

Hines European Property Partners

2023 ESG REPORT

Hines





Hines European Property Partners (HEPP or the Fund) prioritizes environmental and social sustainability improvements to enact positive change. Our focus on driving ESG performance preserves and enhances asset value and future-proofs our portfolio whilst bringing benefit to local communities. We strive to embed ESG principles and practices across the life cycle of our assets – from acquisition and development to operational performance – to ensure they support the Fund’s and occupiers’ objectives and reflect Hines’ ambitious sustainability goals.

This report describes HEPP’s ESG commitment in action.

The Fund acquired five logistics assets in 2023 and closed on two living projects in Q1 2024 (purpose-built student housing in Bristol) and Q2 2024 (build-to-rent in Newcastle). All of these acquisitions went through our rigorous ESG due diligence processes to fully align with the Fund’s net zero carbon strategy, which in some instances resulted in price reductions and design changes during the acquisition processes.

For the Hainichen logistics asset, acquired in Q4 2023, the purchase price was reduced by 5% to allow the Fund to improve the heating system and meet ESG commitments, as the in situ pellet heating system is not net zero carbon compliant. On our living asset in Newcastle, the Fund collaborated with the vendor to elevate the ESG credentials of the proposed design and change the planned gas boilers to air sourced heat pumps, which will allow the Fund to meet its net zero carbon targets. These are just two of many examples where ESG was, and continues to be, a fundamental consideration during the Fund’s asset selection and acquisition phases.

We leveraged Hines Europe’s ESG Development Brief to prioritize operational efficiency and set performance benchmarks at our development and refurbishment assets, including the proposed redevelopment of Central1 in Stuttgart.

We also collaborated on ESG aspirations with the tenants at HEPP’s operational assets using new green lease language to promote efficiency and encourage

decarbonization efforts that will assist in reaching our net zero carbon goals.

The HEPP team continues to engage with our asset communities through volunteering and fundraising initiatives – including the visually stunning “In Your Face” campaign at Central1 that is raising awareness about the danger of microplastics in our oceans.

The pages that follow show further examples of sustainability in action across the Fund’s portfolio and the bold steps being undertaken to address climate risks and opportunities through ESG.

Jorge Duarte
Senior Managing Director
Fund Manager

Daniel Chang
Managing Director
Head of European ESG

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About Hines Europe

HEPP Overview



Central 1, Stuttgart



HEPP Overview

ESG factors at the heart of investment strategy

Hines European Property Partners (HEPP or the Fund) is a diversified open-ended core-plus fund focused on acquiring and developing assets with embedded value in key European markets. Launched in April 2022, this flagship Hines-sponsored Fund includes logistics, office, living, and mixed-use assets in some of Europe’s most dynamic urban areas.



HEPP ESG HIGHLIGHTS



2022

- Fund launches April 20
- Characterized as an Article 8 fund under the SFDR
- Creates and rolls out an EMS certified under ISO 14001
- Green leases signed for tenants at three assets

2023

- Achieves data coverage of 100% of landlord-controlled areas
- Completes net zero carbon roadmaps and climate risk studies for 100% of assets held prior to Q4
- Closes on Mijdrecht, Savona, Hainichen, Project Ring, and Warrington 379
- 100% of portfolio certified under BREEAM In-Use

HEPP AT A GLANCE*1

Fund Presence



Countries

Germany
Italy
Netherlands
Spain
UK

5

Cities

Amsterdam
Barcelona
Doncaster
Hainichen
Hamburg
Madrid
Mijdrecht
Normanton
Savona
Sheffield
Stuttgart
Warrington

12

Number of Assets

14

Total GAV²

€446 M

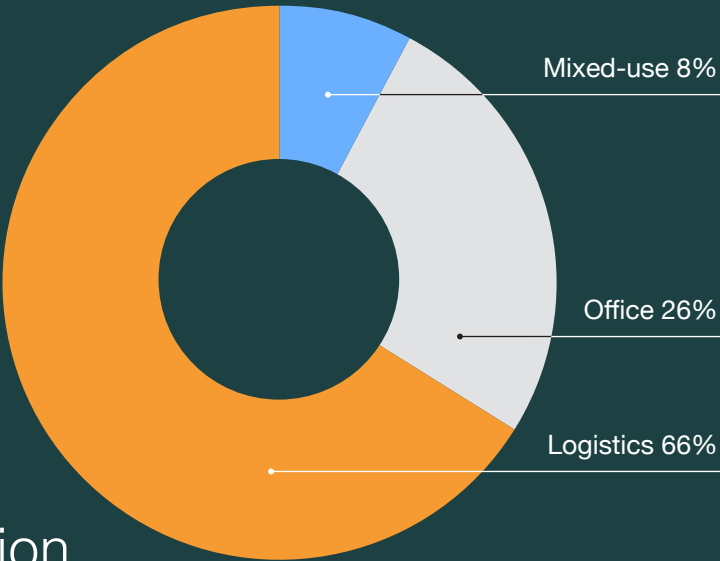
Total Equity Commitments

€937 M

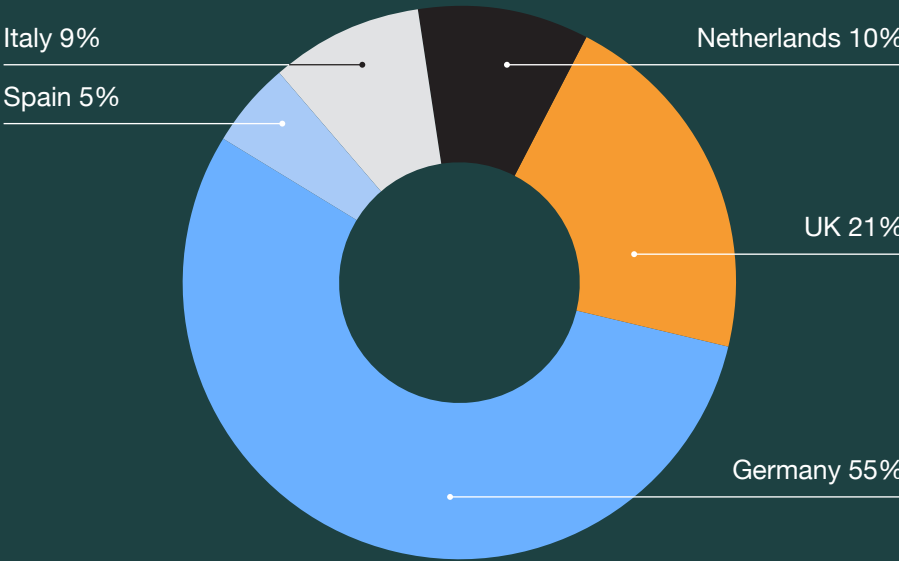
Occupancy

71% 100%
Portfolio Stabilized Portfolio³

Allocation by Sector



Allocation by Country



*As of December 31, 2023.

