees, that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, where practicable, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies.

Initial 

7. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Initial 

8. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

Initial 

9. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial 

10. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

Initial 

11. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial SB

12. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the project. The IDA fees are based on the total project costs listed in this application. At the completion of the project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be increased as a result of the certified cost affidavit. Monies will not be refunded if the final costs are below the amount listed in the application.

Initial SB

13. The Applicant confirms and hereby acknowledges it has received the Agency's Construction Wage Policy attached hereto as Schedule B and agrees to comply with the same.

Initial SB

14. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's Recapture and Termination Policy, attached hereto as Schedule C.

Initial SB

15. The Applicant confirms and hereby acknowledges it has received the Agency's PILOT Policy attached hereto as Schedule D and agrees to comply with the same.

Initial SB

**Part VIII – Submission of Materials**

1. Financial statements for the last two fiscal years (unless included in the Applicant's annual report).
2. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.
3. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.
4. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.
5. Completed Long Environmental Assessment Form.
6. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove the employee Social Security numbers and note the full-time equivalency for part-time employees.

*(Remainder of Page Intentionally Left Blank)*

**Part IX – Certification**

Stephen Gordon (name of representative of company submitting application) deposes and says that he or she is the authorized signatory (title) of \_\_\_\_\_, the corporation (company name) named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

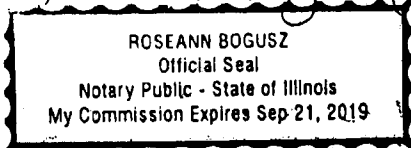
Deponent further says that s/he is duly authorized to make this certification on behalf of the entity named in the attached Application (the "Applicant") and to bind the Applicant. The grounds of deponent's belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as in formation acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion and sale of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.



Representative of Applicant

Sworn to me before this 30th  
Day of April 20 18  
Roseann Bogusz  
(seal)



## **EXHIBIT A**

### **Proposed PILOT Schedule**

Upon acceptance of the Application and completion of the Cost Benefit Analysis, the Agency will attach the proposed PILOT Schedule, together with the estimates of net exemptions based on estimated tax rates and assessment values to this Exhibit.

## **SCHEDULE A**

### **Town of Brookhaven Industrial Development Schedule of Fees**

Application -	\$2,000 for projects with total costs under \$5 million \$4,000 for projects with total costs \$5 million and over
Closing/Expansion Sale/Transfer -	¼ of one percent up to \$10 million total project cost and an additional 1/8 of a percent on any project costs in excess of \$10 million. Projects will incur a minimum charge of \$7,500 plus all publication and legal fees.
Annual Administrative -	\$1,000 administrative fee payable with PILOT.
Termination -	Between \$750 and \$2,000
Refinance -	1/10 <sup>th</sup> of one percent of transaction price (project cost) or \$2,500, whichever is greater.
Late PILOT Payment --	5% penalty, 1% interest monthly, plus \$1,000 administrative fee.
Processing Fee -	\$250 per hour with a minimum fee of \$250

Notes: All fees are subject to adjustment by IDA Board members and/or staff on a case-by-case basis.

Failure to abide by the terms and conditions of the PILOT and lease agreement including, but not limited to, rental of space will result in a reduction in abatement with the potential for termination.

Updated: June 15, 2016

## **SCHEDULE B**

### **CONSTRUCTION WAGE POLICY**

**EFFECTIVE January 1, 2005**

The purpose of the Brookhaven IDA is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in the Town.

The Agency has consistently sought to ensure that skilled and fair paying construction jobs be encouraged in projects funded by the issuance of IDA tax exempt bonds in large projects.

The following shall be the policy of the Town of Brookhaven IDA for application for financial assistance in the form of tax-exempt financing for projects with anticipated construction costs in excess of \$5,000,000.00 per site received after January 1, 2005. Non-profit corporations and affordable housing projects are exempt from the construction wage policy.

Any applicant required to adhere to this policy shall agree to:

- (1) Employ 90% of the workers for the project from within Nassau or Suffolk Counties. In the event that this condition cannot be met, the applicant shall submit to the Agency an explanation as to the reasons for its failure to comply and;
- (2) Be governed by the requirements of Section 220d of Article 8 of the Labor Law of the State of New York; and when requested by the Agency, provide to the Agency a plan for an apprenticeship program;

OR

- (3) Provide to the Agency a project labor agreement or alternative proposal to pay fair wages to workers at the construction site.

Furthermore, this policy may be waived, in the sole and final discretion of the Agency, in the event that the applicant demonstrates to the Agency special circumstances or economic hardship to justify a waiver to be in the best interests of the Town of Brookhaven.

Adopted: May 23, 2005



## **SCHEDULE C**

### **RECAPTURE AND TERMINATION POLICY**

**EFFECTIVE JUNE 8, 2016**

Pursuant to Sections 874(10) and (11) of Title 1 of Article 18-A of the New York State General Municipal Law (the "Act"), the Town of Brookhaven Industrial Development Agency (the "Agency") is required to adopt policies (i) for the discontinuance or suspension of any financial assistance provided by the Agency to a project or the modification of any payment in lieu of tax agreement and (ii) for the return of all or part of the financial assistance provided by the Agency to a project. This Recapture and Termination Policy was adopted pursuant to a resolution enacted by the members of the Agency on June 8, 2016.

#### **I. Termination or Suspension of Financial Assistance**

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to terminate or suspend the Financial Assistance (defined below) provided to a project upon the occurrence of an Event of Default, as such term is defined and described in the Lease Agreement entered into by the Agency and a project applicant (the "Applicant") or any other document entered into by such parties in connection with a project (the "Project Documents"). Such Events of Default may include, but shall not be limited to, the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The decision of whether to terminate or suspend Financial Assistance and the timing of such termination or suspension of Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and shall be subject to the notice and cure periods provided for in the Project Documents.

