

G II provides access to a diversified global private real estate portfolio targeting core plus returns. The Fund seeks to deliver outperformance across market cycles through Heitman’s proprietary DECODE framework

THE FUND

Heitman Global Real Estate Partners II (“G II” or the “Portfolio”) is a global real estate investment vehicle targeting core-plus returns. The objective is to build a global portfolio that is diversified across sectors and geographies, as well as by investment strategy to generate attractive returns.

This investment approach is rooted in Heitman’s DECODE framework. DECODE is comprised of three investment themes: **D**ivergence, **C**onvergence, and **D**e-Linked.

DIVERGENCE is a form of **smart diversification** focused on identifying investments in the traditional property types poised to outperform. Outperformance may stem from location or from beneficial secular or temporal shifts. The objective is to gain diversified exposure to the broad market in an intelligent way.

CONVERGENCE refers to the tendency for markets and sectors to become more similar over time. The objective is to generate alpha in two ways. First, we seek to capitalize on the institutionalization of property types considered mainstream in some locations but not yet in others. Second, we will make investments in out-of-favor locations or property types in instances where we see risk as being mispriced In the Portfolio, this theme corresponds to a **growth** category that seeks an early-mover advantage.

DE-LINKED refers to types of assets that are especially insensitive to the vagaries of the cycle because of their intrinsic characteristics. These “low beta” strategies introduce a defensive, stabilizing element to the portfolio. In the Portfolio, this theme corresponds to a **stability** portfolio element is a key investment focus at later stages of the cycle and in periods of economic contraction.

INVESTMENT GUIDELINES
AND KEY TERMS

Structure	Open-end, perpetual life vehicle
Risk Profile:	Core Plus
Sector:	Diversified; Traditional & Alternative
Geography:	Global Developed Markets in: <ul style="list-style-type: none">– North America– Europe– Asia-Pacific
Net Return Target:	9-11%
Preferred Return:	7%
Carried Interest:	15%
Max Leverage:	50%
Sponsor Capital:	5% up to \$50 million
Minimum Investment:	\$5 million
Liquidity	Quarterly
Lockout (>\$200M)	1 Year



DECODE White Paper
For more detail on the DECODE framework for global portfolio construction, a full white paper is available upon request. Please [contact](#) your client service representative.



First Hill Medical Pavilion– Seattle, Washington

DECODE AND CORE +: THE OPTIMAL RISK/RETURN RELATIONSHIP

Core-plus investing focuses on income-producing real estate, but can generate higher returns than core through engaging at least one of several “risk levers”. Our approach is to diversify which “lever” we pull across the portfolio, reducing exposure to any one approach.

Income-producing real estate can be enhanced by pulling at least one of several “risk levers”

GEOGRAPHIC SELECTION INFLUENCED BY THEMATIC DRIVERS

Unique investment framework

- Guided by thematic approach vs. regional silos

Smart Global Diversification

- Achieved by targeting low-correlation asset mix invested across asynchronous market cycles

Distinguished global investment skill set/track record

- Across both traditional and alternative property sectors

Deep alignment of interest

- Through Heitman’s co-investment and crossed regional promote structure

THREE KEY INVESTMENT THEMES GUIDING G II PORTFOLIO CONSTRUCTION

Stability

De-Linked

- Create a foundation of **low-correlation cash flows**
- Focus on sectors where occupier **demand stems from demographics** not the macro economy

Early Mover

Convergence

- Capitalize on sectors/geographies **mispriced due to temporary dislocation**
- Invest in **sectors in early stage of evolution**
- Take advantage of **mispriced risk**

Smart Diversification

Divergence

- Build a globally diversified portfolio, starting with **“neutral” regional weightings**
- Enhance exposure to sectors/regions **expected to outperform on a risk-adjusted basis**. Curtail exposure to expected underperformers



European
Regulated
Residential



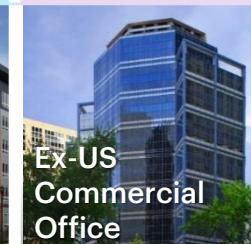
Japanese
Rented
Residential



Ex-US
Self-Storage



Ex-US
Student
Housing



Ex-US
Commercial
Office



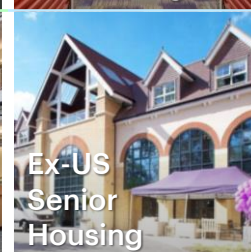
US
Multifamily



US
Self-Storage



US
Medical Office



Ex-US
Senior
Housing



Retail
(Emerging)