ESG Strategy, Governance, and Priorities



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Our ESG Strategy

Bringing value to assets and communities

HEPP strives to actively enhance value at the asset level. Through repositioning and continuous improvement, we aim to create future-proofed buildings that enhance surrounding communities and minimize environmental impact. We embed ESG considerations into our investment process and prioritize ESG performance across our portfolio to meet occupier and investor requirements, now and in the future.

HEPP’s ESG strategy focuses on three key themes:

- Low-carbon buildings: utilizing innovative design and technologies, whole-life carbon assessments (WLCAs), and circular systems
- Net zero carbon targets for standing assets: improving energy efficiency and renewables, using green leases, and pursuing green building certifications
- Best-in-class operational standards to support occupier health and well-being: bringing community benefit through placemaking, biodiversity, and social impact initiatives



Savona, Italy

ESG Alignment Across Our Firm

Revisiting Hines’ material areas and revising the global ESG framework

Like all Hines investment entities and funds, HEPP 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. We 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

HEPP established an Environmental Management System (EMS) in 2022 and outlined roles and responsibilities to ensure it operates effectively.

Our Fund’s EMS is encompassed by Hines Europe’s EMS, which is certified to ISO 14001:2015. A critical part of our ESG strategy, the EMS provides a framework to ensure all Fund commitments, responsibilities, and objectives are clearly defined and communicated to internal and external stakeholders. It is reviewed and updated annually, or more frequently as necessary.

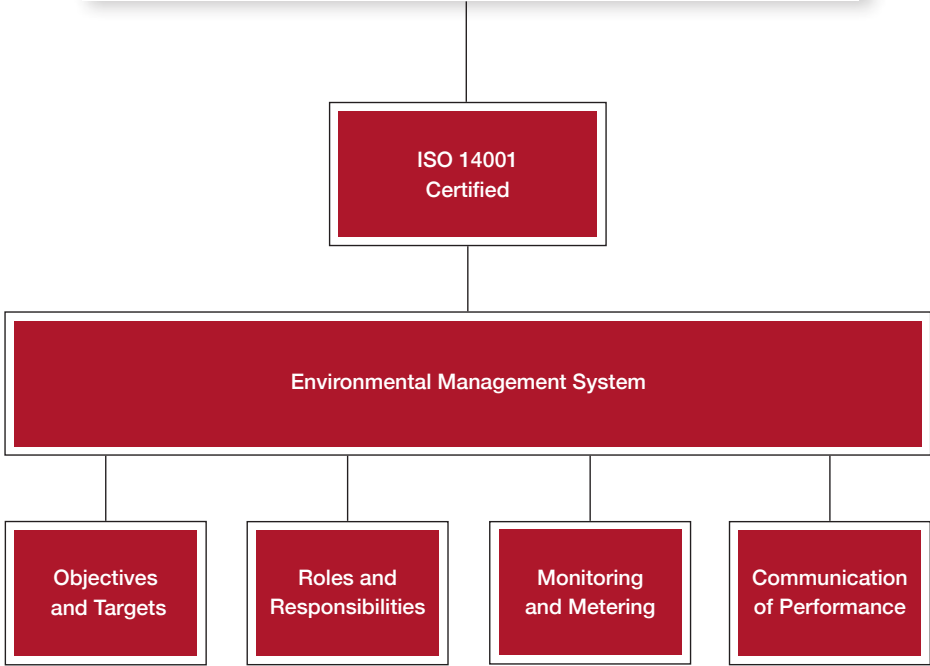
The EMS follows a Plan-Do-Check-Act approach to promote continuous improvement:

- **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, Bureau Veritas, a leader in audit and certification services, completed Hines Europe’s second 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.



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



CASE STUDY

Savona

Prioritizing ESG across the spectrum

Location: Savona, Italy
Acquired: 2023

This 40,000-square-meter logistics warehouse in Savona, Italy is west of Genoa, close to one of the largest ports in Northern Italy. Leased to Conad, a leading Italian grocery retailer, the asset functions as its key distribution hub for northwestern Italy.

Savona exemplifies HEPP’s efforts to holistically improve performance across the ESG spectrum – with specific

CERTIFICATIONS

Savona has achieved BREEAM Good with plans to reach Very Good in the next submission.

BREEAM
In-Use Good



emphasis on minimizing carbon and maximizing social value.

Environmental Attributes

A 1,536 kW photovoltaic (PV) plant, covering the entire roof, supplies most of the tenants electrical needs. The building also features high-performing fixtures, fireproof varnish, and LED lights.

HEPP commissioned a net zero carbon roadmap and climate risk study for Savona in 2023 and will begin implementing recommendations from these assessments in 2024.

Social Attributes

Conad maintains a foundation that has invested more than €20 million in corporate social responsibility initiatives.

HEPP will engage with the Conad Foundation to organize events in Savona with a focus on education projects, including:

- Thematic programs inspired by ESG topics including climate change
- Events and workshops on social and environmental sustainability
- Job training, with dedicated courses on career opportunities within the broader Conad group

HEPP also collaborated with Banco Alimentare, a nonprofit food bank dedicated to recovering surplus food. We donated €7,000 to cover the expense of transporting the food to Savona, where Banco Alimentare distributes it to local charities that provide meals to those in need.



External ESG Frameworks, Alignment, and Achievements

HEPP utilizes external ESG governance frameworks and benchmarks to hold ourselves accountable, disclose our objectives, report our progress, and evaluate continuous improvement. We communicate our ESG targets and achievements to stakeholders through several channels including tenant and investor meetings, outreach, events, and reporting.

We continued to align with relevant European Association for Investors in Non-Listed Real Estate Vehicles (INREV) ESG reporting requirements in 2023 – including all data analysis requirements – to provide transparency to HEPP investors on energy, waste, water, and carbon performance compared to our peers.

HEPP will submit to the Global Real Estate Sustainability Benchmark (GRESB) in 2024 for the 2023 reporting period and highlight actions taken to prepare our assets for GRESB review.



Aligned with SFDR Article 8

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 make informed choices about ESG-related factors in investments.

