

# Hines European Core Fund

2023 ESG REPORT

Hines







We are thrilled to share our seventh annual ESG report for the Hines European Core (HECF), in which we are pleased to showcase how we continued to put into action our ambitious ESG goals in 2023 and offer a glimpse of where we are heading in the future.

Further geopolitical instability and continued economic headwinds served to negatively impact real estate markets in 2023, creating challenges for all real estate investors across Europe and globally. However, despite the current economic environment, HECF's savvy and continuous investments into ESG over the years helped to position the Fund well to weather these storms, with best-in-class asset-level ESG performance now being a pre-requisite for properties to be seen as top-tier core investments.

From an ESG perspective, 2023 was a very exciting year for the Fund with significant developments in relation to both net zero carbon and social impact. Net zero carbon roadmaps have been procured for 100% of applicable assets

and the Net Zero Carbon taskforce was established to transition the Fund from net zero planning to net zero carbon delivery, building upon the strong carbon focus of the Fund to date which has resulted in average annual reductions in landlord and whole-building carbon of 9% and 8% respectively, since 2017. The Net Zero Carbon taskforce is a key element of the HECF decarbonization model and puts the Fund on firm footing compared to peers. Leveraging technical expertise across specialist teams has enabled HECF to successfully execute plans to bring key operational assets to net zero in operations and keep them there over the long-term.

In order to understand how to capture the financial benefits associated with decarbonization, HECF also collaborated with the Urban Land Institute in 2023 to pilot C Change, a program to fast-track decarbonization by integrating relevant considerations into asset-level cash flow modeling. Hines is a founding sponsor, and HECF tested the new ground-breaking modeling approach

within actual property-level cash flows.

In 2023, our Fund also launched its very first and highly successful social competition, to encourage asset and property managers to design and execute innovative and impactful experiences for our tenants and communities. The initiative is helping us develop replicable, scalable ways to bring social value to our assets and support the Hines ethos of giving back to people and places and we would like to extend a hearty congratulations to all participating teams for their fantastic efforts. A special mention in particular goes to Hines Nordics, who successfully won the competition through incredible efforts which resulted in support of an orphanage in Ukraine.

It is also worth mentioning that we are particularly proud of HECF being recognized as aGRESB Global Sector Leader in 2023, for an unprecedented seventh year in a row, and for also receiving PREA's Open-End Fund ESG Award for the third time, demonstrating the continued focus of the Fund on

ESG. Despite being proud of these accomplishments, there is a great deal more to be done to ensure that HECF plays its part in driving environmental and social sustainability in our spheres of operation and influence and we are looking forward to updating you on these continued efforts next year, but for the time-being we hope you enjoy learning about our progress in 2023.

**Simone Pozzato**  
Senior Managing Director  
and Fund Manager,  
Investment Management / London

**Daniel Chang**  
Managing Director  
Head of European ESG

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Environmental  
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About Hines Europe



# HECF Overview





# HECF Overview

## Creating value with an ESG focus

The Hines European Core Fund (HECF or the Fund) is a Luxembourg-domiciled, open-ended investment fund sponsored by Hines. HECF pursues core real estate acquisitions, manages a diversified portfolio across Europe, and seeks to generate a sustainable income from high-quality assets to meet the future demands of occupiers and investors.

HECF is committed to establishing, implementing, and maintaining sustainability objectives and aspires to be a leader in ESG. Since its inception in July 2006, HECF has acquired 45 investments and sold nine.



Friesen Quartier, Cologne



HECF AT A GLANCE

Fund Presence



Countries

- Czechia
- Denmark
- France
- Germany
- Ireland
- Italy
- Netherlands
- Poland
- Spain
- United Kingdom

10

Cities

- Amsterdam
- Barcelona
- Cologne
- Copenhagen
- Dublin
- Edinburgh
- Florence
- Frankfurt
- Hamburg
- London
- Madrid
- Milan
- Paris
- Prague
- Stuttgart
- Utrecht
- Wroclaw

17

Total Assets Under Management

€2.86 B

Number of Investments

36

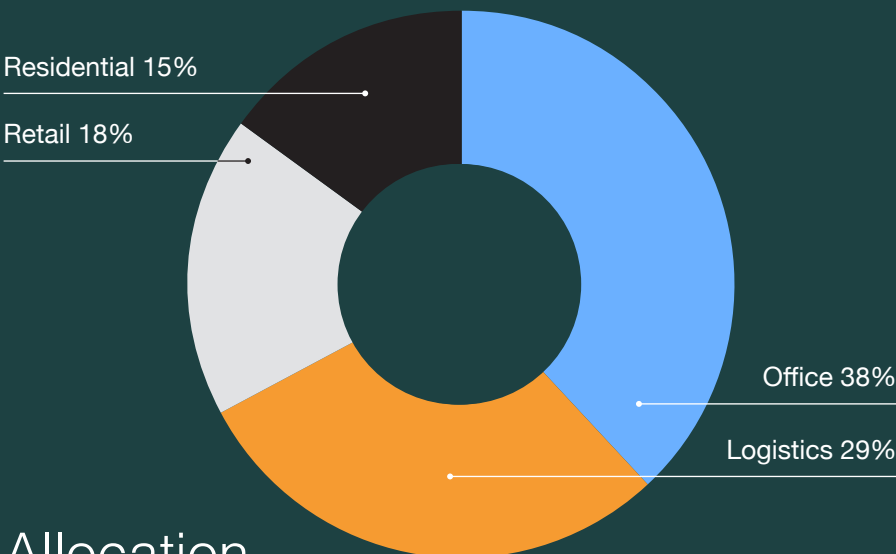
Number of Assets

45

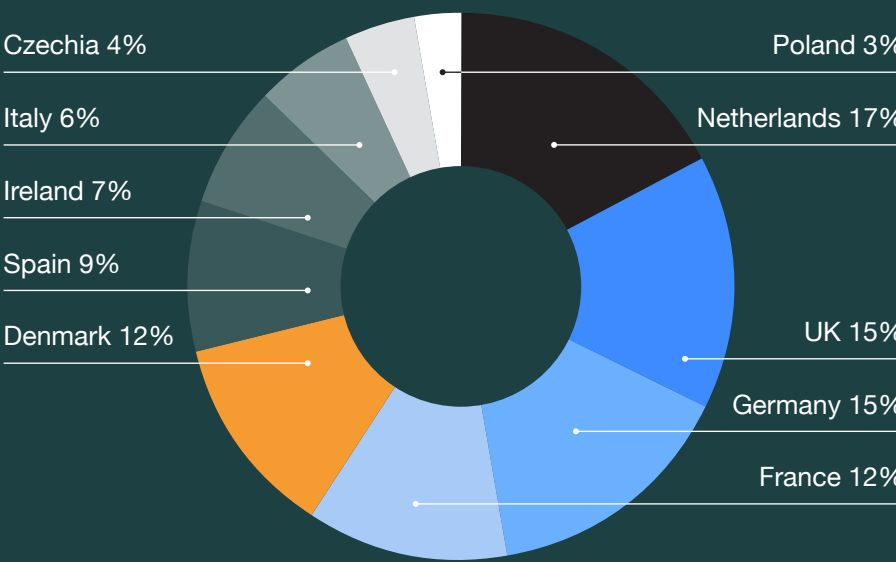
Occupancy

93.3%

Allocation by Sector



Allocation by Country





# GRESB Global Sector Leader

for the **7th** year in a row



Energy data for **99.9%**  
of the portfolio



## 43



assets with  
net zero  
roadmaps

(100% of applicable portfolio GAV)<sup>2</sup>

**82%**  
electricity from  
green tariffs

**11** assets with  
on-site renewable  
energy systems



## PREA's Open-End Fund ESG Award

for the **3rd** time in 2024

Launched HECF  
Social Competition  
**8 entries**

Piloted CQuel, Hines'  
new decarbonization  
marketplace, at  
Dnata assets



Like-for-like landlord  
controlled energy  
intensity and GHG

## -8%

Portfolio average CRREM  
stranding date<sup>1</sup>

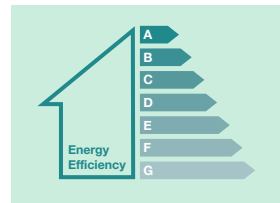
## 2031



## HECF ESG HIGHLIGHTS

# 2006

**The Hines European Core Fund launches in June.**



# 2009

HECF obtains energy performance certificates for all assets ahead of the requirement to do so.

HECF develops its first formal sustainability strategy and begins metering energy consumption.



# 2015

HECF introduces green leases.

HECF participates as one of DGNB's first pilot facility management certificates.

Hines Europe includes ESG in service level requirements for property and facility managers.

# 2016

HECF launches an EMS and implements formal sustainability and stakeholder engagement policies.

HinesGo, the firm's green office program, is offered to HECF tenants.

**HinesGO**  
GREEN OFFICE

HECF undertakes a GRESB gap analysis



# 2007

Hines Germany becomes a founding member of the German Sustainable Building Council (DGNB).



# 2013

Eurosquare obtains HECF's first in-use sustainability certificate, HQE Exploitation.

HECF obtains one of the first DGNB In-Use certificates issued by the program.



**HECF participates in GRESB and is named Private Diversified Global Sector Leader.**

HECF rolls out an energy monitoring program and issues its first annual ESG Report.

The Fund issues its first annual ESG Review.

# 2017



HECF ESG HIGHLIGHTS

2018

HECF ranks first globally in GRESB's the Health & Wellbeing and Resilience modules.

HECF offers Hines Green Office Retail program to tenants.



HECF ensures 90% of landlord controlled electricity is procured from green tariffs.

2020

HECF wins the MSCI European Property Investment Award for the best performing pan-European balanced Fund.



HECF partners with ZiggyTech to monitor energy consumption in real time across the portfolio and support reduction targets.



2022

The Fund obtains net zero roadmaps for all landlord controlled assets.

HECF becomes an Article 8 Fund under the Sustainable Finance Disclosure Regulation.

HECF achieves GRESB Global Sector Leader for a sixth consecutive year.

HECF is awarded the 2022 PREA Real Estate Investment ESG award in the Open-End Fund category, achieving this accolade for the second consecutive year.



The Fund achieves 100% sustainability certification coverage and rolls out formal sustainability assessment and action plans for all HECF properties.

2019



HECF is awarded the inaugural PREA Real Estate Investment ESG award in the Open-End Fund category.

Our board approves a net zero commitment and decarbonization roadmap for HECF.

2021



HECF achieves GRESB Global Sector Leader for the seventh year in a row.

HECF receives PREA Best Open-End Fund ESG Award for the third time, out of 31 funds.

The Fund increases energy data coverage to 99.9% of the portfolio.

HECF completes net zero roadmaps for 100% of applicable portfolio GAV.

Hines and HECF collaborate with ULI on the C Change initiative to integrate climate risk into asset value.

HECF launches a social competition to encourage impactful and innovative tenant and community engagement.

2023

# ESG Strategy, Governance, and Priorities



St Honoré, Paris

# 2



# Our ESG Strategy

## Driving continuous improvement through sustainability

As a flagship Hines core fund, HECF focuses on creating and preserving asset value. Our ESG strategy supports our broader investment strategy by leveraging environmental sustainability, social benefit, and governance factors to evaluate, future-proof, and manage our assets. We have ESG action plans for every asset in our portfolio and are committed to reaching firm- and Fund-wide ESG targets and objectives.

Our primary ESG focus areas – reaching net zero operational carbon targets through energy efficiency, minimizing embodied carbon in major refurbishments, and championing health and well-being in our buildings – help to differentiate HECF in the marketplace and drive continuous improvement across the Fund.



Portland Towers, Copenhagen

# ESG Alignment Across Our Firm

## Revisiting Hines’ material areas and revising the global ESG framework

Like all Hines investment entities and funds, HECF supports firm-wide ESG goals, objectives, and commitments. Our investment strategy reflects Hines’ Responsible Investment Statement, which ensures we consider ESG topics across our investment decisions. We are also committed to implementing the United Nations Principles for Responsible Investment (UN PRI), as Hines is a UN PRI signatory.

At the end of 2023, Hines conducted a double materiality assessment to revisit and realign sustainability priorities and ensure the firm’s business, stakeholder, and market expectations are being met or exceeded. The Global ESG team is leveraging these results to refine Hines’ firm-wide sustainability strategy and build a new ESG framework that will guide sustainability efforts and priorities at Hines. HECF will be aligning our Fund ESG strategy with the new framework in 2024.

Learn more about the materiality and framework updates at [Hines.com/ESG](https://www.hines.com/ESG).

# Our ESG Policy and EMS

HECF’s ESG policy and Environmental Management System (EMS) serve as the foundations for our ESG strategic framework. Our Fund’s EMS is encompassed by Hines Europe’s ISO 14001–aligned EMS framework and ensures all Fund commitments, responsibilities, and objectives are clearly defined and communicated to internal and external stakeholders.

The EMS follows a Plan-Do-Check-Act approach to promote continuous improvement:

- **Plan:** Consider the materiality of ESG risks and opportunities over which we have influence and develop objectives to control, reduce, or improve performance of significant impacts.
- **Do:** Implement necessary resources, programs, and accountability to work toward achieving our ESG goals.
- **Check:** Put in place feedback mechanisms to review progress of the EMS, including qualitative and quantitative impacts.
- **Act:** Critically analyze and assess the impact of our operations, and progress against targets, to achieve continuous improvement and guide decision-making.

In 2023, we updated the HECF EMS framework to ensure our targets, objectives, governance, and approach remain current and continue to position the Fund as a market leader. We are including additional targets for refurbishments, a growing part of the HECF portfolio, and integrating guidance for applying the Hines ESG Development Brief to refurbishment projects. We are also adding new objectives around whole-life carbon assessments (WLCAs) and biodiversity improvements.

In 2023, Bureau Veritas completed Hines Europe’s second EMS audit. The four-day, third-party audit conducted in our London and Luxembourg offices evaluated Hines Europe’s investment management approach to ESG strategy, objectives, and progress to ensure the region’s EMS, and all the Fund-specific EMSs encompassed by it, reflect best-in-class ESG systems and processes. Upon completion of the audit, Bureau Veritas recertified the EMS for another year.



HECF’s ESG Strategy and Implementation Framework outlines our approach to managing ESG factors and defines supporting activities of the EMS.