For the purposes of this policy, the term "Financial Assistance" shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency's participation in the transaction contemplated by the Project Agreements including, but not limited to:

- (i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Applicant;

- (ii) sales tax exemption savings realized by or for the benefit of the Applicant, including and savings realized by any agent of the Applicant pursuant to the Project Agreements in connection with the Facility; and
- (iii) real property tax abatements granted under the Project Agreements.

## **II. Recapture of Financial Assistance**

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to recapture all or part of the Financial Assistance provided to a project upon the occurrence of a Recapture Event, as such term is defined and described in the Project Documents. Such Recapture Events may include, but shall not be limited to the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The timing of the recapture of the Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and is subject to the notice and cure periods provided for in the Project Documents. The percentage of such Financial Assistance to be recaptured shall be determined by the provisions of the Project Documents.

All recaptured amounts of Financial Assistance shall be redistributed to the appropriate affected taxing jurisdiction, unless agreed to otherwise by any local taxing jurisdiction.

For the avoidance of doubt, the Agency may determine to terminate, suspend and/or recapture Financial Assistance in its sole discretion. Such actions may be exercised simultaneously or separately and are not mutually exclusive of one another.

## **III. Modification of Payment In Lieu of Tax Agreement**

In the case of any Event of Default or Recapture Event, in lieu of terminating, suspending or recapturing the Financial Assistance, the Agency may, in its sole discretion, adjust the payments in lieu of taxes due under the Project Agreements, so that the payments in lieu of taxes payable under the Project Agreements are adjusted upward retroactively and/or prospectively for each tax year until such time as the Applicant has complied with the provisions of the Project Agreements. The amount of such adjustments shall be determined by the provisions of the Project Documents.

## **SCHEDULE D**

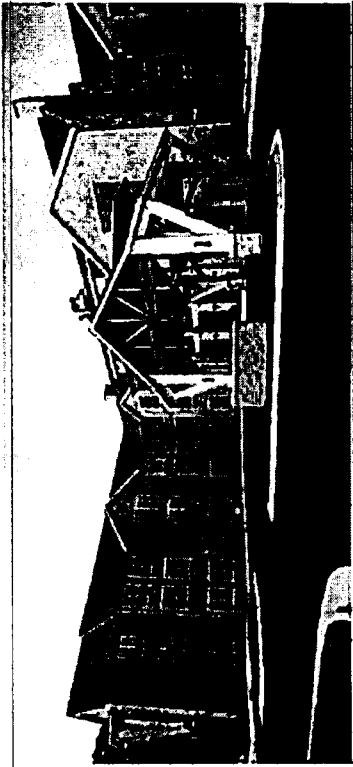
### **Agency Payment in Lieu of Taxes (PILOT) Policy**

An annual fee of \$1,000 will be due to the Agency in addition to the PILOT payment to cover ongoing costs incurred by the Agency on behalf of the project.

1. The Town of Brookhaven Industrial Development Agency (IDA) may grant, or be utilized to obtain a partial or full real property tax abatement for a determined period which can be as long as ten years. To be eligible for this abatement there would be a requirement of new construction, or renovation, and a transfer of title of the real property to the Town of Brookhaven IDA.
2. The Chief Executive Officer (CEO) or their designee shall consult with the Town Assessor to ascertain the amounts due pursuant to each PILOT Agreement. Thereafter, the PILOT payment for each project shall be billed to the current lessees. The lessees can pay the PILOT payment in full by January 31<sup>st</sup> of each year, or in two equal payments due January 31<sup>st</sup> and May 31<sup>st</sup> of each year of the PILOT Agreement. The CEO or their designee shall send all PILOT invoices to the lessees on a timely basis.
3. The Town of Brookhaven IDA shall establish a separate, interest bearing bank account for receipt and deposit of all PILOT payments. The CEO or their designee shall be responsible for depositing and maintaining said funds with input from the Chief Financial Officer (CFO).
4. The CEO or their designee shall remit PILOT payments and penalties if any, to the respective taxing authorities in the proportionate amounts due to said authorities. These remittances shall be made within thirty (30) days of receipt of the payments to the Agency.
5. Payments in lieu of taxes which are delinquent under the agreement shall be subject to a late payment penalty of five percent (5%) of the amount due. For each month, or part thereof, that the payment in lieu of taxes is delinquent beyond the first month, interest shall on the total amount due plus a late payment penalty in the amount of one percent (1%) per month until the payment is made.
6. If a PILOT payment is not received by January 31<sup>st</sup> of any year or May 31<sup>st</sup> of the second half of the year the lessee shall be in default pursuant to the PILOT Agreement. The Agency may give the lessee notice of said default. If the payment is not received within thirty (30) days of when due, the CEO shall notify the Board, and thereafter take action as directed by the Board.
7. The CEO shall maintain records of the PILOT accounts at the Agency office.
8. Nothing herein shall be interpreted to require the Agency to collect or disburse PILOT payments for any projects which are not Agency projects.

9. Should the Applicant fail to reach employment levels as outlined in their application to the Agency, the Board reserves the right to reduce or suspend the PILOT Agreement, declare a default under the Lease or the Installment Sale Agreement, and/or convey the title back to the Applicant.
10. This policy has been adopted by the IDA Board upon recommendation of the Governance Committee and may only be amended in the same manner.