Global
Logistics

PORTFOLIO CONSTRUCTION IN THE CURRENT ENVIRONMENT

TARGETED FUTURE INVESTMENTS

EARLY MOVER

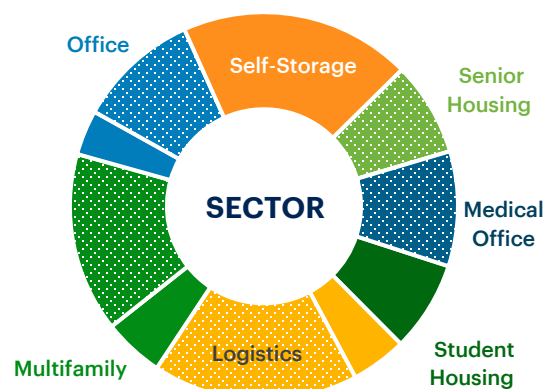
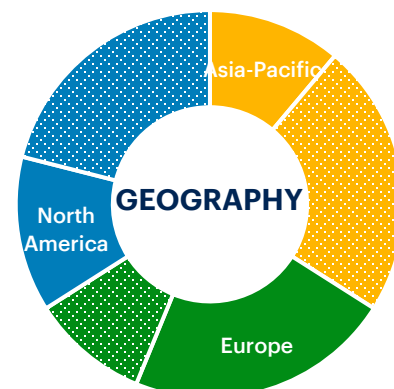
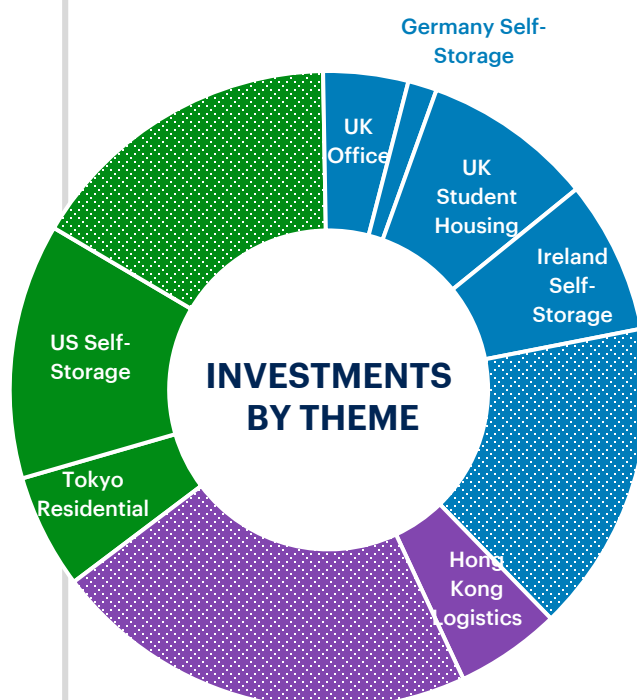
UK Senior Housing
South Korea Logistics
Asian Self Storage
UK/European Storage

STABILITY

US Medical Office
European Residential
Japanese Residential

SMART DIVERSIFICATION

US Multi-Family Residential
US Student Housing
US Logistics
European Logistics
Asian Logistics



■ Closed and Approved Investments
■ Uncommitted / Target

G II INVESTMENT OVERVIEW

Name of JV/Investment	Location	Property Type	# of Assets	Investment Thesis	Closed Date	GII Ownership Percentage %	Net IRR (pre-promote)	Equity Multiple
CLOSED INVESTMENTS								
Tokyo Residential	Tokyo, Japan	Residential	8	Stability	8/24, 10/29, 12/24	100.0%	8.0%	1.87
Suffolk St.	London, England	Office	1	Early Mover	9/21/2021	95.0%	10.2%	1.37
All Seasons	Northwest, Germany	Self-Storage	3	Early Mover	11/30/2021	89.9%	16.1%	2.02
Bain Capital Portfolio	Various, USA	Self-Storage	13	Stability	12/9/2021	65.0%	9.0%	2.10
Alumno Leeds	Leeds, UK	Student Housing	1	Early Mover	1/5/2022	100.0%	9.0%	1.39
Alumno Brighton	Brighton, UK	Student Housing	2	Early Mover	2/18/2022	100.0%	7.1%	1.36
Sub-total - Closed Investments								
APPROVED INVESTMENTS - NOT CLOSED¹								
Project Lough	Ireland/Northern Ireland	Self-Storage	8	Early Mover		50.0%	14.3%	2.41
Hong Kong Logistics	Hong Kong	Warehouse	1	Smart Diversification		100.0%	11.59%	2.08
Sub-total - Under Negotiations								
Total - Closed, Approved and Under Negotiation Investments			37					
							10.34%	1.95

FEE SCHEDULE

Investors Net Asset Value	Annual Percentage of Net Asset Value
First \$10M	1.25%
Next \$15M	1.15%
Next \$25M	1.05%
Next \$50M	1.00%
Next \$50M	0.90%
Next \$50M	0.80%
Next \$100M	0.70%
Incentive Fee	15% over a 7% hurdle

1. Investors committing capital up to the first \$1 billion or before March 1, 2021, whichever occurs sooner will be entitled to receive Founders Fees as detailed above.