# External ESG Frameworks, Alignment, and Achievements

HECF uses ESG governance frameworks and benchmarks to hold ourselves accountable, disclose objectives, report progress to our stakeholders, and evaluate improvement. The Fund has submitted to the Global Real Estate Sustainability Benchmark (GRESB) for the past seven years. We also align our reporting with the INREV ESG reporting and data analysis requirements, to provide transparency to investors on energy, water, waste, and carbon performance compared to our peers.

While reporting is a key communication tool for our Fund, we also communicate ESG targets and achievements to HECF stakeholders through tenant and investor meetings, outreach, and events.

## SFDR Article 8 Designation

The European Union initiated the Sustainable Finance Disclosure Regulation (SFDR) to provide a consistent structure for how investment entities disclose sustainability information. This transparency framework enables investors to be fully informed about the ESG characteristics and objectives related to their investments.

As an Article 8 Fund under SFDR, HECF is committed to setting environmental and social priorities in our investment strategy and meeting portfolio-wide benchmarks in key ESG areas, with a particular focus on:

- Energy and carbon performance
- Waste reduction
- Green building certifications
- Environmental performance certifications
- Renewable energy
- Green lease clauses and wider tenant engagement

## Assessing Climate Risk, Aligning with TCFD

The HECF team conducts climate risk assessments and carbon intensity analysis to examine the transition and physical risk exposure at our assets. We use the findings to shape strategy at the asset and Fund levels, so we can address climate risk proactively and effectively across the portfolio.

We have also adopted the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, now part of the International Financial Reporting Standards, providing transparency around climate risks and how we manage them. We address TCFD's four pillars – Governance, Strategy, Risk Management, and Metrics and Targets – and include all 11 disclosures in our annual report to investors.



Marianella, Dublin

## LEADING WITH PREA



Launched in 2021, the Pension Real Estate Association (PREA) Real Estate Investment Management ESG Awards recognize sustainability efforts and achievements. The awards highlight funds that execute social and environmental initiatives without sacrificing performance.

HECF was awarded the **PREA's Best Open-End Fund** (out of 31) for a third year.



## LEADING WITH GRESB



GRESB is an independent organization that validates ESG company, fund, and asset performance data and provides peer benchmarking. HECF has been submitting to GRESB since 2017 for the 2016 reporting year. We use GRESB to measure our ESG performance and provide investors with transparent reporting on ESG-related risks and opportunities.

In 2023, HECF achieved Global Sector Leader and five out of five stars for an unprecedented seventh consecutive year in addition to leading our peer group – 121 core and tenant-controlled portfolios across Europe – with a score of 93 out of 100.

## Participation and Score



# Global Sector Leader for 7 Years

out of 121 non-listed diversified funds globally



Five out of five stars

## 2023 GRESB Results



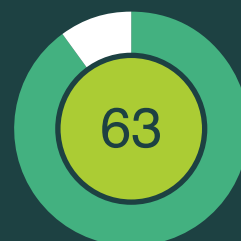
GRESB Score/  
Green Star  
(out of 100)

GRESB average: 75  
Peer average: 73



Management Score  
within Europe  
(out of 30)

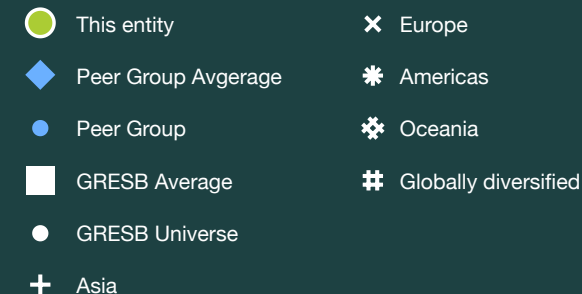
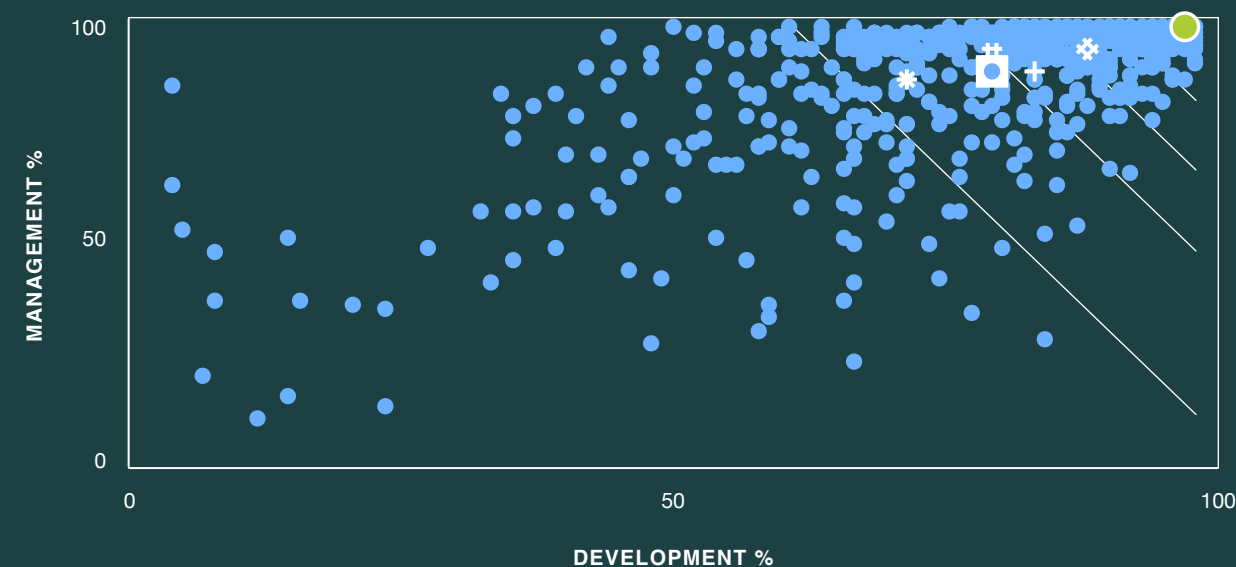
GRESB average: 27  
Benchmark average: 28



Performance  
Score  
(out of 70)

GRESB average: 48  
Benchmark average: 44

## GRESB Performance Against Peers







# Aligned with The UN SDGs

Like our firm, HECF supports the ambitious vision of the United Nations’ Sustainable Development Goals (SDGs). We prioritize SDGs that align with our Fund and ESG strategies and support the Hines corporate commitment to community benefit and positive impact.

3

GOOD HEALTH  
AND WELL-BEING

4

QUALITY  
EDUCATION

6

CLEAN WATER  
AND SANITATION

7

AFFORDABLE AND  
CLEAN ENERGY

8

DECENT WORK AND  
ECONOMIC GROWTH

9

INDUSTRY, INNOVATION  
AND INFRASTRUCTURE

10

REDUCED  
INEQUALITIES

11

SUSTAINABLE CITIES  
AND COMMUNITIES

12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

13

CLIMATE  
ACTION

15

LIFE  
ON LAND

17

PARTNERSHIPS  
FOR THE GOALS

2023 ESG OBJECTIVES AND TARGETS

Environmental

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div>Environmental Performance Data</div> <div>SDGs: 6, 7, 12</div>	<p>Obtain and monitor utility data, including energy, water and waste, on a monthly basis.</p> <p>Continue to roll out smart meters across existing assets and new acquisitions to ensure data quality.</p> <p>Protect the environment, including through pollution prevention across HECF direct business activities.</p>	<ul style="list-style-type: none"><li>Improved data coverage, quality and monitoring capabilities via the continued rollout of automatic data collection technology across operationally controlled assets.</li><li>Rolled out automatic data capture technology to 71 new meters across 3 assets.</li><li>Achieved excellent data coverage (99.8% energy coverage) in GRESB submission, contributing to its sector lead status.</li></ul>	<p>Obtain and monitor utility data, including energy, water and waste, on a monthly basis.</p> <p>Continue to roll out automatic data collection across existing assets and new acquisitions to ensure data quality.</p> <p>Protect the environment, including through pollution prevention across HECF direct business activities.</p> <p>Implement comprehensive BMS systems to monitor consumption.</p>
<div>Net Zero Carbon</div> <div>SDGs: 7, 11, 13</div>	<p>Continue to work toward net zero operational carbon emissions for Scope 1 and 2 by 2030 and Scope 3 by 2040.</p> <p>Obtain asset-level net zero carbon roadmaps for all portfolio assets not earmarked for disposition and execute implementation plans.</p>	<ul style="list-style-type: none"><li>Reported a decrease in Scope 1 and Scope 2 (8%) emissions on a like-for-like occupancy adjusted basis.</li><li>Obtained net zero roadmaps for 100% of all applicable assets in the portfolio.</li><li>New ESG Due Diligence scoping document ensures that CRREM analysis and decarbonisation roadmaps are obtained for any potential new acquisitions.</li></ul>	<p>Continue to work toward net zero operational carbon emissions for Scope 1 and 2 by 2030 and Scope 3 by 2040.</p> <p>Explore feasibility of all-electric building services to enable net zero carbon in operation on major refurbishments.</p> <p>For major refurbishments, target the 2040 CRREM 1.5°C pathway relevant to asset type and location.</p>
<div>Renewable Energy</div> <div>SDGs: 7, 11, 13</div>	<p>Maintain 100% renewable energy for all landlord-procured electricity and support tenants in the transition to procurement of green tariffs when possible.</p> <p>Engage with tenants to encourage them to convert to green tariffs for their leased spaces.</p> <p>Continue to review opportunities for on-site renewable energy, specifically PV at logistics assets with significant roof space.</p>	<ul style="list-style-type: none"><li>Procured 100% renewable energy for all landlord-procured electricity.</li><li>Carried out solar PV upgrades at Sabadell Tower.</li><li>Assessed PV opportunities for all tenant-controlled assets in the portfolio.</li><li>Put in place PV implementation plans for Dnata, installation to take place in 2024.</li></ul>	<p>Maintain 100% renewable energy for all landlord-procured electricity, and support tenant's transition to green tariffs, when possible.</p> <p>Encourage tenants to convert to green tariffs for their leased spaces.</p> <p>Continue to review opportunities for on-site renewable energy, specifically PV at logistics assets with significant roof space.</p>



2023 ESG OBJECTIVES AND TARGETS

Environmental

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div>Building Certifications</div> <div>SDGs: 9, 11, 12, 13</div>	<div>Obtain green building certificates for all assets with the aim of consistent, 100% portfolio coverage.</div> <div>Ensure 100% of assets have valid EPCs or equivalent energy ratings.</div> <div>Obtain the portfolio’s first Fitwel certification at Marianella.</div>	<div>• Obtained 10 green building certifications.Two additional certifications were completed but yet to be awarded.</div> <div>• Finalized Fund’s first Fitwel certification for Marianella and certified three assets under ActiveScore.</div> <div>• Obtained EPC upgrade reports for 3 assets.</div>	<div>Obtain green building certificates for all assets with the aim of consistent, 100% portfolio coverage.</div> <div>Ensure 100% of assets have valid EPCs or equivalent energy ratings.</div> <div>Achieve green building certification (e.g. BREEAM or equivalent) on major refurbishment projects. Target ‘Very Good’ rating or equivalent.</div> <div>Target minimum EPC (Energy Performance Certificate) ‘B’ rating for major refurbishments and seek to gradually improve operational assets to this standard.</div>
<div>Waste</div> <div>SDGs: 11, 12</div>	<div>Maintain 100% diversion of waste from landfill for landlord-managed waste.</div> <div>Engage tenants annually at assets, with a view to minimising waste production and maximising recycling.</div>	<div>• Continued to divert 100% of landlord-managed waste from landfill.</div>	<div>Maintain 100% diversion of waste from landfill for landlord-managed waste.</div> <div>Engage tenants annually at assets, with a view to minimising waste production and maximising recycling.</div> <div>Seek to increase waste data digitization coverage</div> <div>For major refurbishments, follow ESG Development Brief on effective waste management through demolition and works on-site. Prioritise waste reduction in accordance with best practices.</div>
<div>Biodiversity</div> <div>SDGs: 11, 15</div>	<div>Seek to improve understanding of ecology local to HECF assets</div>	<div>• Obtained local ecology assessments at 5 assets to better understand baseline levels of local biodiversity.</div>	<div>Explore opportunities to integrate plants and biophilic design elements.</div> <div>Consider ecological enhancement opportunities at refurbishment projects.</div> <div>Consider native planting and blue/green infrastructure features.</div> <div>Integrate ecological enhancement opportunities where appropriate, targeting a net gain in biodiversity</div>