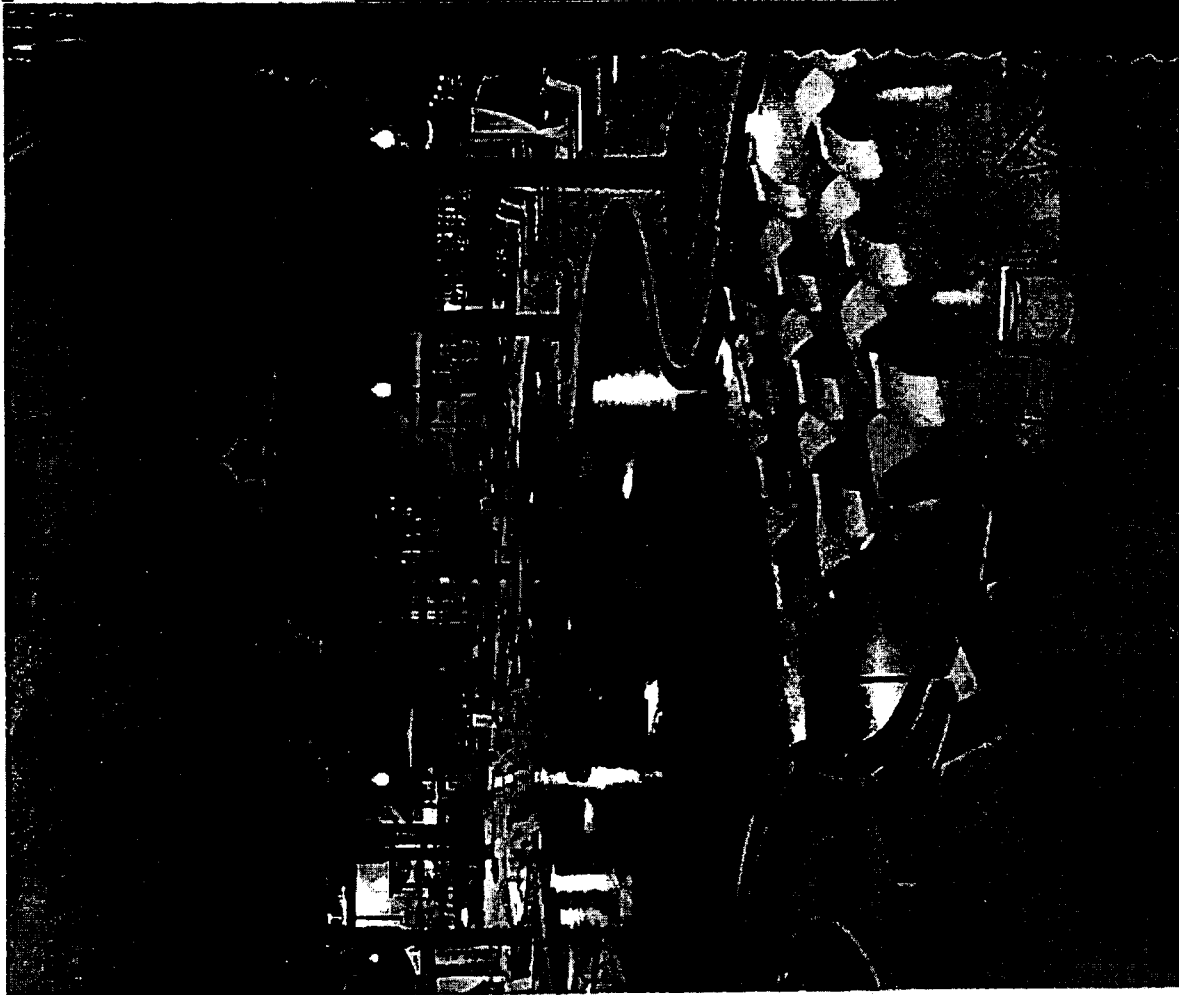
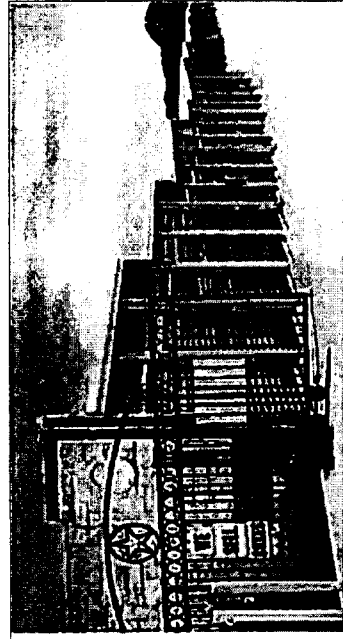
## **APPENDIX A**



HARRISON STREET | *Real Estate Capital*

## CORE FUND OVERVIEW

MARCH 2018  
CONFIDENTIAL



## DISCLAIMER

Any projections or other estimates in this presentation, including estimates of returns or performance, are forward-looking statements and 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 Real Estate Capital 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. Accordingly, there can be no assurance that targeted returns or projections can be realized or that actual returns or results will not be materially lower or inferior than those targeted herein. Such targeted returns and projections should be viewed as hypothetical and do not represent the actual returns that may be achieved by an investor. Unless otherwise stated, the projected or targeted performance information shown herein is shown gross of fees and expenses, the projected or target performance information does not reflect the deduction of costs and expenses, including management fees, that may be payable to manage the portfolio and that would reduce the projected benchmark, target or pro forma returns. Actual performance results will be reduced by fees, costs and expenses including but not limited to investment management fees and other costs such as custodial, reporting, evaluation and advisory services. 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 HSRE 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 Fund. In addition, investment strategies described herein for such individual property investments are subject to change. Sample investments are provided for discussion purposes and may not include all investments made by the Fund. A complete list of transactions can be provided upon request.