As an Article 8 Fund under SFDR, HEPP 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 Across Our Portfolio

HEPP is committed to understanding climate risk – particularly transition and physical risk – at our assets. For existing investments, we assess and track climate-related risks through:

- Annual climate risk assessments
- Ongoing performance monitoring (e.g., energy and greenhouse emissions trends)
- Sustainability Assessment Action Plans (SAAPs)
- Certification programs such as energy performance certificates (EPCs) and green building certifications
- Technical audits

We use insights from these processes to shape strategy and prioritize improvement opportunities at our assets, to address climate risk proactively and effectively across the portfolio.

Aligning with TCFD Recommendations

In 2023, HEPP commissioned third-party climate risk assessments on all assets and acquisitions, in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) now part of the International Financial Reporting Standards. The assessments examined physical climate risk exposure – through scores for six climate hazards made up of 21 underlying risk indicators – looking ahead to the 2030–2040 time frame. We are integrating the findings into each asset's strategy and considering them holistically as part of our broader strategy.



Aligned with The UN SDGs

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

<div>3</div> <div>GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>4</div> <div>QUALITY EDUCATION</div> <div></div>	<div>6</div> <div>CLEAN WATER AND SANITATION</div> <div></div>	<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<div>9</div> <div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div></div>	<div>10</div> <div>REDUCED INEQUALITIES</div> <div></div>	<div>11</div> <div>SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>
<div>12</div> <div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div></div>	<div>13</div> <div>CLIMATE ACTION</div> <div></div>	<div>15</div> <div>LIFE ON LAND</div> <div></div>	<div>17</div> <div>PARTNERSHIPS FOR THE GOALS</div> <div></div>



Central 1, Stuttgart

2023 ESG OBJECTIVES AND TARGETS

Environmental

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div>Environmental Performance Data</div> <div>SDGs: 7, 12</div>	<p>Obtain and monitor utility data, including energy, water, and waste, on a monthly basis.</p> <p>Aim to roll out smart meters across existing assets and new acquisitions to ensure data quality.</p> <p>Ensure the explicit goals and objectives in the ESG Development Brief will be integrated into the scope of refurbishment and development projects.</p>	<ul style="list-style-type: none">• Rolling out automatic meter reading technology in all landlord controlled assets (Georgstor and Central1) that improved data coverage, quality, and monitoring capabilities.• Data collection for all purely tenant controlled assets underway, ahead of the HEPP GRESB submission in 2024.• Environmental Performance Data for HEPP’s assets tracked on the Siera + data platform.	<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>Ensure that the explicit goals and objectives in the ESG Development Brief will be integrated into the scope of all refurbishment and development projects.</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 assets in the Fund.</p>	<ul style="list-style-type: none">• Net zero carbon pathways were established for all assets and HEPP procured detailed roadmaps for 100% of assets acquired prior to Q3 2023.• Hines launched net zero carbon scoping guidelines to standardize the approach across European teams.	<p>Continue to work toward net zero operational carbon emissions for Scope 1 and 2 by 2030 and Scope 3 by 2040.</p> <p>Continue to obtain asset-level net zero carbon roadmaps for all newly acquired assets in the Fund.</p> <p>Continue to progress toward the 2030 Fund-level, science-based greenhouse gas (GHG) emission and energy intensity targets set following the latest CRREM guidance.</p>
<div>Renewable Energy</div> <div>SDGs: 7, 13</div>	<p>Achieve 100% renewable energy for all landlord-procured electricity and support tenants in transitioning to procurement of 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>	<ul style="list-style-type: none">• Georgstor transitioned to green electricity tariffs in January and a green nature mix of district heating in July. Central1 also transitioned to a green electricity tariff.• Central1 development will include PV units on the roof space, and HEPP aims to evaluate the feasibility of PV for all assets.• Achieved 100% renewable energy for all landlord-procured electricity.	<p>Maintain 100% renewable energy for all landlord-procured electricity and support tenants in transitioning 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>Ensure that all refurbishment/development assets will be designed to achieve an EPC level A.</div>	<div>• 100% of assets acquired prior to December 31, 2023 hold a valid green building certificate.</div> <div>• EPCs or equivalent energy ratings are held by all HEPP assets.</div> <div>• EPC reviews were included in conjunction with ESG due diligence.</div> <div>• EPC upgrade reports were completed within the UK assets’ net zero carbon roadmap reports to ensure compliance with Minimum Energy Efficiency Standard (MEES).</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>Ensure that all refurbishment/development assets will be designed to achieve an EPC level A.</div>
<div>Embodied Carbon</div> <div>SDGs: 8, 11, 12, 13</div>	<div>Obtain Whole Life Carbon Assessments (WLCAs) to measure and manage embodied carbon across retrofit and development projects.</div>	<div>• Hines rolled out whole life carbon assessment (WLCA) procurement guidelines to help teams obtain consistent results.</div> <div>• HEPP is obtaining WLCAs for Central1 and Project Ring assets.</div> <div>• Using these WLCAs we will assess and reduce the embodied carbon of these developments in line with the benchmarks outlined in the HEPP ESG Development Brief.</div>	<div>Continue to measure and manage embodied carbon across HEPP retrofit and development projects.</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 with a view to minimizing waste production and maximizing recycling.</div>	<div>• The Fund continued to divert 100% of landlord-managed waste.</div>	<div>Maintain 100% diversion of waste from landfills for landlord-managed waste.</div> <div>Engage tenants with a view to minimizing waste production and maximizing recycling.</div>
<div>Biodiversity</div> <div>SDGs: 11, 15</div>	<div>Target the 10% biodiversity net gain outlined in the ESG Development Brief for major refurbishments and new developments.</div>	<div>• Central1 will target more than 10% biodiversity net gain during redevelopment.</div> <div>• The Fund is looking to improve biodiversity on standing assets and reviewing the approach for a biodiversity audit for Georgstor.</div>	<div>• Progress the biodiversity audit at Georgstor.</div> <div>• Progress biodiversity studies for existing assets, where relevant.</div>