2023 ESG OBJECTIVES AND TARGETS

Social

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div>Tenant Engagement</div> <div>SDGs: 3, 12, 17</div>	<div>Continue to share Sustainable Fit-Out Guide with tenants in advance of fit-outs.</div> <div>Continue to incorporate green lease clauses into tenancy agreements and engage with tenants on the benefits of reducing consumption of finite resources.</div> <div>Create green lease clauses specific to asset classes (residential, retail, etc.)</div> <div>Continue to increase tenant engagement on ESG topics, particularly through HinesGO and Hines GR programs.</div> <div>Survey tenants to gauge satisfaction with and interest in our ESG efforts.</div> <div>Promote health, safety, wellbeing and productivity amongst building users.</div>	<div>• Updated green lease template to included sector specific clauses (e.g. PBSA) and more ambitious provisions related to tenant and landlord collaboration, data sharing, right of access and metering, renewable energy procurement, enabling works, certification, sustainability procurement.</div> <div>• Used the firm’s new client engagement guide to engage tenants in decarbonization initiatives.</div> <div>• Created green lease clauses specific to commercial, student housing, and build-to rent properties.</div> <div>• Brought an ESG consultant to Marianella to educate tenants on living sustainably.</div> <div>• Facilitated Tenant ESG Committees at several assets.</div>	<div>Continue to share Sustainable Fit-Out Guide with tenants in advance of fit-outs.</div> <div>Continue to incorporate green lease clauses into tenancy agreements and engage with tenants on the benefits of reducing consumption of finite resources.</div> <div>Create green lease clauses specific to asset classes (residential, retail, etc.)</div> <div>Continue to increase tenant engagement on ESG topics, particularly through HinesGO and Hines GR programs.</div> <div>Survey tenants to gauge satisfaction with and interest in ESG efforts.</div> <div>Promote health, safety, well-being and productivity amongst building users.</div>
<div>Employee Engagement</div> <div>SDGs: 4, 8</div>	<div>Continue to embed ESG objectives into performance reviews.</div> <div>Promote our people practices by adopting workplace policies that achieve greater equity, retention, and representation.</div> <div>Continue to deliver ESG-focused training.</div> <div>Continue to carry out workstation and / or workplace checks for all employees.</div> <div>Continue to participate in European ESG League meetings and activities to align best practices across the European platform.</div>	<div>• Broadened and tracked employee ESG objectives across the whole European platform and 310 employees.</div> <div>• The firm provided several DEI and Health and Well-being trainings.</div> <div>• Provided multiple ESG training sessions covering GRESB, best practices, legislation, and emerging topics.</div> <div>• Participated in European ESG Offsite in Munich.</div>	<div>Continue to embed ESG objectives into performance reviews.</div> <div>Promote our people practices by adopting workplace policies that achieve greater equity, retention, and representation.</div> <div>Continue to deliver ESG-focused training.</div> <div>Continue to carry out workstation and / or workplace checks for all employees.</div> <div>Continue to participate in European ESG League meetings and activities to align best practices across the European platform.</div> <div>Conduct employee engagement surveys.</div>
<div>Community Engagement</div> <div>SDGs: 4, 10, 17</div>	<div>Ensure all managed assets continue to complete and track ESG-related community engagement.</div> <div>Ensure that, wherever an asset is part of a Business Improvement District, HECF supports the community initiatives.</div> <div>Ensure the HECF team commits time to volunteering with charities as part of the Hines’ Our Community program.</div>	<div>• Continued to fulfil ESG-related community engagement initiatives within the locality of assets to exert wider positive influence.</div> <div>• Continued to participate in employee volunteering opportunities in asset communities.</div> <div>• Launched a social competition to encourage asset and property managers to design and execute innovative and impactful social efforts.</div>	<div>Participate in and track community engagement initiatives within the locality of all assets, where appropriate</div> <div>Develop a community engagement plan appropriate to each project and report on initiatives undertaken throughout the lifecycle.</div> <div>Consider opportunities to utilize local suppliers/contractors and employees, and engage with voluntary, community or social enterprises.</div> <div>Act on feedback/concerns raised by stakeholders in decision-making.</div> <div>Arrange community visits to project sites.</div> <div>Continue the HECF Social Competition in 2024</div>



2023 ESG OBJECTIVES AND TARGETS

Governance

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div><b>GRESB and Awards</b></div> <div>SDGs: 8, 13, 17</div>	Continue to participate in GRESB to support benchmarking and communicate transparent ESG performance.	<ul style="list-style-type: none"><li>• Selected as the PREA Open-End Fund ESG award winner.</li><li>• Shortlisted for the Edie awards.</li><li>• Achieved GRESB Global and Regional Sector Leader with 5 out of 5 stars for an unprecedented 7th year in a row.</li><li>• Attained 100% scores in nine of the 14 scope ‘aspects.’</li></ul>	Continue to participate in the GRESB survey to support benchmarking and communicate transparent ESG performance.
<div><b>Climate Risk and Resilience</b></div> <div>SDG: 13</div>	<p>Continue to report in line with TCFD recommendations.</p> <p>Continue to perform climate-risk assessments on all existing acquisitions and seek to further embed climate change adaptation and resilience related risks into wider risk-management strategies and acquisition processes.</p>	<ul style="list-style-type: none"><li>• Maintained alignment with TCFD recommended disclosures.</li><li>• Comissioned an ESG Risk Report to provide a holistic perspective on physical and transitional risks.</li></ul>	<p>Look to transition to the IFRS S2 for future reports.</p> <p>Continue to perform climate-risk assessments on all existing acquisitions and seek to further embed climate change adaptation and resilience related risks into wider risk-management strategies and acquisition processes.</p>
<div><b>Acquisition Due Diligence</b></div>	<p>Continue to complete the Sustainability Acquisitions Due Diligence Checklist for all new acquisitions.</p> <p>Update the checklist to include more detailed ESG considerations, in line with industry best practices.</p>	<ul style="list-style-type: none"><li>• Completed Sustainability Acquisition Due Diligence checklists for 100% of Fund’s acquisitions.</li><li>• Trained acquisitions teams to use new ESG Due Diligence scoping document to assess material ESG risks and opportunities at potential acquisition.</li><li>• Utilized the firm’s new Investment Committee (IC) memo to ensure we understand the material ESG risks and opportunities associated with a potential acquisition.</li></ul>	<p>Continue to complete the Sustainability Acquisitions Due Diligence Checklist for all new acquisitions.</p> <p>Update the checklist to include more detailed ESG considerations, in line with industry best practices.</p>

2023 ESG OBJECTIVES AND TARGETS

Governance

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
Asset-Level Action Plans	<p>Continue to maintain SAAPs for all assets to identify opportunities for improving ESG performance within asset business plans.</p> <p>Update SAAP template to include more detailed ESG considerations in line with industry best practices.</p> <p>Incorporate a review of ESG opportunities within all major landlord refurbishments (e.g. shared mechanical, electrical and hydraulic systems).</p> <p>Apply the new HECF ESG Development Brief to all new development projects.</p>	<ul style="list-style-type: none"><li>• Employed Sustainability Assessment and Action Plans (SAAPs) across the entire Fund to identify and implement ESG opportunities.</li><li>• Established and incorporated ESG objectives into asset business plans for 100% of landlord-controlled assets.</li><li>• Applied the ESG Development Brief to Sabadell Tower.</li></ul>	<p>Continue to complete and update SAAPs for all assets to identify opportunities for improving ESG performance within asset business plans on an annual basis.</p> <p>Update SAAP template to include more detailed ESG considerations in line with industry best practices.</p> <p>Incorporate a review of ESG opportunities within all major landlord refurbishments (e.g. shared mechanical, electrical and hydraulic systems).</p> <p>Apply the new HECF ESG Development Brief to all new development projects.</p>
Green finance	<p>Continue to seek further opportunities to secure green financing.</p>	<ul style="list-style-type: none"><li>• Secured €470m of green financing in alignment with HECF’s green financing framework; €1,559m of the portfolio was eligible for green financing.</li></ul>	<p>Continue to seek further opportunities to secure green financing.</p>
SDG: 17			



Friesen Quartier, Cologne



# Environmental Stewardship

# 3



# Sustainability Measurement and Management

## Addressing risk and building resilience across our portfolio

HECF tracks and reports on environmental performance where we have operational control and act as the landlord responsible for procuring utilities and/or waste management services. We continue to improve environmental data quality and monitoring through smart building technology and strive to significantly reduce consumption and waste across our portfolio.



“At Bouwinvest, we have found a valuable and appreciated partner in HECF, who shares our green values and is steering towards a low carbon portfolio. We need partners who share our conviction, strive for the highest targets and focus on innovation in this field.”

**Jasper Petit**  
Director of European Property





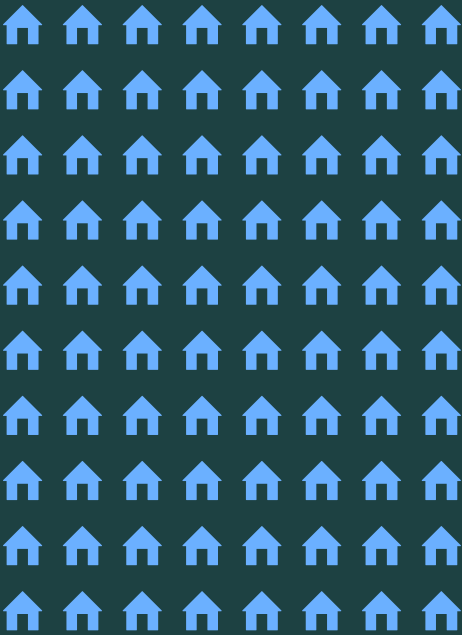
2023 PERFORMANCE

Like-for-Like - 2022 to 2023\*

Energy  
consumption  
(MWh)

-8%

equivalent of **80**  
homes per year



Greenhouse  
gas emissions  
(CO<sub>2</sub>)

-8%

equivalent of **44**  
automobiles per year



Water\*\*  
(m<sup>3</sup>)

+3%

equivalent of **0.8** Olympic  
swimming pools per year



Waste  
(tons)

-24%

equivalent of **7**  
truckloads per year



Upgrading Our ESG  
Data Platform

In 2023, HECF upgraded to the Siera+ ESG data management platform. This new resource gives relevant stakeholders within Hines – including property, fund, and ESG managers – the ability to update metrics about asset-level energy, water, waste, and carbon and analyze data within an easily digestible dashboard.

The upgrade gives us more refined ESG data, analytics, and insights about the HECF portfolio and helps bring even more transparency to our ESG reporting for investors.



*\*Occupancy-adjusted, \*\*Water increase driven predominantly by extensive water use required at Atlas House, due to Legionella detection*

# Targeting Carbon Emissions and Operational Efficiency

HECF supports Hines’ firm-wide carbon target of net zero operational carbon by 2040 as well as our ambitious Fund-level commitment: net zero operational carbon across Scopes 1 and 2 by 2030 and Scope 3 by 2040. We have a decarbonization roadmap for the Fund and are working to refine asset-level net zero plans across our portfolio.

## Assessing Our Carbon Impact

HECF has used the Carbon Risk Real Estate Monitor (CRREM) tool since 2018 to establish science-based targets for whole buildings, establish net zero carbon pathways for all landlord-controlled assets, and evaluate the portfolio against stranding.


By the end of 2023, the Fund had procured third-party CRREM carbon audits and created decarbonization roadmaps for 40 assets — 100% of applicable portfolio GAV (assets with more than 12 months of qualifying data that are not already in development).

We also began using the new **Hines Carbon Impact Assessment Tool** to perform carbon audits in-house and assess the challenges, opportunities, and capital expenditures associated with achieving net zero operational carbon at our assets.

Launched in 2023 and powered by CRREM, the Hines Carbon Impact Assessment Tool provides a standard, centralized way to collect and evaluate asset- and portfolio-wide operational data within the CRREM framework, including stranding analysis. We are leveraging this new tool to run scenarios and test assumptions on HECF assets

CONTINUOUS ANNUAL REDUCTIONS IN ENERGY AND GHG								
	2017	2018	2019	2020	2021	2022	2023	Ave.
LL <sup>1</sup> Energy	-8%	-4%	-4%	-15%	-7%	-6%	-8%	-7%
WB <sup>2</sup> Energy	1%	3%	-6%	-20%	-1%	-2%		-4%
LL GHG <sup>3</sup>	-5%	-8%	-6%	-18%	-7%	-12%	-8%	-9%
WB GHG	-2%	-3%	-8%	-23%	-4%	-8%		-8%

1. LL: Landlord, 2. WB: Whole-building, 3. GHG: Greenhouse Gases



### HECF Net Zero Targets

- **Scopes 1 and 2 by 2030**
- **Scope 3 by 2040**

to gain an even clearer understanding of carbon risks and opportunities.

HECF makes continuous effort to drive operational efficiencies across the portfolio. This table demonstrates consistent year-on-year, like-for-like performance improvements for both landlord-controlled energy consumption and emissions, as well as at the whole-building level.



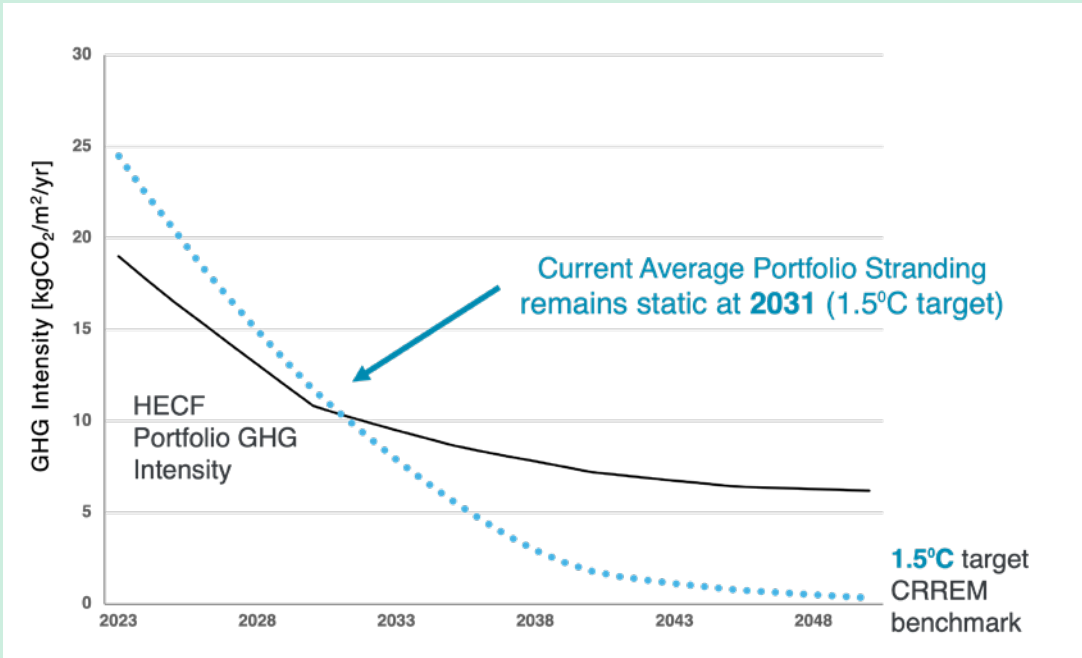
### 2023 HIGHLIGHT

## HECF Decarbonization Efforts Exemplified with CRREM

In January 2023, CRREM released an updated tool (V2), characterized by portfolios benefiting from lower grid emissions factors but also being measured against much stricter carbon and energy intensity pathways,

demonstrative of the overshooting against advised carbon budgets across sectors globally.

The HECF portfolio has been evaluated against the updated analysis framework both in 2023 and 2024, and the stranding date in both years has remained steady at 2031. This updated analysis against the new standard exemplifies the continued focus of HECF in relation to carbon intensity reductions across our portfolios and we are looking to extend the portfolio stranding date as we execute on asset-level efficiency and decarbonization plans.





# Considering ESG Factors Across the Asset Life Cycle

We assess and address ESG opportunities and risks across the HECF portfolio and throughout each asset’s life cycle.