Each purchaser of any securities in the Harrison Street Core Property Fund, L.P. or parallel vehicles offered by Harrison Street Advisors, LLC must be a "qualified purchaser" as defined in Rule 144A under the Securities Act. This presentation is not an offer to sell or a solicitation of an offer to purchase any securities of HSRE or any affiliate, and any such offers will only be made pursuant to a private placement memorandum or similar disclosure document and other definitive documentation relating to any such security.

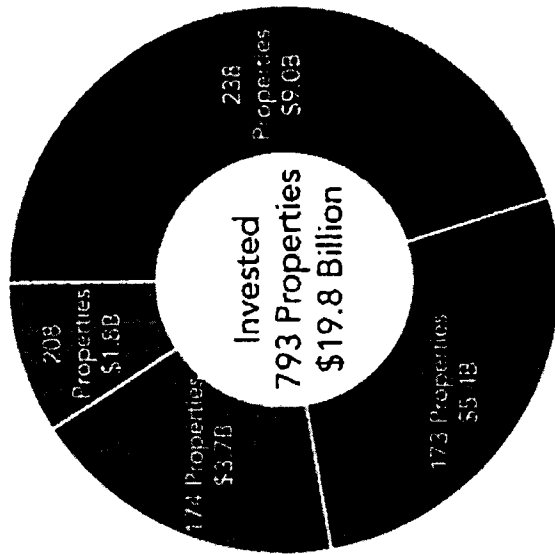
All information herein is given as of the date of this company overview unless otherwise stated, and HSRE undertakes no obligation to update any such information. Totals may not sum due to rounding. Any information provided by the Fund, the Investment Manager or any of the respective affiliates (including information set forth herein) is not a recommendation to invest in the Fund. None of the Fund(s), the Investment Manager or any of their respective affiliates is undertaking to provide any investment advice to any investor (impartial or otherwise) or to give advice to the investor in a fiduciary or other capacity in connection with their investment in the Fund. No part of any compensation received by the Investment Manager or any of its affiliates is for the provision of investment advice to any investor. The Investment Manager and its affiliates have a financial interest in the investors' investment in the Fund on account of the Investment Management Fees the Investment Manager receives from the Fund as disclosed in the Private Placement Memorandum and governing documents of the Fund. Capitalized terms used above are as defined in the limited partnership agreement of the Fund as amended from time to time.

The NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE) index is a gross-of-fees capitalization-weighted index of the core open end funds focused in the investment of commercial real estate. The NFI-ODCE requires, among other items, that 80% of real estate net assets must be invested in office, industrial, apartments and retail. GRESB is a fee-based real estate sustainability benchmark that offers data and portfolio analysis tools to investment managers and other institutional clients.

\*As used herein, unless the context otherwise requires, "Harrison Street" or the "Firm" refers collectively to Harrison Street Real Estate Capital LLC ("HSRE"), its subsidiaries, including Harrison Street Advisors LLC, Harrison Street University, HSRE Securities Advisors, LLC and Harrison Street Securities LLC, an affiliate of HSRE.

## ► LEADER IN NICHE REAL ESTATE INVESTING

Harrison Street is a privately-owned investment management firm with an **exclusive focus** in Education, Healthcare and Storage real estate. Since inception in 2005, the firm has invested in **\$19.8 billion** across 793 properties.



132,035 student beds across 131 universities

174 medical office buildings in partnership with over 30 healthcare and hospital systems

21,886 senior housing units in Independent Living, Assisted Living and Memory Care

128,000 storage units across 23 states

Data as of December 31, 2017

© 2018 Harrison Street Real Estate Capital



# ► DEMOGRAPHIC-DRIVEN, NEEDS-BASED REAL ESTATE



EDUCATION



HEALTHCARE



STORAGE

## INVESTMENT CHARACTERISTICS

### Demographics

Strong demographic trends; defensive, consistent demand with lower volatility

### Attractive Yields

Strong risk adjusted returns versus traditional real estate

### Liquidity

Sales totaled \$42.6 billion in 2017

### Inflation Protection

Shorter term leases (e.g. 12 months or less)