2023 ESG OBJECTIVES AND TARGETS

Social

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
Tenant Engagement <i>SDGs: 12, 17</i>	<p>Continue to share Sustainability Fit-Out Guide with tenants in advance of fit-outs.</p> <p>Continue to incorporate green lease clauses into tenancy agreements and engage with tenants on the benefits of reducing resource consumption.</p> <p>Create green lease clauses specific to each asset class (i.e., for residential, retail, and logistics).</p> <p>Survey tenants to gauge their satisfaction and interest in ESG.</p> <p>Promote health, safety, well-being, and productivity among building users.</p>	<ul style="list-style-type: none"> • Sustainability Fit-Out Guide shared where applicable. • A specific green lease template was created for student housing and build to rent properties. • HEPP engaged with Asda (Owl Portfolio) on PV installation and Gate Gourmet to reduce consumption and support their net zero carbon commitment. • Continued to promote health, safety, well-being, and productivity during tenant engagement meetings. • HEPP completed a tenant satisfaction survey in early 2023, with a specific ESG section. 	<p>Continue to share Sustainability Fit-Out Guide with tenants in advance of fit-outs.</p> <p>Continue to incorporate green lease clauses into tenancy agreements and engage with tenants on the benefits of reducing resource consumption.</p> <p>Continue to create asset-class-specific green lease clauses.</p> <p>Survey tenants to gauge their satisfaction and interest in ESG.</p> <p>Promote health, safety, well-being, and productivity among building users.</p>
Employee Engagement <i>SDGs: 4, 8</i>	<p>Continue to embed ESG objectives into performance reviews.</p> <p>Promote Hines' people practices by adopting workplace policies that achieve greater equity, retention, and representation.</p> <p>Continue to deliver ESG-focused training.</p> <p>Continue to carry out workstation and/or workplace checks for all employees.</p>	<ul style="list-style-type: none"> • Each Hines Investment Management and country team employee had ESG objectives embedded in their annual objectives. • Hines employees received internal ESG training sessions throughout the year. An online ESG training was part of the European Onboarding Program for new employees. • Workstation and/or workplace checks were completed for 100% of HEPP staff in 2023, which included a Display Screen Equipment Assessment. 	<p>Continue to embed ESG objectives into performance reviews.</p> <p>Promote Hines' people practices by adopting workplace policies that achieve greater equity, retention, and representation.</p> <p>Continue to deliver ESG-focused training.</p> <p>Continue to carry out workstation and/or workplace checks for all employees.</p>
Community Engagement <i>SDGs: 4, 11, 17</i>	<p>Ensure all managed assets continue to complete and track ESG-related community engagement.</p> <p>Ensure that, wherever an asset is part of a Business Improvement District, HEPP supports the community initiatives.</p> <p>Ensure the HEPP team commits time to volunteering with charities as part of Hines' OurCommunity program.</p> <p>Ensure that refurbishment/development projects develop a social strategy that integrates local community feedback.</p>	<ul style="list-style-type: none"> • Community engagement plans drafted in Q4 2022 were implemented in 2023. • HEPP employees volunteered at a Refuge Network International soup kitchen and donated clothing and toiletries. • Central1 launched "In Your Face" campaign with interim tenant Ocean Gallery to raise awareness for ocean health. 	<p>Ensure all managed assets continue to complete and track ESG-related community engagement.</p> <p>Ensure that, wherever an asset is part of a BID, HEPP supports the community initiatives.</p> <p>Ensure the HEPP team commits time to volunteering with charities as part of Hines' OurCommunity program.</p> <p>Ensure refurbishment/development projects develop a social strategy that integrates local community interest group feedback.</p>

2023 ESG OBJECTIVES AND TARGETS

Governance

FOCUS AREA	2023 COMMITMENTS	2023 PROGRESS / OUTCOMES	2024 OBJECTIVES / TARGETS
<div>GRESB</div> <div>SDGs: 8, 13, 17</div>	Submit to GRESB for the 2023 reporting year to support benchmarking and communication of ESG performance.	<ul style="list-style-type: none">Collected asset data and prepared site teams for GRESB submission timelines and requirements.	Participate in GRESB in July 2024 for the 2023 reporting year to support ESG benchmarking and communication.
<div>Climate Risk and Resilience</div> <div>SDG: 13</div>	Continue to report in line with TCFD recommendations. Continue to perform climate-risk assessments on all existing acquisitions and seek to further embed climate change adaptation and resilience risks into wider risk-management strategies and acquisition processes.	<ul style="list-style-type: none">Maintained alignment with TCFD-recommended disclosures as summarized in this report.Conducted climate risk assessments on all acquisitions.	Look to transition to the IFRS S2 (Climate-related Disclosures) for future reports. Continue to perform climate-risk assessments on all existing acquisitions and seek to further embed climate change adaptation and resilience risks into wider risk-management strategies and acquisition processes.
<div>Acquisition Due Diligence</div>	Continue to complete the Sustainability Acquisitions Due Diligence Checklist for all new acquisitions. Update the checklist to include more detailed ESG considerations, in line with industry best practices. Regularly train and update the HEPP team on ESG Due Diligence.	<ul style="list-style-type: none">Completed Sustainability Acquisitions Due Diligence Checklists for 100% of Fund acquisitions.Reviewed checklist in line with industry best practices.Created ESG Due Diligence Scoping Document to help teams procure ESG DD reports.HEPP team received ESG Due Diligence training.Utilized Hines' new, more rigorous Investment Committee asset ESG review template.	Continue to complete the Sustainability Acquisitions Due Diligence Checklist for all new acquisitions. Continue to update the checklist to include more detailed ESG considerations, in line with industry best practices. Continue to regularly train and update the HEPP team on ESG Due Diligence instructions.
<div>Asset-Level Action Plans</div>	Continue to maintain Sustainability Assessment and Action Plans (SAAPs) for all assets to identify opportunities for improving ESG performance within asset business plans. Incorporate a review of ESG opportunities within all major landlord refurbishments (e.g., shared mechanical, electrical, and hydraulic systems). Apply the new HEPP ESG Development Brief to all new development projects.	<ul style="list-style-type: none">SAAPs are employed across the Fund to identify and implement ESG opportunities at all assets.100% of landlord-controlled assets had asset-level ESG objectives established and incorporated into asset business plans.Incorporated ESG Development Brief targets into Central1 development.	Continue to maintain SAAPs for all assets to identify opportunities for improving ESG performance within asset business plans. Incorporate a review of ESG opportunities within all major landlord refurbishments (e.g., shared mechanical, electrical, and hydraulic systems). Continue to apply the HEPP ESG Development Brief to all new development projects.

Environmental Stewardship



3

Environmental Performance

Assessing climate impacts and risks across our portfolio

We strive for excellent environmental performance at HEPP buildings. Our team minimizes operational impact, promotes energy efficiency, and maximizes on-site renewable energy wherever possible across our portfolio. We also focus on carbon reduction, circular systems, water use, climate change adaptation, and biodiversity at the asset level.



Georgstor, Germany



2023 HIGHLIGHT

Using and Tracking Green Energy

Hines Germany PPA and Data Platform Upgrades Support Net Zero Carbon Goals and Reporting Transparency

In 2023, Hines Germany established a Power Purchase Agreement (PPA) to make green electricity available for all German assets in Hines’ portfolio, including Hainichen, Central1 and Georgstor. The PPA will help bring these HEPP assets closer to our Fund’s net zero carbon goals.