## Tools to Reach Our Targets

In 2023, Hines’ Global ESG experts released several resources to help teams assess ESG impacts – with a particular focus on carbon – from acquisition through development and operation, and in preparation for sale. HECF is leveraging these tools to assess the carbon impact of potential acquisitions, integrate ESG best practices into our project plans, develop new projects net zero, and understand the costs and impacts of decarbonizing existing operational assets.

### Net Zero Planning and Underwriting

HECF procures net zero roadmaps for all potential acquisitions to understand the costs associated with decarbonization and ensure the investment has a path to net zero that aligns with our Fund strategy and carbon goals. We are using the firm’s new **Net Zero Scoping Document** to

help ensure the third-party contractors creating roadmaps for our Fund assets are implementing a consistent, best-practice approach to the work.

We are also leveraging the Hines **ESG Due Diligence Scoping Document** to help identify ESG-related risks and opportunities and procure consistent ESG due diligence reporting from third-party providers. This document defines crucial asset-level due diligence considerations – including electrification, energy-efficiency measures, on-site renewables, data collection, and building certifications – to ensure we assess and price ESG improvements as capital expenditures in the business plans for operational assets, new developments, major refurbishments, and forward purchases.

### Net Zero Delivery and Operation

HECF is committed to ensuring that operational optimization is delivered before any CapEx is spent, and that we maintain operational standards once assets have been upgraded.

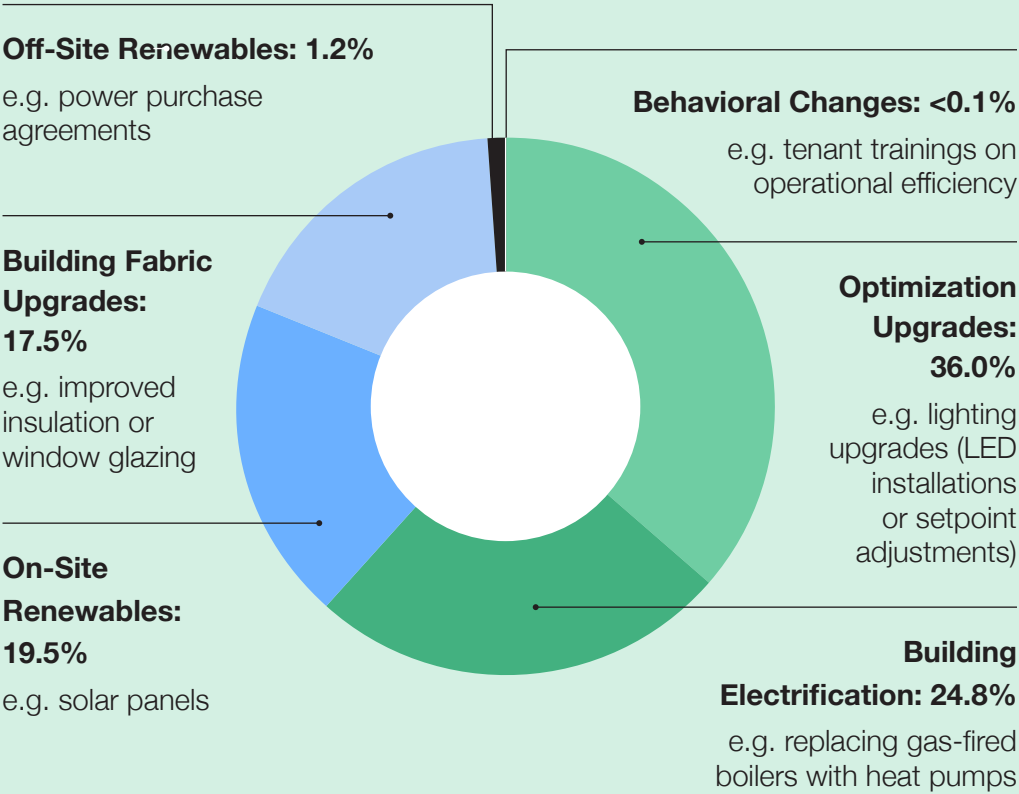
We established a Net Zero Carbon Taskforce in 2023 to develop a playbook for systematic, successful decarbonization



at the asset level. The taskforce includes Hines experts in ESG, carbon, development, engineering, and operations to make sure we consider carbon and climate impacts from development or refurbishment through long-term operation of each asset. We are also utilizing the firm’s comprehensive new **Operational Carbon Reduction Guide** to address climate and transition risks, as well as to integrate decarbonization best practices into project plans.

## CAPEX SPENDING ON DECARBONIZATION INITIATIVES ACROSS THE HECF PORTFOLIO

Using the data from our 43 carbon audits, we have refined our approach to portfolio-wide decarbonization and estimated the investment we will need to make to reach net zero.



# Decarbonization in Action

In 2023, HECF embarked on an exciting and collaborative project to bridge the gap between asset-level decarbonization plans and effectively decarbonizing our portfolio assets.

We had found that externally procured net zero carbon roadmaps did not offer enough guidance to fully support investment-grade decarbonization decision-making.

A working group was established to address the issue, leveraging Hines' technical expertise:

- Corporate Operations & Engineering Services (COES)
- Conceptual Constructions Group (CCG)
- Environmental Strategies (ES)

After months of colaboration and piloting the newly created decarbonization execution approach at Caleido and Marianella, the team created a process to maximize operational efficiencies, deploy decarbonization capex in a smart way and maintain operational standards after improvements have been made.



## PROJECT HIGHLIGHT

### Driving Decarbonization at Royal Flora

In late 2022, HECF acquired six fully occupied logistics assets in the Randstad area in Aalsmeer, Hoselerdijk and Rijnsburg in The Netherlands. Since then, the Fund has been making efforts to build on the operational performance of the porperties by implementing a number of improvements, where feasible and pracitcal.

#### Improvements include:

- Installing LEDs
- Implementing solar PV
- Insulating roofs and painting them white to reduce heat gain
- Installing a heat pump
- Installing smart meters
- Upgrading cooling installations
- Electrifying air conditioners



## DECARBONIZATION PROCESS



## HINES' TECHNICAL EXPERTISE





# How Green Is District Energy?

## Understanding how district energy impacts our carbon targets

A District Energy System (DES) offers centralized energy distribution for heating, cooling, and occasionally electricity across multiple buildings. A DES can achieve significant carbon reductions compared to on-site combustion of fuel oil or natural gas. However, given that a DES might still rely on fossil fuels and contested energy sources like

biomass, it could prove inconsistent with Hines’ net zero carbon targets.

To help asset managers and acquisition teams understand how DESs affect the carbon performance of buildings, Hines developed a **District Energy Guide**. The guide outlines a two-step process and decision matrix that acquisition teams can use during their technical assessment to evaluate a system’s carbon performance and compliance with net zero goals:

- 1. Identifying the carbon intensity of the fuel mix that currently powers the DES
- 2. Identifying the provider’s and/or municipality’s carbon reduction plans for the DES

These indicators provide a reasonable basis for assessing the carbon impacts of relying on district energy today and in the future.



### PROJECT HIGHLIGHT

## Assessing District Energy Systems

### Leveraging the District Energy Guide at Sabadell, Portland Towers, and Werfthaus

HECF commissioned assessments at Sabadell Tower, Portland Towers, and Werfthaus to identify whether the local DES networks align with our Fund’s net zero carbon ambitions.

Following the conclusion of these analyses, electrification of the district



Sabadell Tower, Barcelona

energy system at Sabadell Tower was executed on, and electrification options are being actively explored at Portland Towers and Werfthaus to de-risk our assets from a carbon perspective.



Werfthaus, Germany





2023 HIGHLIGHT

# CQuel: A Marketplace for Decarbonization

CQuel is Hines’ new marketplace for decarbonization. Created in 2023 to make it easier and more cost effective to decarbonize buildings and properties, CQuel connects investors with vendors and provides a transparent, competitive platform for decarbonization services and technologies.

As part of the program’s pilot, HECF formed a working group that is leveraging CQuel to help implement key steps in asset decarbonization roadmaps efficiently and effectively. The Fund will issue orders for asset improvement measures – such as LEDs, heat pumps, and solar panels – and look to optimize our euro spend per ton of carbon reduced. CQuel will facilitate a competitive procurement process and help us identify which vendors will be able to meet our Fund’s requirements most successfully.



## Decarbonizing Dnata

**CQuel support included:**

- Procurement of a net zero carbon report focused on solar and mechanical ventilation and heat recovery systems
- Oversight of structural surveys with the Hines UK asset management (AM) team to support solar panels on the existing roof
- Solar generation analysis including cost/return scenarios
- G99 applications to power suppliers to evaluate potential to export
- Discussions with existing tenant for potential power purchase agreement to enhance returns

The HECF AM team also worked with the tenant to draft green leases that support upgrades to whole-building systems.



Caleido, Stuttgart



## A PPA for Low-Carbon Energy

In 2023, Hines Germany established a country-wide Power Purchase Agreement (PPA) to guarantee low-carbon energy supplies come directly to Hines-controlled electricity supplies. This agreement will impact HECF assets Friesen Quartier, Caleido, Domkaskaden, and Werfthaus and guarantee that procured electricity will come directly from renewables, minimizing carbon intensity at these assets.

## Driving Efficiency with M&T

We employ the monitoring and targeting (M&T) energy management technique to:

1. Understand energy consumption and performance
2. Analyze and compare against key trends and building parameters (e.g., occupancy, location, or asset/plant operation)
3. Develop a baseline to use in decision-making
4. Inform decisions about where to focus consumption-reduction efforts
5. Re-analyze outcomes

Throughout 2023, HECF leveraged M&T services across our landlord-controlled assets to identify operational improvements that could help drive down energy use and carbon emissions.

**As a result of these M&T efforts, the Fund made efficiency improvements that will save an estimated 152,000 kWh per year without any required CapEx.**





2023 HIGHLIGHT

# Leveraging the ESG Development Brief

In 2023, Hines Europe’s ESG and investment management leadership conducted a detailed peer review, materiality assessment, and framework review to update our region’s ESG Development Brief and verify that it includes the most current, best-in-class practices. The revised, comprehensive brief defines project-level targets that can align with our Fund’s ESG strategy, helps inform individual project briefs, and provides a template for assessment and reporting.

Given the importance of climate change mitigation, the brief places extra focus on designing for operational efficiency and includes criteria and targets from leading third-party frameworks and accreditations. A living document, the brief will evolve over time as new industry standards and best practices emerge.

While HECF is a core investment strategy fund, we have engaged in a growing number of refurbishments and developments over the past year and used the brief to prioritize ESG factors and sustainability objectives in project plans for these assets, beginning with Sabadell Tower.



## ENVIRONMENTAL

### Energy & Operational Carbon

- No fossil fuel combustion
- Operational energy use intensity – CRREM pathways
- Feasibility or installation of on-site renewables
- Automatic Energy metering

### Embodied Carbon

- Embodied carbon baseline, methodology, and improvement
- Leverage Hines Embodied Carbon Playbook

### Circular Economy (including Waste)

- Responsibly sourced materials
- Circularity in building design and construction techniques
- Divert construction and demolition waste from landfill

### Water

- Water use reduction
- High-efficiency water fixtures
- Water reuse
- Water resilience

### Climate Change Adaptation

- Physical climate risk assessments
- Climate risk mitigation

### Biodiversity & Green Infrastructure

- Protect and/or enhance natural habitats
- Biodiversity baseline and net gain
- Urban greening

## SOCIAL

### Purposeful Construction & Placemaking

- Placemaking strategy
- Community engagement
- Social impact
- Public realm enhancement
- Contractor standards

### Diversity & Inclusion

- Inclusive public space provisions
- Supplier diversity

### Inclusive Economic Development

- Manufacturer location for building materials

### Affordability

- Consideration for affordable space

### Climate Change Adaptation

- Physical climate risk assessments
- Climate risk mitigation

### Healthy & Prosperous Communities

- Occupant/resident health and well-being design strategies
- Human-powered vehicle facilities
- EV charging
- Human-scaled living (e.g., pedestrian provisions)

### Building and Workforce Well-Being & Productivity

- Indoor air quality (IAQ) provisions
- Access to nature and biophilia
- Public art and design features
- Occupier experience

## GOVERNANCE

### Building Labels & Standards

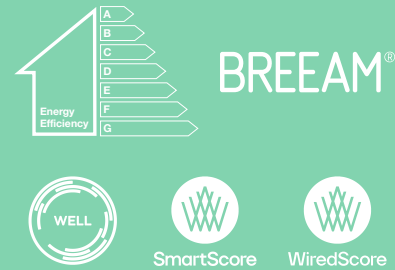
- Green building and energy performance certification
- Health and well-being certification
- Health and safety certification
- Digital and connectivity certification

### BIM

- Building Information Modeling

### Building Operations

- Building user onboarding
- Plant and operational alignment with ESG standards
- EPC A rating, EPC B for refurbishments
- BREEAM Excellent with aspiration of outstanding
- WELL Gold with aspiration of Platinum
- SmartScore Gold with aspiration of Platinum
- WiredScore Gold with aspiration of Platinum





CASE STUDY

# Sabadell Tower

**Location:** Barcelona, Spain  
**Target completion:** October 2024

Sabadell Tower is a high-rise in the heart of Barcelona – and one of HECF’s first refurbishment projects to leverage the updated development brief.

The process of using the brief is driving strong ESG outcomes at the asset, including:


- On-Site Renewables**
- Sabadell Tower will be the tallest building in Spain with a productive façade of photovoltaic glass panels.
- Operational Carbon**
- The building is fully electrified and is not connected to district energy systems.
  - Results from a decarbonization audit are being integrated.
  - Green tariffs are minimizing Scope 2 emissions.




- Embodied Carbon**
- Refurbishment and retention of the existing structure is minimizing embodied carbon.
  - A life cycle assessment was conducted to verify performance.
- Circularity**
- Materials removed from the building have been reused at other construction projects.
  - Materials not suitable for reuse were recycled.
- Smart Infrastructure**
- A smart building platform pulls data from the building management system (BMS).
  - A mobile application connected to the BMS allows review of building environmental performance.

**CERTIFICATIONS**  
Targeting:


LEED  
Platinum




WELL  
Platinum



WiredScore  
Platinum



SmartScore



See Endnotes for additional information about certifications and ratings.