### Limited Supply

Supply/Demand fundamentals remain in balance

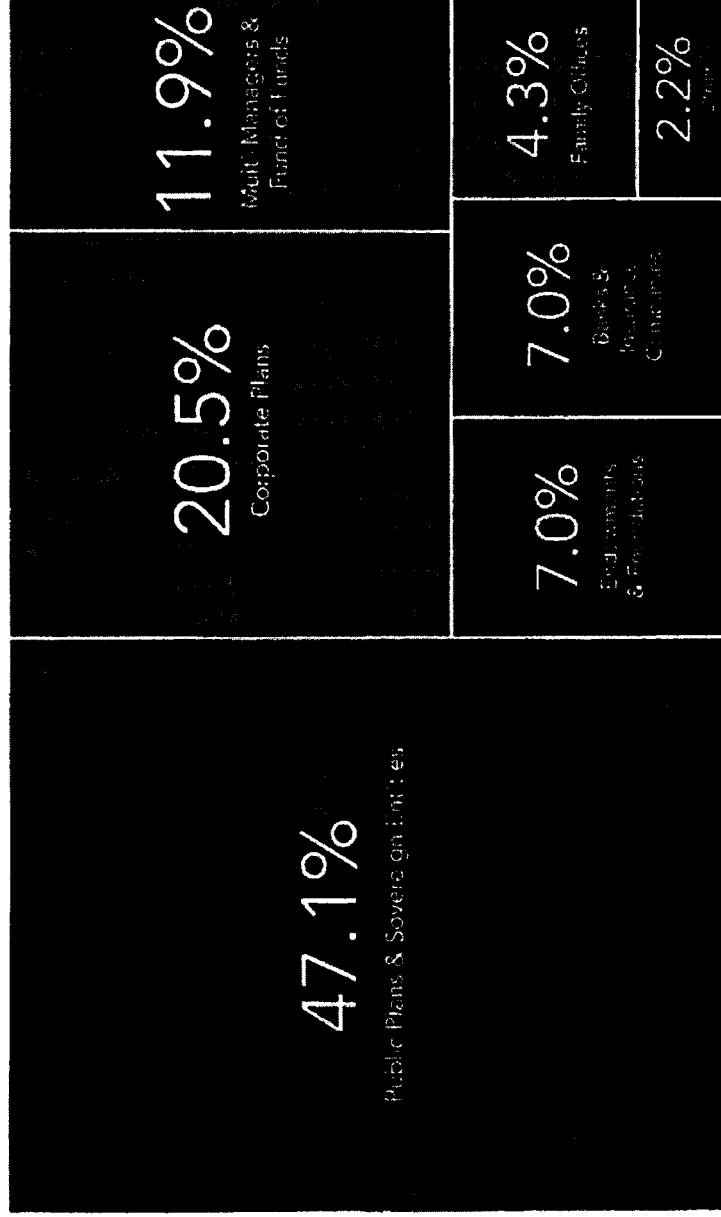
### Fragmentation

Result in pricing inefficiencies

Data as of December 31, 2017  
Source: HRE research

## ▶ TRUSTED CLIENT BASE

Harrison Street manages approximately \$13.7 billion of assets under management on behalf of 245 investors. The Firm has a diversified client base spanning eight countries. 70% of investors have invested in multiple Harrison Street funds.



Date as of December 31, 2017

Company Confidential - Not for Distribution

## ► ROBUST PLATFORM DEDICATED TO NICHE INVESTING

Talented, passionate and dedicated team of  
112 employees

Operational expertise in Education,  
Healthcare and Storage real estate

Promotes innovation, corporate leadership,  
community vitality and sustainability  
initiatives

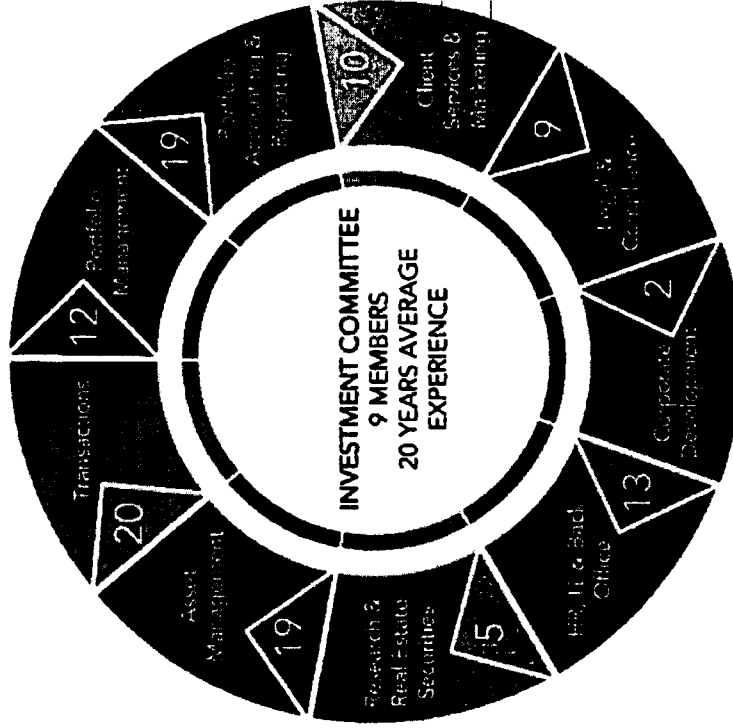
Pensions&Investments

**BEST  
PLACES  
TO WORK**  
IN MONEY MANAGEMENT

★★ 2017 ★★

MULTIYEAR WINNER  
2014 • 2015 • 2016

Awarded "Best Places  
to Work" by P&I for  
four consecutive  
years: 2014, 2015,  
2016 & 2017

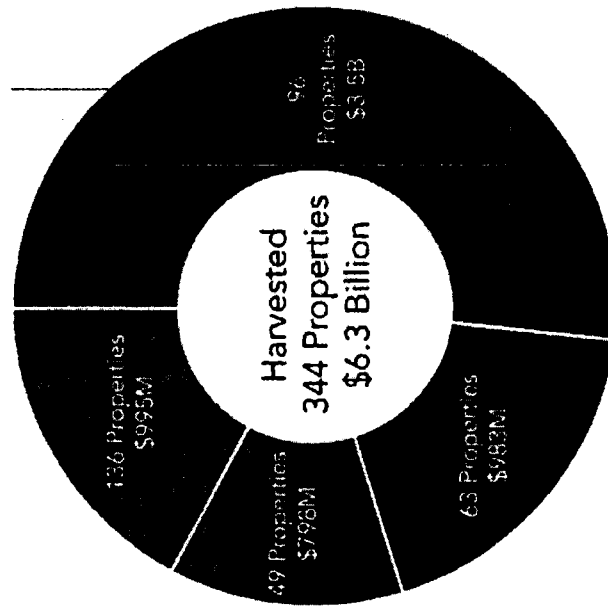


Data as of December 31, 2017  
Select Investment Committee members are counted twice in the graphic

© 2017 Harrison Street Real Estate Capital

## ► REALIZED TRACK RECORD

Harrison Street has realized round-trip activity through the disposition of 344 properties with a cost basis of \$6.3 billion. The Firm's performance demonstrates its ability to successfully execute across sectors and investment strategies.