As part of this effort, Hines Germany is planning to install smart meters across the portfolio, leveraging one overarching partner to streamline data collection and analysis.

Considering ESG at Acquisition

Because material ESG factors can significantly influence investment value and risk, we consider efficiency, functionality, and long-term sustainability at the asset acquisition stage and underwrite associated capital expenditure.

Utilizing Due Diligence Tools and Processes

We continually refine our ESG due diligence processes and resources to align with industry best practices and support our Fund’s sustainability goals. HEPP deploys the Hines

Sustainability Due Diligence Checklist to review key ESG criteria prior to acquisition.

In 2023, we also used the firm’s new **ESG Due Diligence Scoping Document** to procure ESG reports for all new HEPP acquisitions. 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 expenditure in the business plans for operational assets, new developments, major refurbishments, and forward purchases.



Hainichen, Germany



PROJECT HIGHLIGHT

Improving the ESG Profile at Hainichen

Location: Hainichen, Germany
Acquired: 2023

This recently acquired logistics asset offers 74,000 square meters of leasable space in Hainichen, close to Dresden and Chemnitz in the German state of Saxony.

The facility was built to high energy efficiency standards and HEPP is committed to improving its ESG profile. The asset will comply with HEPP’s 2040 net zero carbon target, as all GHG emissions are Scope 3.

Existing ESG Attributes

- Energy intensity falls below the regulatory requirement.
- LED lighting and smart meters promote energy efficiency.
- Infrastructure is ready for solar panels and EV charging.
- Smart sensors monitor air quality.
- An outdoor area supports on-site employee well-being.
- A green lease was already in place at acquisition.

CERTIFICATION

DNGB
Gold



Future ESG Plans

- HEPP plans to install on-site EV charging ports to promote clean transportation.
- HEPP will install a building monitoring system featuring remote reading of smart meters to comply with upcoming legislation in Germany and enable greater data provision.
- On-site PV panels, provided via a third-party contract, are planned for on-site electricity consumption – which will extend the CRREM stranding year.



How Green Is District Energy?

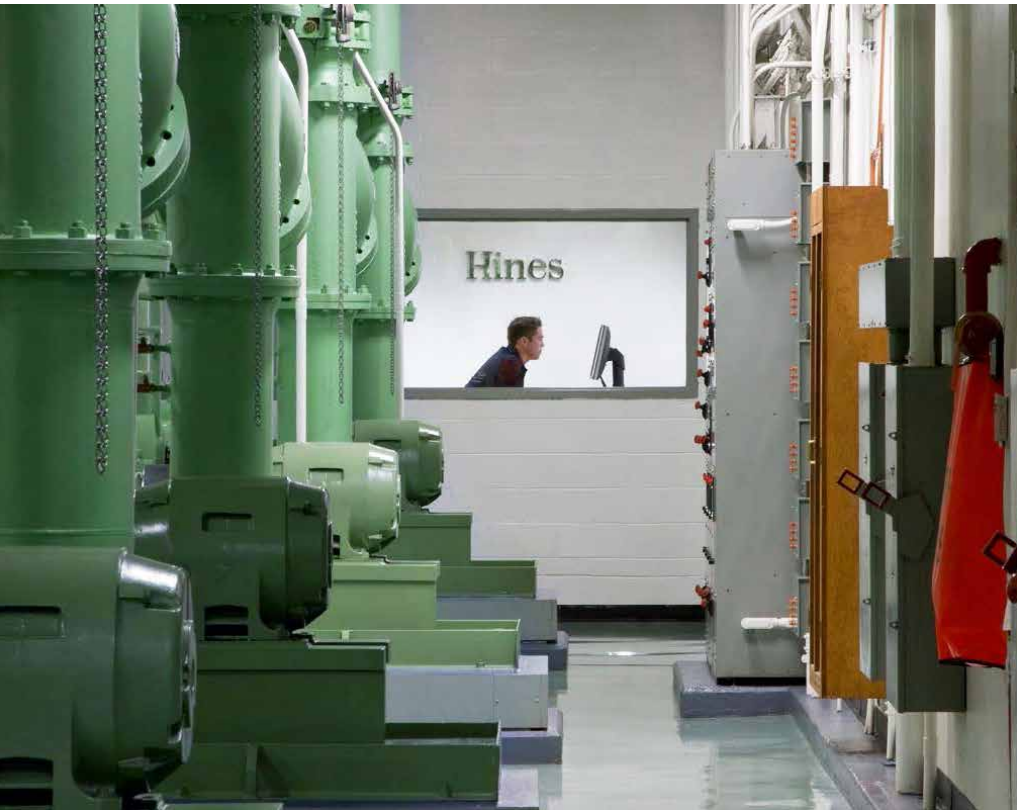
Understanding how district energy impacts our carbon targets

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 buildings’ carbon performance, 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

Pioneer

Location: Jönköping, Sweden
Acquired: 2024

Pioneer is a 130,000-square-meter distribution and production facility in Jönköping, one of the strongest logistics locations in Sweden.

HEPP acquired the asset in February 2024 and used Hines’ due diligence tools to assess ESG considerations and ensure the asset aligned with the Fund’s sustainability goals before closing the deal.

Demystifying District Energy

Rooftop solar panels will generate 40% of on-site electricity at the facility. The HEPP

team used Hines Europe’s new **District Energy Guide**, rolled out in 2023, to understand how relying on the district energy grid for the other 60% of power needs would affect carbon performance at Pioneer.

The analysis demonstrated that:

- District cooling provision, sourced from a nearby lake, is considered green.
- The municipal district energy system relies on biomass.

We deemed the local grid to be the most efficient energy source for this building at present. To mitigate noncompliance with Hines’ net zero carbon standards in the future, HEPP included a sales price discount at exit in its underwriting for a future buyer to fully electrify the facility, given the asset is brand new and will fall into the 2040 scope.



Prioritizing ESG in Developments and Refurbishments

We believe green buildings reduce climate risk, enhance value, and align with Fund goals. HEPP implements ESG improvements in development and refurbishment projects to deliver buildings which promote environmental and social characteristics.



Warrington 379, Warrington



2023 HIGHLIGHT

Leveraging the ESG Development Brief

HEPP uses Hines Europe’s ESG Development Brief to guide all new developments, major refurbishments, and forward purchases. In 2023, Hines’ ESG and investment management leadership conducted a detailed peer review, materiality assessment, and framework review to update the brief and ensure it includes the most current, best-in-class practices. The revised, comprehensive brief is organized by ESG themes and identifies material issues, defines project-level targets that can align with each 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 emphasis 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.