## Applying ambitious ESG Development Brief targets for Sabadell Tower

<b>Operational Energy &amp; Carbon</b>	<ul style="list-style-type: none"><li>• Fully electrified building</li><li>• Net zero carbon enabled on completion with decarbonization recommendations to be implemented.</li></ul>
<b>Embodied Carbon</b>	<ul style="list-style-type: none"><li>• Refurbishment and retention of existing basement to minimize embodied carbon</li><li>• LCA to be conducted to verify final embodied carbon performance</li></ul>
<b>Circularity</b>	<ul style="list-style-type: none"><li>• Materials removed from building to be reused at other construction projects</li><li>• Materials not suitable for re-use, to be recycled</li></ul>
<b>Smart Infrastructure</b>	<ul style="list-style-type: none"><li>• Smart building platform pulling data from BMS</li><li>• Mobile application connected to BMS, allowing review of building environmental performance</li></ul>
<b>Building Certifications</b>	<ul style="list-style-type: none"><li>• Targeting:<ul style="list-style-type: none"><li>• LEED Platinum</li><li>• WELL Platinum</li><li>• Wirescore and Smartscore</li></ul></li></ul>
<b>On-site Renewables</b>	<ul style="list-style-type: none"><li>• On-site solar panels</li><li>• Renewable Energy serving landlord-controlled areas</li></ul>



ASSET SNAPSHOT

Renewable Energy

We strive to utilize renewables to power HECF assets whenever possible.

11 

assets with on-site renewable energy

22

(100% landlord-procured supplies)  
assets where landlord-controlled  
electricity is fully renewable

16 

assets with whole-building electricity  
consumption 100% on green tariffs

Green Building  
Certificates

45

targeting or in hand



**Project Prague: BOELS Vestec**  
**Location:** Prague, Czechia  
**Asset type:** Industrial: Distribution Warehouse  
**Certifications:** BREEAM Very Good

BREEAM®



**Project Prague: Continental Brandys**  
**Location:** Prague, Czechia  
**Asset type:** Industrial: Distribution Warehouse  
**Renewable electricity:** Tenant  
**Certifications:** BREEAM Very Good

BREEAM® 



**Project Prague: MAPEI Jazlovce**  
**Location:** Prague, Czechia  
**Asset type:** Industrial: Distribution Warehouse  
**Certifications:** BREEAM Good

BREEAM®



**Project Prague: Vestec Industrial Park**  
**Location:** Prague, Czechia  
**Asset type:** Industrial: Distribution Warehouse  
**Certifications:** BREEAM Good

BREEAM®



**Kobmagergade Portfolio**  
**Location:** Copenhagen, Denmark  
**Asset type:** Mixed use: Other  
**Renewable electricity:** Landlord, Tenant (partial)  
**Certifications:** BREEAM Good

BREEAM®



ASSET SNAPSHOT



**Mariendalsvej**  
**Location:** Copenhagen, Denmark  
**Asset type:** Residential: Student Housing  
**On-site Renewables:** Yes | **Renewable electricity:** Landlord  
**Certifications:** BREEAM Very Good



**Portland Towers**  
**Location:** Copenhagen, Denmark  
**Asset type:** Office: Corporate: Mid-Rise Office  
**Renewable electricity:** Landlord, Tenant (partial)  
**Certifications:** BREEAM Very Good



**Trikotageparken**  
**Location:** Copenhagen, Denmark  
**Asset type:** Residential: Multi-Family: Mid-Rise Multi Family  
**On-site Renewables:** Yes | **Renewable electricity:** Whole building  
**Certifications:** Nordic EcoLabel Achieved



**Ventrupparken**  
**Location:** Copenhagen, Denmark  
**Asset type:** Industrial: Distribution Warehouse  
**Renewable electricity:** Whole building  
**Certifications:** BREEAM Pass



**Eurosquare**  
**Location:** Paris, France  
**Asset type:** Office: Corporate: Mid-Rise Office  
**Renewable electricity:** Landlord, Tenant (partial)  
**Certifications:** HQE Excellent



**La Manufacture**  
**Location:** Paris, France  
**Asset type:** Office: Corporate: Mid-Rise Office  
**Renewable electricity:** Landlord, Tenant  
**Certifications:** BREEAM Pass



**Metropoles Portfolio**  
**Location:** Various, France  
**Asset type:** Residential: Multi-Family: Mid-Rise Multi Family  
**Renewable electricity:** Landlord  
**Certifications:** HQE Very Good, BREEAM In progress



**St Honoré**  
**Location:** Paris, France  
**Asset type:** Retail: High Street  
**Certifications:** BREEAM Pass





## ASSET SNAPSHOT



### Caleido

**Location:** Stuttgart, Germany

**Asset type:** Mixed use: Other

**On-site Renewables:** Yes | **Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** DGNB Gold



### Domkaskaden

**Location:** Hamburg, Germany

**Asset type:** Office: Corporate: High-Rise Office

**Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** DGNB Gold



### Friesen Quartier

**Location:** Cologne, Germany

**Asset type:** Residential: Mixed use: Office/Residential

**Renewable electricity:** Landlord

**Certifications:** BREEAM Pass

BREEAM®



### Werfthaus

**Location:** Frankfurt, Germany

**Asset type:** Office: Corporate: High-Rise Office

**Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** DGNB Gold



### Chatham & King

**Location:** Dublin, Ireland

**Asset type:** Mixed use: Office/Retail

**Renewable electricity:** Landlord, Tenant

**Certifications:** BREEAM Pass



### Grafton Lot 1

**Location:** Dublin, Ireland

**Asset type:** Retail: High Street

**On-site Renewables:** Yes | **Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** BREEAM Good



### Grafton Lot 2

**Location:** Dublin, Ireland

**Asset type:** Retail: High Street

**Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** BREEAM Good

BREEAM®



### Marianella

**Location:** Dublin, Ireland

**Asset type:** Residential: Multi-Family: Mid-Rise Multi Family

**On-site Renewables:** Yes | **Renewable electricity:** Whole building

**Certifications:** BREEAM Very Good





## ASSET SNAPSHOT



### Torino

**Location:** Milan, Italy

**Asset type:** Retail: High Street

**Renewable electricity:** Landlord, Tenant

**Certifications:** BREEAM Excellent



### Via Tornabuoni

**Location:** Florence, Italy

**Asset type:** Mixed use: Other

**Renewable electricity:** Landlord, Tenant (partial)

**Certifications:** BREEAM Pass



### HEMA

**Location:** Utrecht, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**Certifications:** BREEAM Acceptable



### NDSM

**Location:** Amsterdam, Netherlands

**Asset type:** Office: Corporate: Mid-Rise Office

**Renewable electricity:** Landlord

**Certifications:** BREEAM Pass



### Noortse Bosch

**Location:** Amsterdam, Netherlands

**Asset type:** Office: Corporate: Mid-Rise Office

**Renewable electricity:** Whole building

**Certifications:** BREEAM Pass



### Royal Flora - Aalsmeer

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**Certifications:** BREEAM Acceptable



### Royal Flora - Honselersdijk

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**Certifications:** BREEAM Acceptable



### Royal Flora - Laan van Verhof 43

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**On-site Renewables:** Yes

**Certifications:** BREEAM Acceptable





## ASSET SNAPSHOT



### Royal Flora - Laan van Verhof 56

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**On-site Renewables:** Yes

**Certifications:** BREEAM Acceptable



### Royal Flora - Laan van Verhof 63

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**On-site Renewables:** Yes

**Certifications:** BREEAM Acceptable



### Royal Flora - Rijsburg 75

**Location:** Amsterdam, Netherlands

**Asset type:** Industrial: Distribution Warehouse

**Certifications:** BREEAM Pass



### South Dock

**Location:** Amsterdam, Netherlands

**Asset type:** Residential: Multi-Family: High-Rise Multi-Family

**Renewable electricity:** Landlord

**Certifications:** BREEAM In progress



### Amazon

**Location:** Bielany Wrocławskie, Poland

**Asset type:** Industrial: Distribution Warehouse

**Renewable electricity:** Tenant

**Certifications:** BREEAM Very Good



### Barcelona First Ring

**Location:** Barcelona, Spain

**Asset type:** Industrial: Distribution Warehouse

**Renewable electricity:** Tenant

**Certifications:** BREEAM Pass



### Carrer del Arcs

**Location:** Barcelona, Spain

**Asset type:** Retail: High Street

**Certifications:** BREEAM Pass



### Gran Via 44

**Location:** Madrid, Spain

**Asset type:** Retail: Restaurants/Bars

**Renewable electricity:** Tenant

**Certifications:** BREEAM Pass





## ASSET SNAPSHOT



### Sabadell Tower

**Location:** Barcelona, Spain

**Asset type:** Office: Corporate: High-Rise Office

**On-site Renewables:** Yes

**Certifications:** BREEAM Pass



### Villaverde

**Location:** Madrid, Spain

**Asset type:** Industrial: Distribution Warehouse

**On-site Renewables:** Yes | **Renewable electricity:** Tenant

**Certifications:** BREEAM Good



### 7 Soho Square

**Location:** London, UK

**Asset type:** Office: Corporate: Mid-Rise Office

**Renewable electricity:** Landlord, Tenant

**Certifications:** BREEAM Very Good



### Dnata Cargo Point

**Location:** London, UK

**Asset type:** Industrial: Distribution Warehouse

**Certifications:** BREEAM Pass



### Dnata City

**Location:** London, UK

**Asset type:** Industrial: Distribution Warehouse

**Renewable electricity:** Tenant

**Certifications:** BREEAM Very Good



### Enfield

**Location:** London, UK

**Asset type:** Industrial: Distribution Warehouse

**Renewable electricity:** Tenant

**Certifications:** BREEAM Very Good



### Maxmor

**Location:** Dartford, UK

**Asset type:** Industrial: Distribution Warehouse

**On-site Renewables:** Yes

**Certifications:** BREEAM Good



### Mint

**Location:** Edinburgh, UK

**Asset type:** Office: Corporate: Mid-Rise Office

**Renewable electricity:** Tenant

**Certifications:** BREEAM Very Good





Social Impact



4



# Tenant Engagement

## Partnering with the people in our buildings

HECF aims to create exceptional experiences in prime real estate. We build strong partnerships with the tenants in our buildings and curate relationships based on their specific needs, priorities, and goals.

ESG has been a critical element of HECF’s tenant partnerships from our Fund’s beginning, and we provide ESG support and guidance and help our tenants reach their own ESG objectives while also prioritizing Fund and firm goals. Through firm- and region-wide ESG resources, the Fund brings sustainability to the forefront of our partnerships with the people living and working in our assets.



This tenant engagement event at Mariendalsvej, hosted by HECF Nordics, was part of the Fund’s Social Competition.



# ESG Collaboration

ESG is a key element of every HECF tenant partnership. We are dedicated to providing ESG assistance and guidance to help HECF tenants reach their ESG aspirations while prioritizing Fund and firm-wide goals, as well.



Kobmagergade Portfolio, Copenhagen



## 2023 HIGHLIGHT

### Striving for Greener

To realize our firm and Fund net zero carbon targets for Scope 3 emissions, we need to collaborate with our tenants on efforts to decarbonize their spaces. We are leveraging firm- and region-wide tools to bring carbon and other ESG topics into our conversations with tenants early and often.

#### Leveraging Green Lease Language

Because tenant emissions make up a large portion of Hines’ total emissions, green leasing language plays a critical part in our firm’s decarbonization strategy. HECF is using Hines Europe’s new **Green Lease Templates** to integrate ESG-focused leasing language into our tenant agreements.

Updated in 2023, the new templates for commercial, student housing, and build-to-rent properties place more emphasis on energy efficiency improvements, data sharing, and on-site renewables. They also include minimum and aspirational clauses to set a higher sustainability bar, provide a

clear path for improvement, and support tenant ESG goals.

These updated templates facilitate greater collaboration between HECF and our tenants by encouraging:

- Data sharing
- Right of access and metering
- Renewable energy procurement
- Enabling works
- Certification
- Sustainability procurement

The templates also require tenants to designate a sustainability contact to work directly with our team on key ESG initiatives and provide a split-incentive clause to share savings related to ESG CapEx investments.

# 36% of HECF Leases by Area now Include a Green Lease Clause

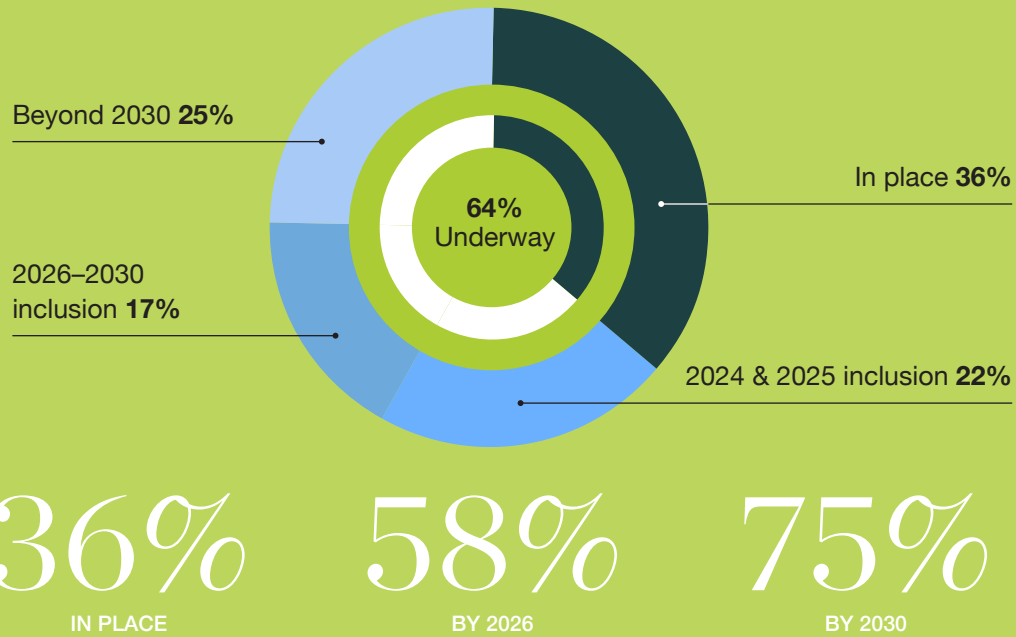
This figure represents all current leases including green lease clauses such as data provisions, access to the site, and prioritizing efficiency measures.

Of the 64% left:

- An additional 22% of the portfolio will have green leases by 2026
- A further 17% of the portfolio will have green leases by the end of 2030

- The final 25% will have green leases when current leases expire in/after 2030

During the hold period, we will use leasing events to promote green lease language and increase ESG engagement with tenants, with a portfolio-wide goal of 58% green lease coverage by 2026 and 75% by 2030.