Student housing realizations 22.8% IRR and 1.48x

Medical office realizations 24.8% IRR and 1.68x

Senior housing realizations 16.6% IRR and 1.92x

Storage realizations 13.5% IRR and 1.85x

Data as of December 31, 2017  
Performance shown includes all investments that have been realized in the Firm's US Opportunistic Fund Series since inception. Returns are calculated based on asset-weighting performance of all investments included in respective composite. Net returns are inclusive of allocated Fund management fees, but exclusive of Fund expenses, and any allocated Fund incentive fee.

## ► OVER A DECADE OF BUILDING

- Unrivaled proprietary data accessed through portfolio of 793 niche properties enhances investment decisions and competitive edge
- Key relationships with top Universities and Health Systems fosters an array of investment opportunities
- Strong and lasting relationships with leading operating partners provides operational expertise and unique access to deal flow
- Multiple sources of capital to invest across the risk-return spectrum

## ▶ INVESTMENT OFFERINGS

### Fund VI

#### Opportunistic Fund Closed-End

Development and purchase of investments in Education, Healthcare and Storage real estate in the US. Targets opportunistic returns utilizing higher leverage.

- 100% dedicated to investments in need-based real estate, including student housing, senior housing, medical office and storage
- Delivering capital appreciation through development and other value creation activities

### Core Fund

#### Open-End Fund

Investments in stable, income-producing assets in Education, Healthcare and Storage sectors. Targets consistent annual income utilizing modest leverage.

- Targeting stabilized assets in high barrier-to-entry markets
- The first core open-end fund focused exclusively on Education, Healthcare and Storage real estate

### Europe Fund II

#### Opportunistic Fund Closed-End

Development and purchase of investments in Student Accommodation and Specialty Residential in UK and Europe. Targets opportunistic returns.

- Focused investments in student accommodation and specialty residential spaces
- Targeting UK and major markets within Europe
- Delivering capital appreciation through development and other value creation activities

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## ► HARRISON STREET CORE PROPERTY FUND

### Investment Strategy

Manage a diversified portfolio of high-quality, stabilized **EDUCATION, HEALTHCARE** and **STORAGE** assets. Investments in these assets, including student housing, senior housing, medical office, life science 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

Total gross annualized return of 9-10% through complete market cycles, with the majority to be derived from current income

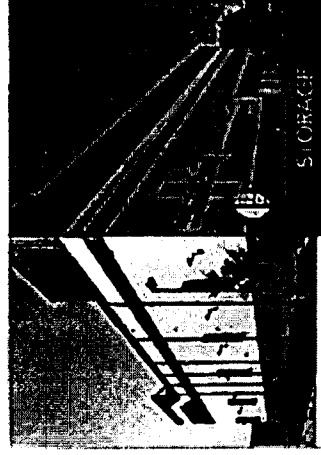
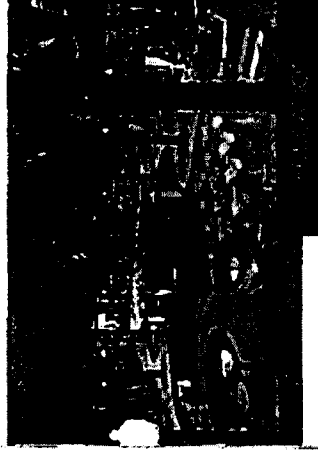
### Target Leverage