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

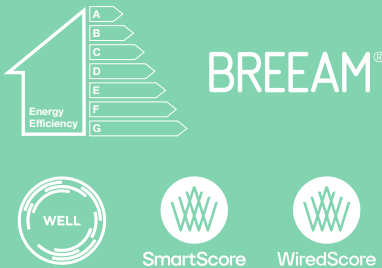
- Green building and energy performance certification
- Health and well-being certification
- Health and safety certification
- Digital and connectivity certification

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

Central1

Location: Stuttgart, Germany
Acquired: 2022
Development to begin: 2025
Expected completion: 2027

Central1 sits in a premium location in the city’s central business district. HEPP plans to achieve vacant possession of this asset by the end of 2024, demolish the existing building, and deliver a landmark mixed-use scheme at the site.

HEPP’s ESG Development Brief will shape the Central1 redevelopment, ensuring our team meets the Fund’s ESG KPIs and targets. We will also address asset-specific goals around carbon reduction, energy efficiency, and biodiversity via solutions from the natural world.



CERTIFICATIONS
HEPP is targeting:


BREEAM
In-Use (achieved)

BREEAM®


DNGB
Platinum



WELL
Platinum



SmartScore
Platinum



EPC
A

A

B

C

Minimizing Carbon

HEPP will conduct a WLCA to measure carbon emissions through the different stages of the building’s life span and inform design and material choices. During the design phase, HEPP will investigate using a hybrid-timber frame in construction, following Hines’ proprietary T3 building model.

Net Zero Carbon in Operations

When redevelopment is complete, Central1 will be net zero carbon enabled, utilizing all-electric building services where feasible. Solar PV, planned to cover at least 20% of the roof space, will provide partial power for Central1.

Ecology and Biodiversity

At least 40% of available rooftop space at Central1 will be landscaped to provide a natural haven to attract birds and pollinating insects. HEPP also plans to create a green courtyard to incorporate natural features on the building’s ground level, targeting a biodiversity net gain of more than 10%.



Applying ambitious ESG Development Brief targets for Central1

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

Targeting Carbon Across Our Portfolio

HEPP is committed to our firm’s target of net zero operational carbon emissions by 2040, as well as our Fund-wide targets: net zero by 2030 for Scopes 1 and 2 and by 2040 for Scope 3.

Activating Our Net Zero Carbon Roadmaps

At the end of 2023, the Fund had decarbonization roadmaps for all applicable operational assets acquired prior to Q4, including purely tenant-controlled assets. We are using these roadmaps to inform retrofits and development through detailed improvement plans.

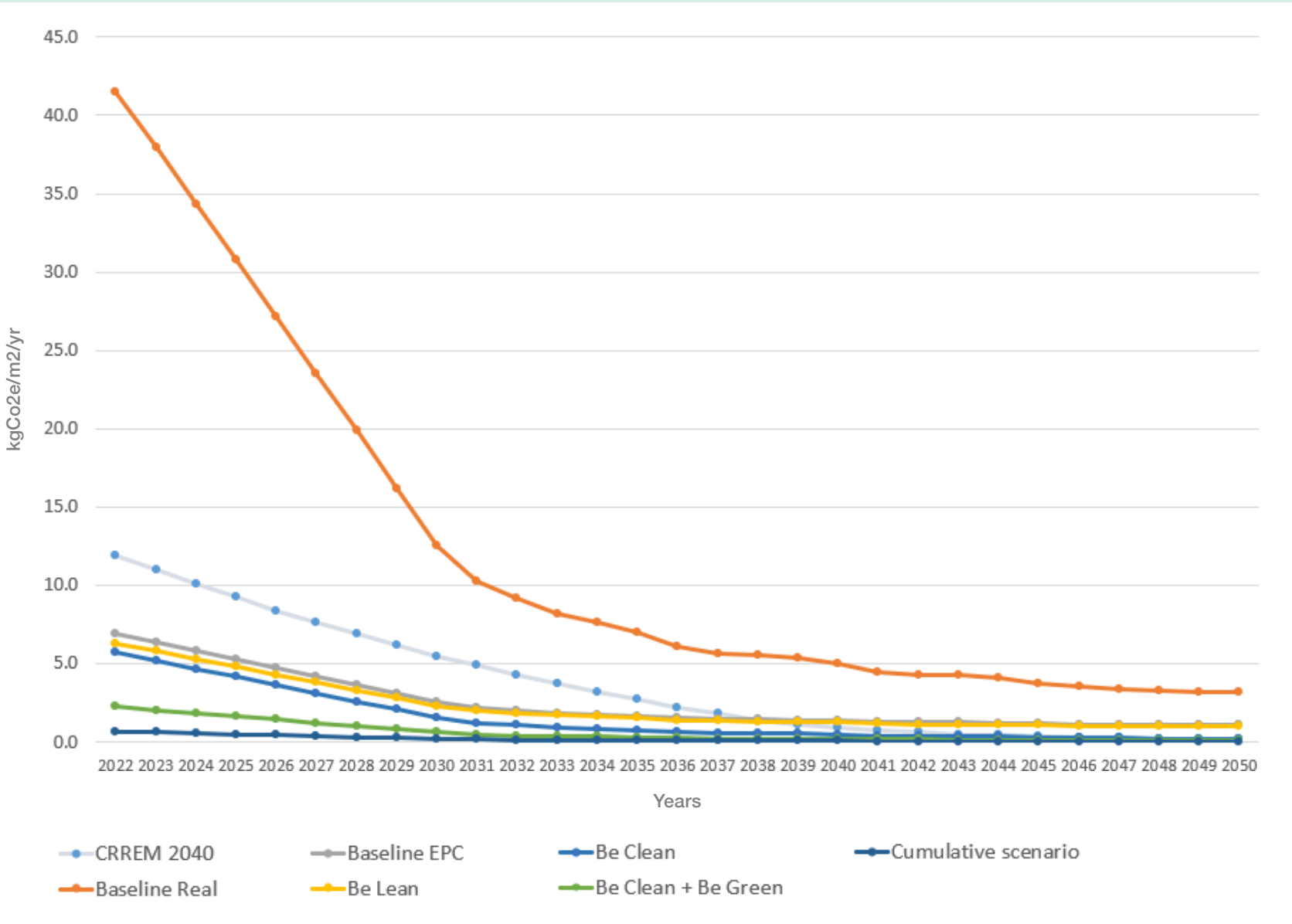
We also commissioned PV feasibility studies for all HEPP assets without on-site solar, as well as those that will be redeveloped to include on-site renewable energy sources. These studies are helping our team engage with HEPP tenants around the benefits and cost savings of on-site renewables.