*\*Based on portfolio assets and value as of July 2023.*



## Engaging Tenants in Decarbonization

The firm's new **Client Engagement for Decarbonization Guide** supports our Fund's green leases by helping HECF asset and building management teams understand our tenants' carbon ambitions early in the leasing relationship and keeping decarbonization top-of-mind throughout their lease.

Released in 2023, the guide shares best practices and lessons learned from Hines initiatives and properties across the globe and explains how to engage clients in a decarbonizing journey through:

- **Communication:** Fostering an ongoing conversation about decarbonization
- **Integration:** Including decarbonization in leasing documents, building rules and regulations, and fit-out guidelines



Chatham & King, Dublin

## Realizing ESG Ambitions with HinesGO and HinesGR

Our firm's proprietary ESG guide for occupiers, Hines GREEN OFFICE™ (HinesGO) and Hines GREEN RETAIL™ (HinesGR) help our tenants prioritize ESG efforts in their spaces. We offer these opt-in programs to give HECF tenants a framework for setting and reaching sustainability goals. The programs include a HinesGO or HinesGR resource guide to help tenants determine which policies and plans they want to implement, set benchmarks, and track progress.

HinesGO  
GREEN OFFICE

HinesGR  
GREEN RETAIL



# Building Biodiversity

HECF leverages the unique characteristics of our buildings and their surroundings to implement innovative approaches to ESG value creation that elevate tenant experiences, support local ecology, and bring benefit to the broader community.

## Supporting Pollination with Rooftop Beehives

Honeybees play an important role in urban pollination, which supports nature in the built environment. Our property management teams maintain beehives at several HECF assets in Germany to support local bee populations and biodiversity. We see urban beekeeping as a way to connect HECF tenants to the natural world, inspire curiosity, and provide an interesting context for discussing critical issues facing our environment and agricultural systems. The honey harvested from the hives is a delicious bonus.

Hives sit on the rooftops of:

- Caleido, Stuttgart
- Werfthaus, Frankfurt
- Domkaskaden, Hamburg
- Friesen Quartier, Cologne



### 2023 HIGHLIGHT

## Assessing and Managing Asset Habitats

We are working to improve biodiversity at HECF assets to promote tenant health and well-being, encourage natural recovery, and mitigate exposure to climate risk. As a first step toward a formal biodiversity strategy for the Fund, we conducted habitat assessments in 2023 at Caleido, Friesen Quartier, Marianella, Trikotageparken, and South Dock, building on the 2022 assessment at Eurosquare.

This sample set of assets includes residential and commercial infrastructure with areas of semi-natural habitat such as grasslands, scrub, and trees. Data from these assessments helps us to more closely examine the local ecology, identify conservation constraints and priorities, and create a detailed management plan for increasing biodiversity at each site.



Excerpt from the Eurosquare Biodiversity Assessment



# Executing ESG Holistically

## A comprehensive approach to sustainability improvements at Werfthaus and Portland Towers

Successful asset-level ESG strategies take a comprehensive approach to addressing environmental, social, and governance factors.

At Werfthaus and Portland Towers, HECF is implementing strategies that integrate sustainability across operational refurbishment, leveraging ESG to increase asset value and resilience while elevating the tenant experience.



### PROJECT HIGHLIGHT

## Werfthaus

**Location:** Frankfurt, Germany

HECF acquired this office asset in 2020 with the aim of improving the building. Since then, the Fund has implemented a number of ESG initiatives at Werfthaus.

### CERTIFICATIONS

The asset is in the process of being recertified through DGNB to demonstrate strong ESG credentials.

**DGNB**  
Silver  
Gold (targeting)



### Tenant Engagement

Our team created an ESG User Manual to help tenants operate their spaces efficiently and sustainably.

### Connectivity and E-Mobility

Eleven EV charging stations support emission-free travel for tenants and site visitors. An additional 15 spaces have been prepared for EV-charging expansion, which would be paid for by HECF.

### Community Engagement and Biodiversity

Two beehives installed on the roof of the site contribute to local biodiversity. In 2023, the management team invited students from an area school to a workshop with Werfthaus’ beekeeper to learn about honey, bees, and their importance as pollinators.

### Smart Building Infrastructure

A smart energy management system – which combines smart meters, consumption monitoring, building optimization software, and billing tools – provides efficiency and performance improvement insights that bolster our efforts to reduce energy consumption and carbon emissions.

### Decarbonization and Energy Efficiency

Looking to the net zero carbon roadmap created for Werfthaus, the team is beginning the asset’s carbon transition with initiatives including:

#### LED Conversions

- 406 lamps and 72 motion detectors have been converted to LED, saving roughly 17.864 kWh p.a.
- LED conversions are planned for all common areas in 2024.

#### Green Energy

- As part of the Hines Germany power purchase agreement (PPA), verified green sources will supply Werfthaus with electricity.
- 70% of energy requirements will be sourced from the Borkum offshore wind farm.





PROJECT HIGHLIGHT

# Portland Towers

**Location:** Copenhagen, Denmark

HECF acquired Portland Towers in 2020. Two former silos converted to office space, this iconic asset in the heart of Copenhagen has set new standards for sustainable building design, construction, and operation.

**Smart Building Infrastructure**

Plans are in place to install smart sensors throughout the building to monitor air quality and optimize efficiency in key spaces.

- Carbon sensors will monitor CO2 levels in the building’s meeting rooms and common areas.

- Occupancy sensors will track real-time occupancy and optimize energy consumption accordingly.
- Software that optimizes elevator operations will reduce electricity consumption and provide tenants with a “smart lift” experience.

**Decarbonization and Energy Efficiency**

LED lighting upgrades in common, technical, and storage areas will reduce energy consumption, and heating-system optimizations will minimize heating load.

Green tariffs for landlord controlled areas of the building will enable use of renewable energy.

**Biodiversity and Urban Green Space**

Nest boxes for swifts have been installed on the cement silos, and a green roof with an insect hotel is in the works. A rooftop garden will supply lunch service with fresh herbs and vegetables, while a green wall inside the building’s reception area will improve the indoor climate, air quality, and natural feel.

**Tenant and Community Engagement**

The management team at Portland Towers has engaged tenants around a range of social and community initiatives, including a clothing and fund drive for the people of Ukraine.



CERTIFICATION

BREEAM  
Very good





# Community Engagement

Connecting with the people and places around our assets

HECF is an investment vehicle with a long-term horizon. We believe investing in the social fabric of our communities builds enduring value and resilience. Our Fund supports and engages with the people and places around our assets in a variety of ways. We actively participate in civic organizations, support local charities and fundraising events through both philanthropy and volunteering, and join in community events.



Tenants at Mariendalsvj enjoy a festive outdoor gathering hosted by Hines Nordics as part of the Fund's Social Competition.



# Supporting Community Vitality

HECF actively engages with organizations to bring value and positive change to cities and communities. We work at the grassroots level to meet local needs, uplift public spaces, and address environmental and social sustainability and health.

## Collaborating with BIDs

We collaborate with Business Improvement Districts (BIDs) to further initiatives that improve the areas around our assets.

In 2023, HECF partnered with these BIDs to support community vitality:

- Københavns City Centre BID in Copenhagen
- Cheapside BID in the City of London
- We Are DublinTown BID in Dublin
- Rathausquartier BID in central Hamburg
- Stichting NDSM Local Foundation in Amsterdam



### 2023 HIGHLIGHT

## Furthering BID Initiatives at Domkaskadene

The Rathausquartier BID has been working to revitalize the local area. The initiative’s goal is to visually improve the district and structurally overhaul the roads, sidewalks, and open spaces in the quarter to encourage more foot traffic and enable the area to flourish.

HECF’s Domkaskaden asset sits in the heart of the Rathausquartier and the HECF Domkaskaden team has actively participated in this effort. In 2023, our team provided financial support, attended several meetings, and celebrated the groundbreaking of the revitalization project with our community.

The Domkaskaden team attends BID project groundbreaking ceremony.



### 2023 HIGHLIGHT

## Volunteering for a Community Cause

Based in London, the AHOY Centre provides opportunities for disadvantaged, disabled, and at-risk youth to participate in sailing, rowing, powerboating, and other water-based activities. The organization’s work breaks down social barriers and helps participants develop essential life skills, self-confidence, and pride.

AHOY also hosts crew races on the River Thames to fund their important programming. The HECF team jumped at the chance to row the 8.5-mile course in support of the AHOY Centre.







CASE STUDY

# HECF Social Competition

## Bringing social value to life in our asset communities

In 2023, HECF launched a social competition to encourage our asset and property managers to design innovative, impactful social efforts for our tenants and surrounding communities. Inspiration for the idea came from the many social initiatives already underway at HECF assets and our Fund’s desire to find replicable, scalable ways to strengthen the social value we bring to our communities.

Asset teams in Spain, the Nordics, Ireland, Italy, Germany, Poland, and France participated in the inaugural competition, which ended on December 31, 2023. The Nordics team won two electric bicycles for their office to encourage sustainable transportation.



An HECF Nordics event at Mariendalsvej raises donations for a Ukrainian orphanage.



### Hines Nordics

**Assets:** Portland Towers and Kobmagergade, Copenhagen

HECF property managers and tenants in the Nordics brought the Christmas spirit to a nursery and orphanage in Ukraine. Our teams hosted get-togethers with tenants at Portland Towers and Kobmagergade to share knowledge about the childcare facility and collect gifts and warm clothing to provide along with the donation of a much-needed generator. While raising funds and awareness was the focus of these events – which included glogg and a pop-up exhibition of work by Ukrainian artists – HECF teams also forged stronger connections with tenants.



HECF Spain team collects new clothes for donation.



### Hines Spain

**Asset:** Arcs 10, Barcelona

The team at Arcs 10 partnered with a tenant – a vacating clothing store – to purchase the remaining stock at cost and donate it to two local charities, in Madrid and Barcelona. The tenant was pleased to be involved in the initiative, and we were happy to provide new, high-quality clothes to people in need.





Hines Italy

**Asset:** Via Torino, Milan

This team organized two blood donation days outside HECF asset Via Torino, in Milan’s city center. A partnership with the charity Rosso, the events also served breakfast to encourage local participation and raise awareness about the importance of donating blood.



Hines France

**Assets:** Various office assets in Paris

In partnership with La Cravate Solidaire, a network of associations fighting against discrimination in hiring practices, the team collected more than 153 kg of unused corporate clothing from tenants and Hines employees at our office assets. The business attire will be given to people seeking to reenter the workforce after long-term unemployment.

Hines Ireland

**Asset:** Marianella, Dublin

The local property and asset managers at living asset Marianella hosted an event called Sustainable Rostrevor to raise awareness around homelessness in Dublin. Held in partnership with nonprofit Dublin Simon Community, the event included educational sessions led by an external sustainability expert to encourage tenants to live more sustainably. A fund and donation drive followed the event, giving tenants the opportunity to contribute money, clothing, and household items.

Left top: Tenants mingle at La Cravate Solidaire clothes donation event hosted by the HECF France team. Left bottom: The HECF Italy team hosts blood donation at Via Torino. Right: The HECF Werfthaus team hosts an educational workshop for children to learn about the importance of bees.

Hines Germany

**Assets:** Werfthaus, Frankfurt; Domkaskaden, Hamburg; Caleido, Stuttgart

The Werfthaus team arranged for our local beekeeper to host an interactive bee workshop for grade-school students from Frankfurt’s Pestalozzischule. The initiative, in collaboration with children’s local charity organization MainLichtblick e.V., brought joy, knowledge, and a jar of honey to children from socially disadvantaged backgrounds.



The Domkaskaden team provided unhoused community members with hot showers, clean clothes, and hygiene products through a partnership with GoBanyo, a mobile shower facility housed in a refurbished bus.

The team at Caleido collaborated with our tenants to provide gifts for children at a local cancer charity. The children created a wish list, and donations covered every item on the list, including LEGOs, sketchbooks, and stuffed animals. Tenants were also inspired to donate money to the cause, and HECF matched their financial contribution.



About Hines Europe



5



# Our Region and Governance Structure

## Prioritizing ESG across our portfolio

Hines has been actively investing in, developing, and acquiring real estate in Europe for more than 30 years. Headquartered in London, Hines Europe has 17 offices across the continent and includes a full portfolio of prominent office, retail, industrial, and residential properties.

The Hines Europe ESG Team drives a comprehensive ESG agenda across our firm’s European platform. We coordinate regional carbon reduction standards and initiatives, define social programs that foster meaningful engagement with our stakeholders, and implement transparent and accountable governance frameworks across the portfolio.



Hines’ European Head of ESG sits on the firm’s ESG Advisory Committee, which was formed in 2023 to further embed sustainability into Hines business lines and help implement and activate key sustainability initiatives.



### 2023 HIGHLIGHT

## Hines’ New European Headquarters Has ESG at its Heart

In September 2023, Hines Europe celebrated the opening of our new, world class headquarters at Grainhouse. A three-year restoration and refurbishment project transformed this Hines European Value Fund 2 (HEVF 2) acquisition into a prime office and retail asset in the heart of London’s Covent Garden – and three floors of the building are now occupied by Hines.

The HEVF 2 project team took a comprehensive approach to transforming the 91,000-square-foot former Victorian grain warehouse into a sophisticated workplace. The team considered environmental and social sustainability at every step – from acquisition, design, and development to day-to-day management and operations – and continues to work with the building’s tenants to prioritize ESG goals.



### CERTIFICATIONS

Our targeted certifications for Grainhouse reflect the industry’s highest green building standards

**BREEAM**  
New Construction Excellent



**WELL**  
Core Platinum (CAT A & CAT B;  
WELL Platinum certification  
obtained upon occupation)



**WiredScore**  
Platinum





# Europe ESG League

The Hines Europe ESG League is made up of regional representatives and includes a mix of roles covering Hines’ main business functions: investment, development, and management.

In 2023, the Europe ESG League hosted ESG calls every six weeks with individuals from country teams, investment management teams, and central functions to discuss global and country-specific topics including:

- data management
- climate and insurance risk
- new ESG tools and resources
- Hines’ carbon strategy

Local initiatives featured prominently – for example Hines Italy’s RFP for ESG consultants to help establish a country-level

40+  
participants across country teams  
and central functions

ESG strategy, and Hines Germany’s power purchase agreement progress – as did broader, regional discussions, such as the European EMS ISO-certification process.