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 Fund Team

Christopher Galvin  
Dean Egerter  
Joey Lansing

**Investment Committee**  
Mike Galvin  
Mike Gordon  
Robert Mathias

Christopher Merrill  
Stephen Gordon  
Geoff Regnery



Joey Lansing  
Senior Portfolio  
Manager



Chip George  
Portfolio Manager



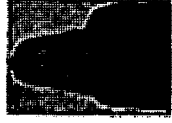
Ron Miles  
Asset Management



Colleen McMillin  
Assistant Portfolio  
Manager



Kyle DeArmond  
Portfolio Associate



Melanie Grebow  
Portfolio Associate



Mike Reicher  
Fund Controller



Norman Moy  
Fund Controller



Bobby Smith  
Assistant Controller



Sean O'Malley  
Financial Reporting



Allie McGovern  
Financial Reporting

Transactions

Research

Legal & Compliance

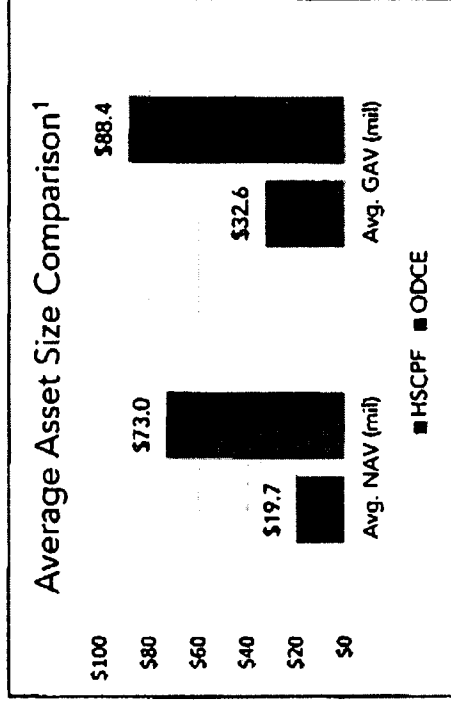
Asset Management

Client Services & Marketing

Corporate Development

## ► HSRE CORE FUND DIVERSIFICATION BENEFITS

- PROPERTY TYPE – Exposure to unique, highly-fragmented, demographic-based sectors driven by Education, Healthcare and Storage needs
- DISTRIBUTION YIELD – Industry leading TTM 5.44% gross distribution yield as of Q4 2017
- LOW DEVELOPMENT EXPOSURE – The Core Fund has very low development exposure (1-5%) compared to ODCE
- DEBT PROFILE – Weighted average maturity of 5.6 years at fixed rates
- ASSET SIZE – Reduced volatility through smaller asset sizes and increased liquidity benefits
- ASSET AGE – Newer portfolio with avg. age of 9.4 years with lower capital expenditure requirements, maximizing dividend payout ratios



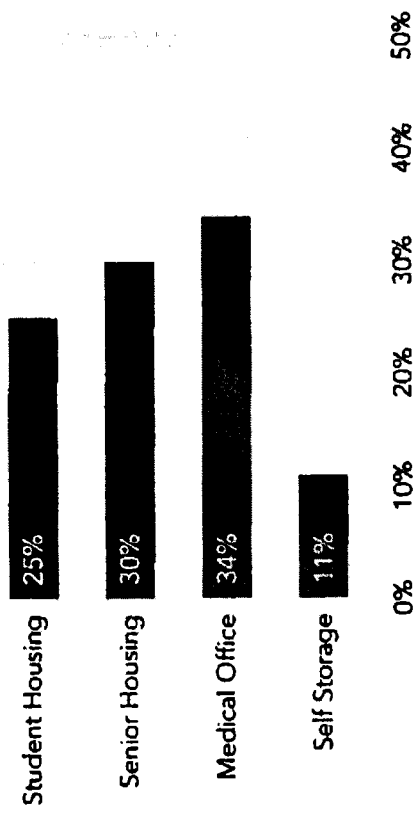
Type of Investment (as of Q4 2017)	Count
Stabilized	197
Non-Stabilized	8
Developments	5
Lease-up	9
Value Add	2

Data as of December 31, 2017  
<sup>1</sup> Values shown at 100% ownership.

## ► PORTFOLIO OVERVIEW

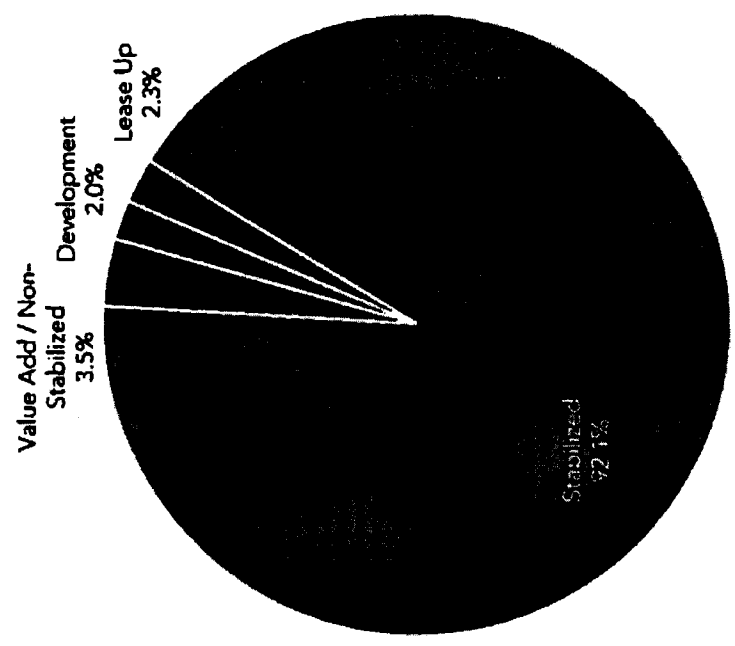
Gross Asset Value	\$5.4 billion
Net Asset Value	\$3.6 billion
Number of Properties	221
Occupancy <sup>1</sup>	91%
Average Asset Age	9 years
Average Gross Asset Size <sup>2</sup>	\$24 million