EXPERIENCE AND TRACK RECORD

Heitman began investing in real estate outside of the US on behalf of institutional clients in 1996. The firm has built a deep understanding of the risks and complexities inherent in international investing and currently has 11 offices dispersed throughout the US (2), Western Europe (5), and Asia-Pacific (4), staffed by seasoned investment and asset management teams with local knowledge and regional expertise. These teams have established strong connections to owners, operators, managers, and brokers, providing access to both on- and off-market opportunities.

Prior to 2011, Heitman’s investment activities were regionally focused. In June 2011, the firm embarked on its inaugural global mandate, shown here as ‘Global I Fund’, which sought to integrate core and value-add strategies with the objective of delivering a core-plus target net return of 10%.

Since 2011, Heitman has invested approximately \$16.9 billion³ in private core and value-add real estate, of which approximately 3% was invested through the Global I Fund. The performance of the firm and Global I Fund are noted to the right and below.

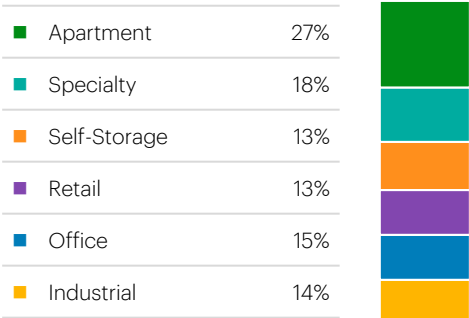
As depicted in the chart to the right, Heitman has substantial experience investing across a spectrum of property types and in major global markets. We believe the benefits of a global investment strategy, including cyclical resilience and non-correlated investment drivers will deliver relative outperformance over single region concentrations. The fund will be led by Gordon Black, a 24-year Heitman veteran and former Head of Heitman’s European Private Equity business for 18 years.

GLOBAL CAPITAL DEPLOYMENT

\$16.9 Billion³

8.3%
IRR⁴

1.32X
MOIC⁴

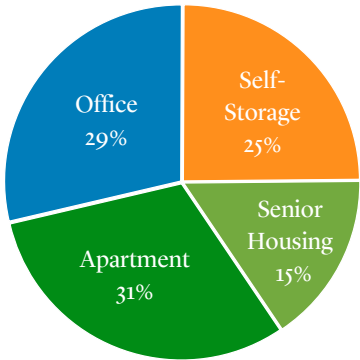
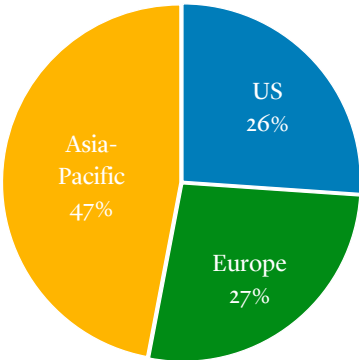


GLOBAL I FUND DEPLOYMENT – CORE-PLUS⁵

\$483 Million

10.0%
IRR⁵

1.5X
MOIC⁵



401 Hampton St. – Columbia, South Carolina



Change= – Amsterdam, Netherlands



180 Queen Street – Brisbane, Australia

As of June 30, 2020
Past Performance is not indicative of future results. Images are illustrative and subject to change.

DISCLOSURES

1. Investors committing capital up to the first \$1 billion or before March 1, 2021, whichever occurs sooner will be entitled to receive Founders Fees as detailed above. Please see the risk factors identified by the Sponsor relating to the Opportunity as set out in the Disclosure Document or any other documents provided to the recipient. Images are illustrative and subject to change.
2. Neutral weightings defined in relation to relative investable universe sizes and adjusted for considerations of investability and liquidity.
3. Net equity, excludes leverage and third party equity.
4. Liquidated, leveraged net of fees, before investor taxes, and after transfer taxes. Investments converted to USD using the spot fx rate on the day of the cash flow. Performance begins when Heitman's first Asia-Pacific investment was made in 2011 and includes all private equity transactions globally.
5. The Global Fund I employed a substantially similar strategy as that contemplated for G II, but structural differences exist. Please see the notes on the Global Fund I Track Record slide and/or the private placement memorandum for additional detail. The fund-level returns presented are based on actual, realized continuously compounded internal rates of return, and are presented net of all property-level expenses, net of all fund-level expenses and net of all sponsor compensation other than incentive compensation. The returns are presented gross of property-level taxes and gross of fund-level incentive compensation.

The contents hereof do not constitute or form part of an offer of or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for or advise on the merits of subscribing any securities for sale in any jurisdiction nor shall they (or any part of them) or the fact of their distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment therefore. The presentation may show examples which contain price projections that are based on assumptions that are subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of projections and because events frequently do not occur as expected, there can be no assurance that the projections contained herein will be realized and actual results may be different from projected results. Past performance, where provided, is for information only and should not be construed as an indication of future performance. Investment products and services described in this document are speculative in nature and include a high degree of risk and investors may not receive back the original amount invested. Nothing said herewith constitutes financial, legal, tax or other advice. You should obtain advice from the appropriate qualified experts.