The European ESG League also meets once a year in person for two days of ESG-focused discussion on strategic ESG initiatives, current best practices, and Hines case studies. The meeting also includes site visits to lighthouse ESG projects.



The Hines Europe team gathers for an offsite at aer in Munich.



## Country-level ESG Committees and Task Forces

In 2023, Hines country-level offices across Europe created ESG committees to focus even more deeply on local ESG initiatives. Committee members are from a variety of job families within Hines, leveraging diverse ESG knowledge and perspectives to better understand and drive sustainability initiatives in local markets.

Based on a model initiated by Hines Germany, Hines France formed a local ESG committee with an ESG coordinator and representatives from acquisition, development, construction, asset and property management, and marketing and communications. Hines Italy, Nordics, Spain, UK, and Greece are forming local ESG teams as well.

Helix, Hines’ property management company throughout the UK, also established an ESG task force of representatives from property, facilities, and on-site building management to promote collaboration and bring greater consistency to ESG efforts across the property portfolio.





2023 HIGHLIGHT

# European ESG Roadshow

The European ESG Team met with country teams throughout the region to provide ESG training, conduct an ESG portfolio and asset-level performance review, and visit select assets. The in-person meetings gave the ESG team a better understanding of each country’s unique achievements and challenges, and participants a chance to discuss their forward focus, including key ESG benchmarks, progress areas, and future plans.

These tailored, country-level ESG sessions increased connectivity between the Europe ESG team and country teams and helped to clarify each country’s ESG focus and next steps. Since the roadshow, regular calls with country teams every six weeks have helped the Europe ESG team to stay informed and follow up on progress.



Top: An ESG site visit with the Milan team. Bottom: An ESG training session with the Nordic team.

## ESG Offsite at aer in Munich

Hines colleagues from across Europe gathered in Munich in June for a two-day ESG offsite event. The meetup aimed to drive further connection and collaboration across our teams, share new resources and insights to accelerate our ESG work, and experience the ambitious and authentic aer and shaere projects.

The offsite gave us a chance to hear from Hines’ in-house experts on carbon, engineering, capital markets, asset management, development management, and innovation about tangible ways they are advancing ESG in their own areas of work. The event also included visits to LOVT and Tucherpark, two inspiring projects with high ESG aspirations.

Following the success in Munich, and the ESG offsite in Barcelona in 2022, Hines Europe plans to host ESG offsites annually.

40+

attendees



Hines colleagues learn about the shaere community engagement project.



In conjunction with the ESG offsite – and in line with our firm’s commitment to enriching community – Hines Europe made a donation to Mia Akademie, a Munich-based organization that provides training and support to help adolescents and young adults with intellectual disabilities gain a foothold in the labor market





# Integrating Climate Risk into Asset Value with C Change

Hines is a founding sponsor of and active participant in C Change, an Urban Land Institute (ULI) program to fast-track decarbonization and address climate risk by integrating it into asset value.

C Change leverages industry collaboration and data sharing to:


- Discover and define best practices for assessing and evaluating climate risk over the lifespan of an investment
- Create a standardized way to link ESG performance with financial valuations

In June of 2023, C Change released initial guidelines for 12 transition risks, eight of which can be quantified into a discounted cash flow, along with advice for systematically integrating decarbonization into cash flow models.

Hines’ European ESG team tested the guidelines at Hines European Core Fund (HECF) asset Noortse Bosch by integrating them into our standard cash flow model to understand the payback period of net zero carbon capital expenditures in the

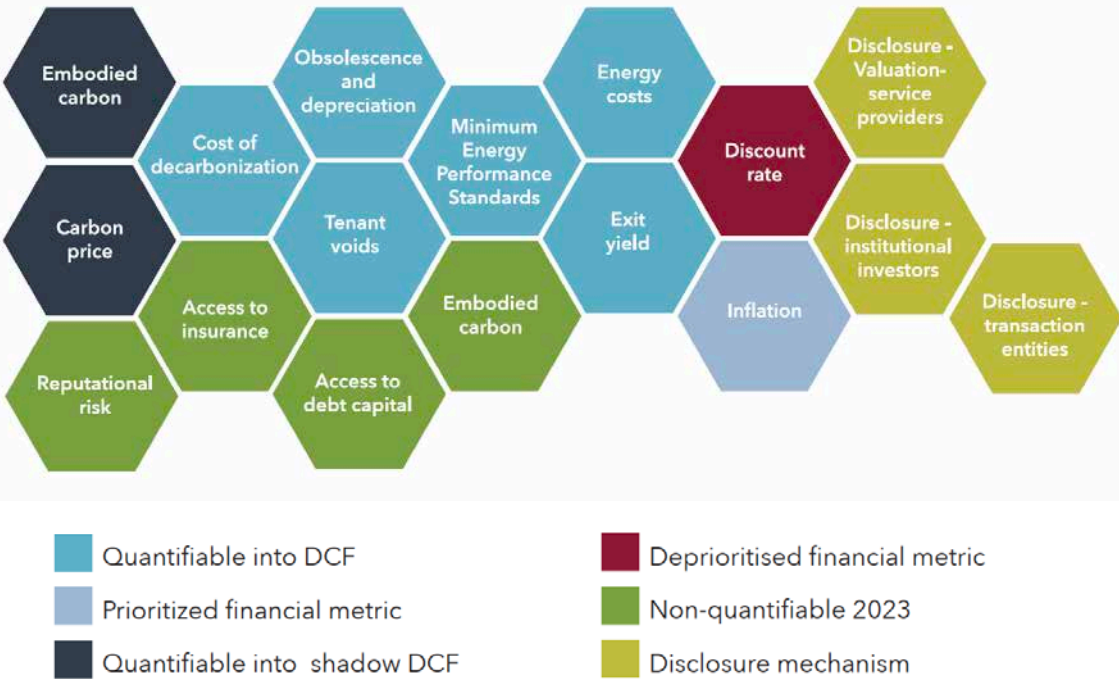
context of real asset-level financial models. We evaluated the costs associated with installing solar panels, decarbonizing heating, and driving energy efficiencies at the asset against potential energy savings, operational carbon pricing, leasing impacts, and a premium or discount at exit, and provided feedback to C Change.

We believe in C Change’s potential to ripple across global markets, supporting asset-level decarbonization plans that help future-proof the built environment and positively impact people and communities.



Hines’ Head of European ESG, Daniel Chang, sits on the C Change steering committee, is on the board of the ULI Randall Lewis Centre for Sustainability, and was appointed co-chair of the ULI European Sustainability Council in 2023. He presented the initial findings of our test at the C Change Summit held in Copenhagen.

## C CHANGE TRANSITION RISKS AND CASH FLOW NET ZERO CARBON CONSIDERATIONS



Noortse Bosch, Amsterdam



# Supporting Our Employees

## Investing in our most important asset

Hines operates as a global team on a local scale. Our firm strives to provide a consistent, positive experience for employees around the world while supporting the regional and cultural flexibility unique to each Hines office.

Like all Hines employees, the Europe team enjoys excellent health and wellness benefits, opportunities for learning and career growth, and initiatives that foster well-being and belonging. Our team participates in firm-wide employee satisfaction surveys every three years (and more frequent “pulse” surveys around timely issues) and has access to EthicsPoint to confidentially raise issues of concern.

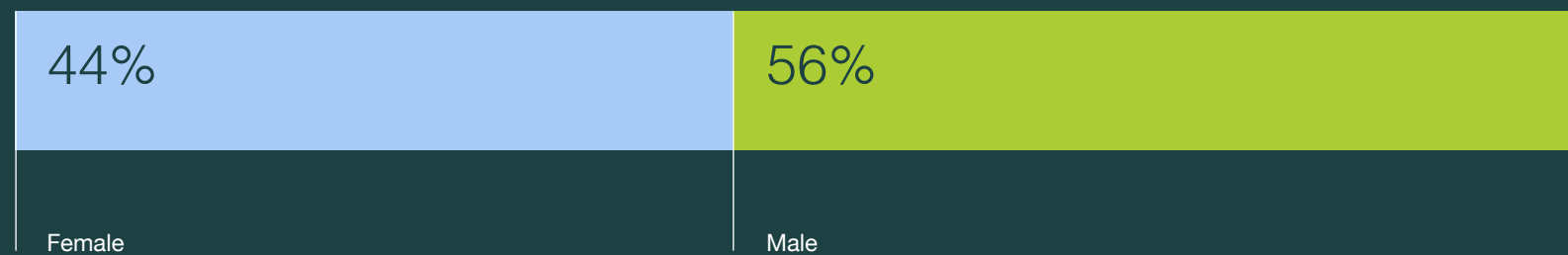


Site visit during the ESG League off-site in Munich

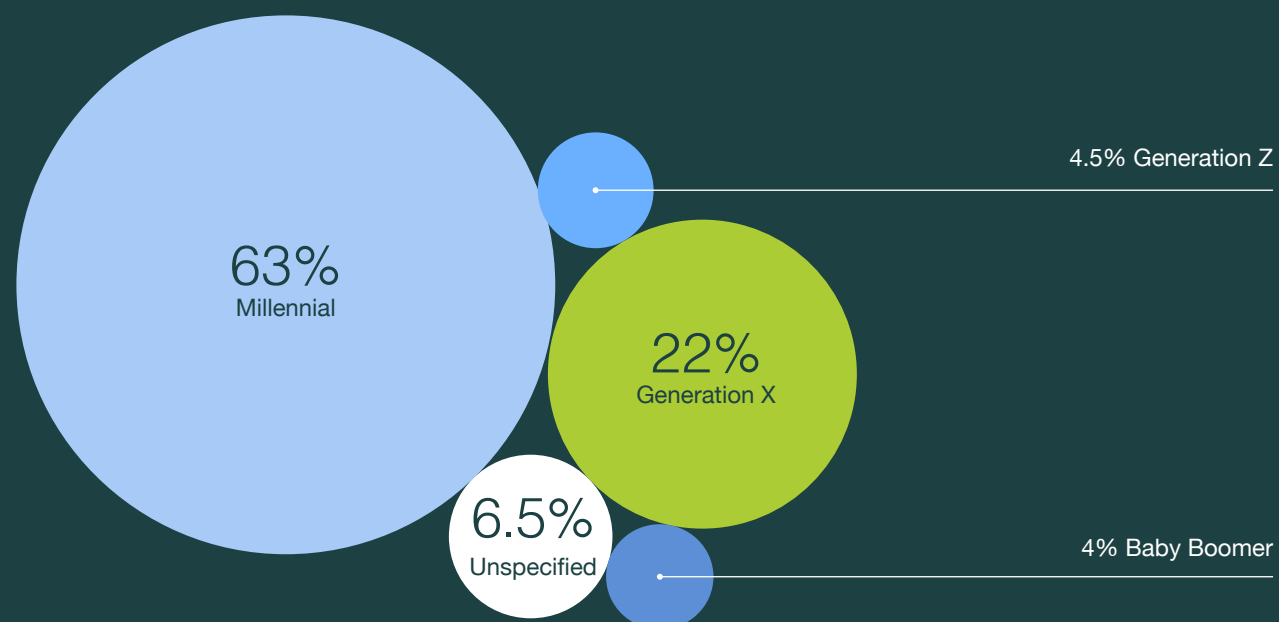


## HINES EUROPE\*

## Gender Diversity



## Generational Diversity



## Employees

804

## Employees by Country





# ESG Upskilling and Training

All Hines employees participate in ESG training to better understand and support the firm’s Global ESG Strategy and integrate it into their daily roles. Hines Europe employees also receive trainings on region-specific ESG initiatives, and investment management employees in Europe have specific ESG targets tied into their annual objectives and reflected in performance reviews.

## Upskilling on ESG, Decarbonization, and GRESB Reporting

In 2023, the firm launched two new training programs: ESG 101 and Carbon 101. These modules were designed to educate employees about Hines’ Global ESG and Carbon strategies and associated reporting requirements.

Hines Europe also created an online ESG trainingfor new employees as part of the European Onboarding Program.

Hines Europe employees who support our participating funds received two GRESB-specific trainings in 2023, as well. These dug into each fund’s GRESB scope and

performance, scoring breakdown and points potential, conclusions, and key steps and action plans to prioritize ESG and improve the score moving forward.

Employees participate in the Hines Europe ESG Offsite in Munich.



## Diversity, Equity, and Inclusion Training

Hines Europe’s Diversity, Equity, and Inclusion (DEI) education builds on firm-wide training and initiatives to foster inclusion and belonging.

- Our 2023 training topics included:
- Conscious Inclusion
  - The Role of DEI in People Management
  - Diversity Talks: Anti-Racism & Anti-Sexism in the Workplace
  - Having Challenging Conversations
  - Strength in Solidarity: How to Become an LGBTQ+ Ally
  - Innovation through Inclusion
  - Understanding Allyship
  - Global Collaboration

Hines Europe employees participated in

1,355

total hours of DEI training



# Investing in Community

**Giving back to people and places**

Hines Europe is committed to enriching the communities around our assets. In addition to firm-wide philanthropy and volunteering, we support regional and local charities and participate in awareness-raising events for communities in need.



Hines Europe, Hines UK and Helix join together for the annual JLL Property Triathlon.





2023 HIGHLIGHT

# Hines Europe Colleagues Support London Soup Kitchen

Employees from Hines investment funds BVK, HECF, HEPP, and the HEREP fund series, including HEVF 2, volunteered at a Refugee Network International soup kitchen near London’s Charing Cross. Our colleagues also donated tents, rucksacks, sleeping bags, clothes, and toiletries to those coming to the soup kitchen.

Together, the team of 22 Hines Europe volunteers:

- Contributed provisions for about 90 service users
- Served approximately 85 meals on site
- Served 30 meals and hot drinks as part of the street outreach



Hines Europe Employees volunteering with Refugee Network at the International Soup Kitchen.

## Social Enterprise UK

Hines UK is an active member of Social Enterprise UK (SEUK), the largest network of social enterprises in the UK. SEUK members represent the major players in the UK social enterprise movement, from multi-million-pound public service providers to community organizations and retail businesses. Its purpose is to promote and share its values and get social enterprises on the radars of decision-makers across all sectors. Hines UK also participates in SEUK’s Buy Social Corporate Challenge – the world’s largest commitment to social procurement – and strives to work with suppliers that have a positive social or environmental impact.