Sample HEPP Asset-Level Net Zero Carbon Roadmap

The net zero carbon roadmaps for our assets categorize proposed emissions-reducing actions from “quick wins,” through more involved “be lean” and “be clean” recommendations, to the most intensive “be green” measures. Proposed actions from each category might include:

- Quick wins: Promote behavioral changes. Adjust temperature in common areas.
- Be lean: Upgrade building fabric, i.e., doors, windows, roof, or external walls.
- Be clean: Implement building electrification. Upgrade lighting to daylight-sensing LEDs.
- Be green: Introduce on-site renewables.

Whole Building GHG Intensity Targets 1.5°C kgCO₂e/m²/yr with EPC Scenario and Quick Wins



Tools for Decarbonization

In addition to net zero carbon roadmaps, HEPP is using other ESG assessments and the firm’s new decarbonization tools to understand carbon impacts at the asset level and help build portfolio-wide value and carbon resiliency.

In 2023, the HEPP team:

- Completed **EPC upgrade reports** for our Owl Portfolio logistics assets in the UK to ensure Minimum Energy Efficiency Standard (MEES) compliance
- Commenced **WLCAs** for Central1 and Project Ring to assess and reduce potential carbon impacts at every stage of the development process
- Used our firm’s newly published **Operational Carbon Guide** to

consider if and how we can integrate decarbonization best practices into project plans and address response to climate and transition risk

In 2024, we will:

- Leverage Hines’ proprietary, web-based **Carbon Impact Assessment Tool**, powered by CRREM, to consistently track progress against our net zero operational carbon goals on an asset-level basis. Our team will also use this new tool to input other environmental and financial data, change date ranges and assumptions, and create scenarios to better understand stranding risk
- Use the **Hines Europe Net Zero Carbon Scoping Guide** to continue to procure consistent, standardized net zero carbon roadmaps for new assets



PROJECT HIGHLIGHT

Owl Portfolio: Hillsborough

Location: Sheffield, UK
Acquired: 2022

In 2023, HEPP made ESG progress at the Hillsborough logistics/trade park asset in Sheffield, part of the Owl Portfolio. Currently, we are:

- Certified the asset under BREEAM In-use
- In legal negotiations with tenant Screwfix for a lease renewal in which HEPP has agreed to contribute toward the cost of installing air-source heat pumps
- Creating an agreement with the tenant for 10 EV charging bays, which will provide an additional income stream
- Looking to introduce a local food stall on site as a social initiative

We have also installed benches on site to encourage trade park employees to socialize and enjoy the outdoors on their lunch breaks.





CASE STUDY

Georgstor

Location: Hamburg, Germany
Acquired: 2022

Built in 2011, the Georgstor office building is located at Steindamm 96-100 in Hamburg's St. Georg district. It comprises a leasable area of approximately 24,000 square meters and includes 10 above-ground and two underground floors.

HEPP's investment strategy at Georgstor is to hold the asset for the long term and embark on a three-year repositioning project with particular focus on ESG and digitalization. Refurbishment priorities include reducing operational carbon and waste, increasing biodiversity, and promoting tenant health and well-being at the property.

Operational Carbon

We have obtained an updated net zero carbon roadmap for Georgstor and began implementing the

recommendations to ensure the building remains compliant with the CRREM curve. Along with low-cost “quick win” measures, a range of upgrades will place Georgstor on the path to carbon neutrality, with an expected GHG intensity of zero by 2030. Planned improvements include:

- Installing air source heat pumps – powered by verified green electricity – to reduce operational carbon compared to its current connection to the municipal district heating system
- PV renewables for on-site energy production
- Maximizing heat recovery to reduce heat loss
- A building management system upgrade to reduce operational energy loss
- Automatic meter-reading devices or half-hourly meters for main utilities (electricity, district heating, water), with separate metering of landlord and tenant supplies
- A full changeover to LED lighting

Waste Management

HEPP will implement a waste management system to monitor and reduce the quantity of operational waste produced at Georgstor.



Ecology and Biodiversity

Georgstor currently has a green roof that contributes to urban biodiversity. To further enhance the site's ecology and greening efforts, our team plans to pursue a variety of features and practices including:

- Planting a mixture of native and pollinator plant species in herbaceous borders and planters around the development
- Installing bird boxes suitable for a range of bird species

Health & Well-Being

Georgstor's central location in Hamburg connects to clean transportation options and supports mobility. Planned improvements include enhanced provisions for cyclists and accessible bathrooms on every second floor of the building. The HEPP team will also commission a WELL pre-assessment to identify opportunities to further promote tenant wellness.

CERTIFICATIONS

HEPP is targeting:

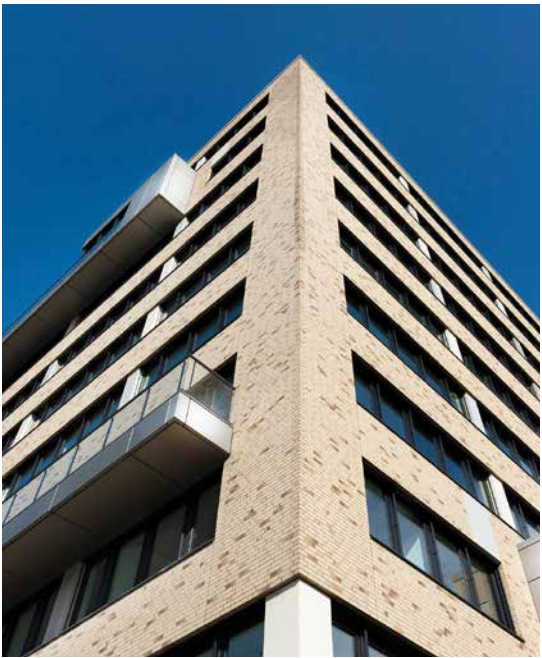
DGNB
Construction
Silver (update to Gold planned)



WELL
targeting



SmartScore
achieved



ASSET SPOTLIGHT

HEPP has continued to obtain green building certifications, and all assets without a certification in 2022 submitted BREEAM In-Use certifications in 2023. Hainichen achieved a DGNB Gold certification in 2023 and Georgstor achieved a WiredScore Gold certification.