## PORTFOLIO DIVERSIFICATION



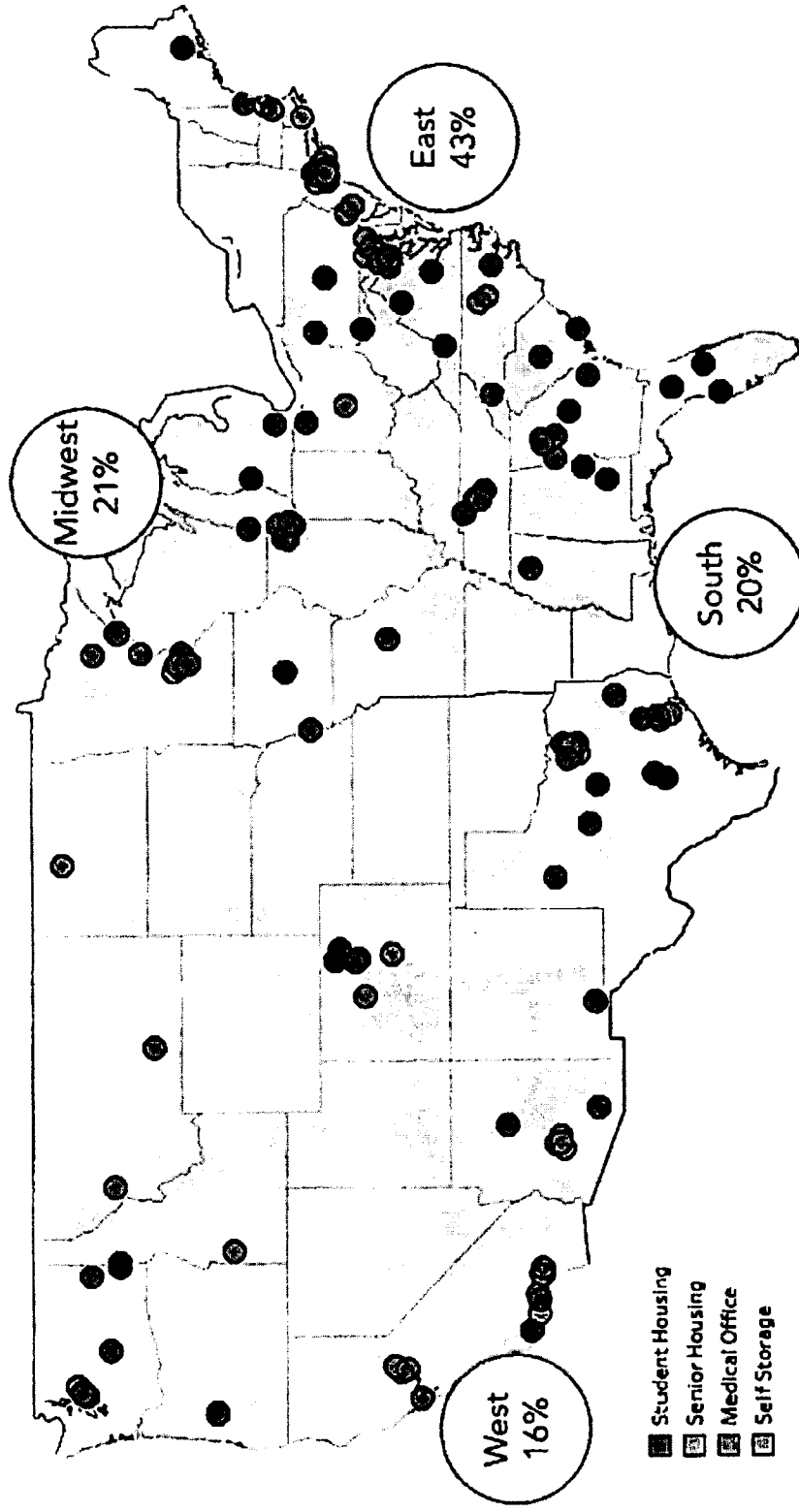
Data as of December 31, 2017  
<sup>1</sup> Occupancy excludes development, value add, and lease-up assets  
<sup>2</sup> Shown at the Core Fund's ownership share

## STABILIZED PORTFOLIO WITH SELECTIVE GROWTH OPPORTUNITIES



## ► GEOGRAPHIC DIVERSIFICATION

Target markets based on strength of underlying demographics, universities and/or healthcare systems. Portfolio provides broad exposure to primary and secondary markets throughout the US



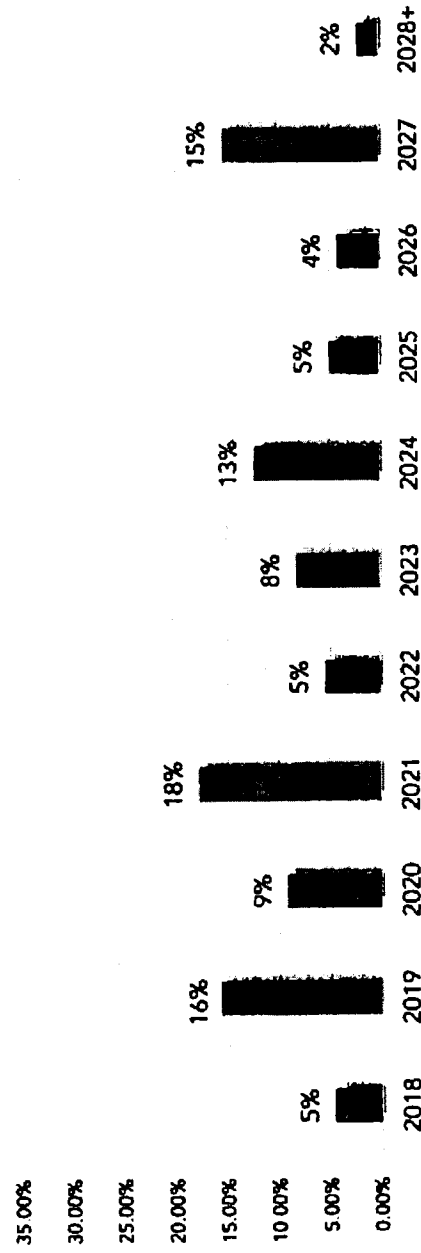
Data as of December 31, 2017

## ► DEBT PROFILE

The Fund manages portfolio leverage to 22-27% LTV with an emphasis on fixed-rate, interest-only, long term debt

Loan-to-Value <sup>1</sup>	22.8%
Weighted Average Interest Rate	4.4%
Average Maturity	5.6 years
Fixed vs. Floating Rate	96% / 4%

## DEBT ROLLOVER SCHEDULE<sup>2</sup>



Data as of December 31, 2017

<sup>1</sup> Exclusive of Fund Line of Credit ("LOC") and Bridge Loan, which were both paid off by January 5, 2018. LTV including LOC and Bridge Loan was 32.1%.

<sup>2</sup> Excludes Bridge Loan