# Compliance and Methodology

## Reporting standard - INREV compliance

The HECF sustainability strategy and key environmental performance data (e.g. energy and water consumption) in this report have been compiled in line with the INREV Sustainability Reporting Guidelines. As permitted by the guidelines, environmental data is developed and presented in line with GRESB.

HECF has reported environmental data where it has ‘operational control’ and where, acting as landlord, it was responsible for procuring utilities and/or waste management services. This scope applies to ‘directly managed’ (multi-let) assets, where HECF has the authority to introduce and implement operating policies. The reporting process has been supported by the sustainability consultancy firm EVORA, using a proprietary sustainability software tool, SIERA. HECF also commissioned EVORA Global, who undertook a limited assurance engagement of reported environmental data.

## Methodology

Like-for-like energy, water and greenhouse gas (GHG) emissions performance compares consumption and emissions data of assets held in both 2022 and 2023, excluding any assets held for less than 24 months, or assets that underwent major refurbishment during this time. Like-for-like performance data have been normalised to remove the impact of external factors on consumption, where relevant. Normalisation for external factors has considered occupancy changes and weather patterns (through reference to ‘heating degree days’). Only gas, district heating (and, for one asset, electricity) and related GHG were normalised for degree days. Degree-day information has been sourced from www.degreedays.net using the closest weather station to each asset.

Normalisation adjustments for occupancy and weather patterns are standard practice in sustainability reporting; however, we acknowledge that a linear approach – including the one applied here – does not reflect the true relationship between these external factors and building operation. Clearly, all buildings and tenants are different and blanket assumptions such as those applied here have a limited ability to reflect all such nuances. In future, we intend to engage directly with this sector-wide issue and to explore a more sophisticated approach for reporting. To pursue this

goal, we will complete our own internal investigations and engage with external parties and industry associations, as appropriate.

## Sustainable Finance Disclosures Regulation (SFDR)

The Fund’s private placement memorandum (‘PPM’) ensures compliance with article 6 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, (the ‘SFDR’), by setting out (1) how sustainability risks are integrated into the investment decision-making in respect of the Fund and (2) the likely impact of sustainability risks on the returns of the Fund. The Fund purports to promote certain environmental and social characteristics pursuant to article 8 of the SFDR by way of the inclusion of a number of ESG targets which are further detailed in the Funds’ PPM. There is no suggestion that any of the Fund’s investments are ‘sustainable investments’ pursuant to the SFDR or otherwise ‘taxonomy-aligned’ investments pursuant to the Regulation (EU) 2020/852 on the establish ment of a framework to facilitate sustainable investment.

# Disclaimer

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The statements in this document are based on information which we consider to be reliable. This document does not, however, purport to be comprehensive or free from error, omission or misstatement. We reserve the right to alter any opinion or evaluation expressed herein without notice. Statements presented concerning investment opportunities may not be applicable to particular investors. Liability for all statements and information contained in this document is, to the extent permissible by law, excluded.

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Any such offer will be made only pursuant to a confidential private placement memorandum and the definitive documents of the Fund (the “Definitive Documents”), which will be furnished to qualified investors at their request in connection with any such offering and should be referred to before making any investment decisions. The information contained in this presentation is qualified by reference to the Definitive Documents, which will entirely supersede this presentation. The information in this document should not be relied on because it is incomplete and remains subject to change.

## Preliminary, Selective Information Only

This document summarizes certain characteristics of a proposed investment program. It is presented solely for purposes providing you with initial and general information at your own responsibility. This document is not suitable to inform you of the legal and factual circumstances necessary to make an informed judgement about any prospective investment. Prospective investors are requested to inform themselves comprehensively and, in particular, to verify the Definitive Documents which is are expected to be provided in the future. Hines reserves the right, in its sole and absolute discretion, without notice, to alter the terms or conditions of the Fund and/or to terminate the potential investment opportunity described herein. Unless otherwise noted, the information contained herein is unaudited and may be preliminary and speaks as of the date of this document or the specific date specified. Hines disclaims any obligation to update this document in any manner, even in the event that the information becomes materially inaccurate.

In no event should this document be viewed as legal, business, tax, accounting, investment or other advice. Any statements of federal tax consequences contained in this presentation were not intended to be used and cannot be

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## Real Estate Related Risks

Investments in real estate funds such as those described herein, are subject to numerous risks and uncertainties, including risks inherent in private, real estate funds, such as lack of liquidity, lack of diversification and dependence on key personnel of the fund sponsor, as well as risks inherent in the types of investments such funds make, competition for investment opportunities, changes in market conditions, regulatory and environmental risks, entitlement and development risks and risks of tenant, purchaser or seller defaults on contractual obligations. Investors in real estate funds must be able to evaluate and bear the potential consequences of these and other risks, including the potential loss of their entire investment.

The characteristics of investments to be made by the Fund may vary from the characteristics of those shown herein and may not have comparable risks and returns. An investment in the Fund is speculative and involves significant risks, including loss of the entire investment and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an investment in the Fund. The Fund should be considered illiquid, as there is limited to no secondary market for interests in the Fund and there are restrictions to redemptions and/or transfers of interests in the Fund. A recipient who has preliminary interest in the Fund should understand these risks and have the financial ability and willingness to accept such risks for an extended period of time before considering making an investment in the Fund. Please refer to the Definitive Documents for detailed information on the risks and rewards of the Fund.

## Prior or Targeted Performance

Any investment entails a risk of loss, including loss of the entire investment. In considering any performance data contained herein, each recipient should bear in mind that past performance is not indicative of future results, and there can be no assurance that an investment program will achieve comparable results or will achieve any target or estimated results.

The Fund will make investments in different economic conditions than those prevailing in the past. Thus, no guarantee is made that the Fund will have the same types or diversity of investment opportunities as prior vehicles. While Hines believes all performance targets and estimates to be reasonable and sound under the current circumstances,

actual returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ materially from the assumptions and circumstances on which the estimated future cash flows and exit values used in the performance estimates and targets contained herein are based. Accordingly, nothing herein should be deemed to be a prediction or projection of future performance of the Fund and actual realized returns on unrealized investments may be materially different from the returns indicated herein. Additional information on the performance and other numbers presented herein is available from Hines upon request. Please refer to the Definitive Documents for detailed information on Fund performance.

## Track Record

The Hines property investments and investment programs referred to herein were made at different times, with materially different terms and in materially different market conditions than those contemplated for the Fund. The results of the investment programs presented illustrate results that could be achieved in certain conditions if the underlying assumptions prove to be correct. In considering all of the track record and performance information contained herein, prospective investors should bear in mind that past performance is not indicative of future results, and there can be no assurance that the Fund will achieve comparable results to historical transactions or that the Fund will be able to implement its investment strategy and investment approach or achieve its investment objective.

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Currency and Taxation

Investments in the Fund will be denominated in Euros and, therefore, will be subject to any fluctuation in the rate of exchange between the Euro and the currency of the investor's home jurisdiction, which may have an adverse effect on the value of, price of or income or gains from an investor's investment in the Fund. Future performance is subject to taxation which depends on the personal situation of the investor, and which may change in the future.

ESG

It should not be assumed that any sustainability initiatives, standards, or metrics described herein will apply to each asset in which the Fund invests or that they have applied to each of Hines' prior investments. Indeed, although the

Fund promotes E/S characteristics and therefore falls under the scope of the Article 8 SFDR, it will on the one hand hold assets that align with the promoted characteristics, but, and on the other hand, it will also hold some assets for other purposes which will not be necessarily complying with the binding elements. Please refer to the Fund's SFDR disclosures for more information on the planned asset allocation. Sustainability is only one of many considerations that Hines takes into account when making investment decisions, and other considerations can, in some cases, be expected in certain circumstances to outweigh sustainability considerations. The information provided herein is intended solely to provide an indication of the sustainability initiatives and standards that Hines applies when seeking to evaluate and/or improve the sustainability characteristics of an asset as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments may exhibit characteristics that are inconsistent with the initiatives, standards, or metrics described herein. The decision to invest should take into account all of the characteristics of the Fund as described in the Definitive Documents and not just ESG characteristics.

Forward Looking Statements

This document contains projected results, forecasts, estimates, targets and other "forward-looking statements" concerning proposed and existing investment funds and other vehicles. Due to the numerous risks and uncertainties inherent in real estate investments, actual events or results, or the actual performance of any of the funds or investment vehicles described, may differ materially from those reflected or contemplated in such forward-looking statements. Accordingly, forward-looking statements cannot be viewed as statements of fact. The projections presented are illustrations of the types of results that could be achieved in the given circumstances if the assumptions underlying them are met. Prospective investors should not rely on such forward-looking statements in deciding whether to make an investment.

Endnotes

- 1 Does not include Amazon and Project Prague: Continental Brandys asset, as a relevant CRREM category does not exist for these assets.
- 2 7 Soho Square and Metropoles Portfolio are not included in "applicable portfolio" as 7 Soho is a redevelopment and Metropoles has not been operational for long enough to obtain a net zero roadmap.

Definitions:

**BREEAM** is the world's leading science-based suite of validation and certification systems for a sustainable built environment. It provides independent third-party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. Participants pay for the certification process.

**CRREM (Carbon Risk Real Estate Monitor)** aims to provide the European commercial real estate industry with appropriate science-based carbon reduction pathways at building, portfolio and company level and with financial risk assessment tools to cost-effectively manage carbon mitigation strategies. CRREM resources are free to market participants; though companies are charged to refer to CRREM in reports and register their compliance with CRREM pathways officially.

Offered by the German Sustainable Building Council, **DGNB** is a holistic certification process by the German Green Building Council that measures environmental quality, economic quality, sociocultural and functional quality of new buildings, existing buildings, refurbishments and buildings in use. Hines pays to submit projects for certification.

**GRESB** is a mission-driven and investor-led organization that provides actionable and transparent Environmental, Social and Governance (ESG) data to financial markets. GRESB collects, validates, scores and benchmarks ESG data to provide business intelligence, engagement tools, and regulatory reporting solutions. Hines pays to participate in GRESB.

The HQE certification is a voluntary process for construction, renovation and maintenance of all building types. It shows balance between respect of the environment (energy, carbon, water, waste, biodiversity, etc.), quality of life and economic performance through a comprehensive approach. Fees are based on the scale and scope of a project.

**LEED** (Leadership in Energy and Environmental Design) is the most widely used green building rating system in the world. LEED is for all building types and all building phases including new construction, interior fit outs, operations and maintenance and core and shell. To earn LEED certification, a project team must demonstrate compliance with all mandatory prerequisites and select a number of optional credits to pursue. Hines pays registration and certification fees.

The **Nordic Swan Ecolabel** was established in 1989 by the Nordic Council of Ministers as a voluntary

ecolabelling scheme for the Nordic countries Denmark, Finland, Iceland, Norway and Sweden. The Fund pays to submit for Ecolabel certification.

The **Pension Real Estate Association (PREA)** established the annual PREA Real Estate Investment ESG Awards to recognize PREA members at the forefront of ESG within real estate investing, and to provide the industry with examples of best practices in ESG. To be eligible for PREA's Open-end ESG Award, the fund must be an open-end real estate fund, the firm managing the fund must be a PREA member and the fund must participate in GRESB. Winner is selected based on the fund's GRESB score and an expert panel's subjective rating of the fund's ESG program.

**PERE** is the leading publication for the world's private real estate markets. For the PERE awards, PERE's editorial team selects a short list of submissions based on their experience with the firm'smaking the submissions. Award nominations are highly subjective and include qualitative and quantitative criteria, looking for evidence of a firm's activity capital raising, deal execution and/or innovation.

**SmartScore** certification recognizes and promotes technologically advanced smart buildings globally. SmartScore is offered by WiredScore.

Projects pursuing **WELL** Certification can earn points based on performance outcomes for various policy, design and operational strategies and can achieve one of four certification levels: Bronze, Silver, Gold or Platinum. Hines pays to submit a project for certification.

**WiredScore** is the global digital connectivity rating system, working with landlords to assess, improve, benchmark and promote their buildings. A WiredScore Certified building proves that it is of satisfactory levels of digital connectivity. To achieve WiredScore Certified status, a building must be digitally capable to meet the majority of tenants' technological demands. SmartScore identifies best in class smart buildings that deliver an exceptional user experience, drive cost efficiency, meet high standards of sustainability and are fully future-proof. Hines pays to undergo the process to achieve the score.

Published June 2024.

This report is a snapshot of the Hines European Core Fund as of December 31, 2023. Unless otherwise noted, all data in this report is as of December 31, 2023.

For a comprehensive disclosure of INREV-compliant sustainability data, please email Daniel Chang: [daniel.chang@hines.com](mailto:daniel.chang@hines.com).



## About Hines

Hines has been a leader in real estate investment, development, and management for more than six decades. Founded by Gerald D. Hines in 1957, Hines is now one of the largest privately held real estate firms in the world, with a global presence and extensive experience across all property types and investment risk profiles.

We strive to create and preserve value in the built environment through spaces that set industry standards for quality and efficiency, uplift cities and communities, and enable our tenants and other stakeholders to flourish. ESG is central to Hines’ business strategy. We believe prioritizing ESG factors leverages our vertical integration and broad expertise – and differentiates us as a company.

Hines uses an ESG lens to support decision-making, goal-setting, and continuous improvement across the firm. Our commitment to sustainability inspires us to tackle pressing climate and industry challenges through innovation and supports our company vision: to be the best real estate investor, partner, and manager in the world.

To learn more about our firm-wide focus on ESG, visit [hines.com/esg](https://hines.com/esg).

## Investment Management

**Alex Knapp**  
Chief Investment Officer - Europe  
Senior Managing Director  
+44 20 7292 1900  
[alex.knapp@hines.com](mailto:alex.knapp@hines.com)

**Simone Pozzato**  
Fund Manager  
Senior Managing Director  
+44 20 7292 1900  
[simone.pozzato@hines.com](mailto:simone.pozzato@hines.com)

**David Pinguelo**  
Deputy Fund Manager  
Managing Director  
+44 20 7292 1900  
[david.pinguelo@hines.com](mailto:david.pinguelo@hines.com)

## ESG Europe

**Daniel Chang**  
Head of ESG - Europe  
Managing Director  
+44 20 7292 1900  
[daniel.chang@hines.com](mailto:daniel.chang@hines.com)