Central1
Location: Stuttgart, Germany | **Asset type:** Mixed use
On-site Renewables: Planned
Renewable electricity: Yes
Certifications: BREEAM In-Use, DGNB Platinum, WELL Platinum, EPC A, Smartscore Platinum



Georgstor
Location: Hamburg, Germany | **Asset type:** Office
Renewable electricity: Yes
Certifications: BREEAM In-Use, DGNB Silver, WELL Silver (targeting), Wired Score Gold



G3 Portfolio: Barcelona El-Prat
Location: Barcelona, Spain | **Asset type:** Logistics
On-site Renewables: Yes
Certifications: BREEAM In-Use



G3 Portfolio: Cateringweg 3
Location: Schiphol, Netherlands | **Asset type:** Logistics
Certifications: BREEAM In-Use



G3 Portfolio: Schipholweg 875
Location: Boesingheliede, Netherlands | **Asset type:** Logistics
Certifications: BREEAM In-Use



Owl Portfolio: IPL
Location: Normanton, UK | **Asset type:** Logistics
On-site Renewables: Planned
Certifications: BREEAM In-Use



Owl Portfolio: Capita
Location: Doncaster, UK | **Asset type:** Logistics
Certifications: BREEAM In-Use



ASSET SPOTLIGHT



Owl Portfolio: DHL
Location: Normanton, UK | **Asset type:** Logistics
Certifications: BREEAM In-Use

BREEAM®



Owl Portfolio: Hillsborough
Location: Sheffield, UK | **Asset type:** Logistics
Certifications: BREEAM In-Use

BREEAM®



Warrington 379
Location: Warrington, UK | **Asset type:** Logistics
Certifications: BREEAM In-Use

BREEAM®



Mijdrecht
Location: Mijdrecht, Netherlands | **Asset type:** Logistics
Certifications: BREEAM In-Use

BREEAM®



Savona
Location: Savona, Italy | **Asset type:** Logistics
On-site Renewables: Yes
Renewable electricity: Yes
Certifications: BREEAM In-Use

BREEAM®



Hainichen
Location: Hainichen, Germany | **Asset type:** Logistics
On-site Renewables: Planned
Renewable electricity: Planned
Certifications: DGNB Gold



Project Ring
Location: Madrid, Spain | **Asset type:** Logistics
On-site Renewables: Planned
Certifications: BREEAM NC Excellent (targeted)

BREEAM®



Pioneer
Location: Jönköping, Sweden | **Asset type:** Logistics
On-site Renewables: Planned
Certifications: BREEAM Excellent

BREEAM®



Tenant Engagement

Partnering with the people
in our buildings

HEPP shares our firm's dedication to creating prime experiences in and around prime real estate. Our asset and property managers engage with each HEPP tenant to understand their specific needs and help reach collective goals.



ESG Collaboration

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



Mijdrecht, Netherlands



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. HEPP is using Hines Europe’s new **Green Lease Templates** to integrate ESG-oriented 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 HEPP 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 capital investment.

31%* of HEPP leases by gross asset value now include a green lease clause.

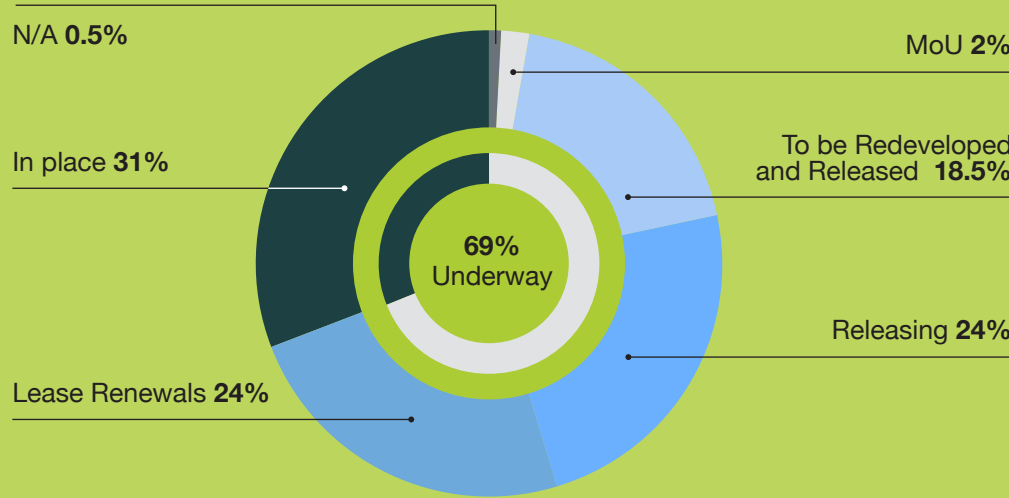
This figure represents all new leases the Fund has signed and includes clauses on data provision, access to the site, and prioritizing efficiency measures.

Of the 69% left:

- 18.5% of the portfolio will be redeveloped
- 24% will undergo re-leasing

- 24% will have a lease renewal event before 2030
- 2% will have a Memorandum of Understanding
- 0.5% are not applicable

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 64% green leases by 2024 and 97% by 2030.



*Based on portfolio assets and value as of December 31, 2023.

Engaging Tenants in Decarbonization

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

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



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 HEPP 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

Community Engagement

Giving back to our asset communities

HEPP aims to serve as an active member of Business Improvement Districts (BIDs), champion and fundraise for local charities, and participate in community events in the places where we operate.

In 2023, we launched community engagement initiatives across the portfolio. The Central1 management team joined the City Innovation Lab, a local BID in Stuttgart, to improve the area surrounding this HEPP investment.

HEPP’s Netherlands assets started a social initiative that raised funds for local charities.

- €1,000 to develop a climate-adaptive garden for the Mijdrecht asset
- €750 to a local food bank near the Schipholweg asset
- €750 to a local food bank near the Cateringweg asset



2023 HIGHLIGHT

Social Engagement and Changemaking at Central1

Interim tenant Ocean Gallery unveiled its “In Your Face” by Ocean. Now! multimedia campaign, which features a billboard installed on Central1’s façade. The billboard displays headshots of international participants sporting bits of microplastics they collected from beaches around the world. It captures the curiosity of passersby as it sends a serious message about the destructive nature of microplastics in our oceans – with an urgent call to ban these ingredients in cosmetics and cleaning products.

An opening event in February 2023 drew community members to Central1 to mingle and learn about the project. HEPP covered the costs of the billboard’s manufacturing and installation in support of this campaign.

Photo credit: ©Julia Ochs



“The ocean to me is the mirror of human conduct. It reflects who we really are.”

Swaantje Güntzel,
collaborating artist for the
“In Your Face” campaign

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.



Grainhouse, London

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’s (HECF) asset Noortse Bosch by integrating them into our standard cash flow model to understand the payback period of net zero carbon capital expenditures.

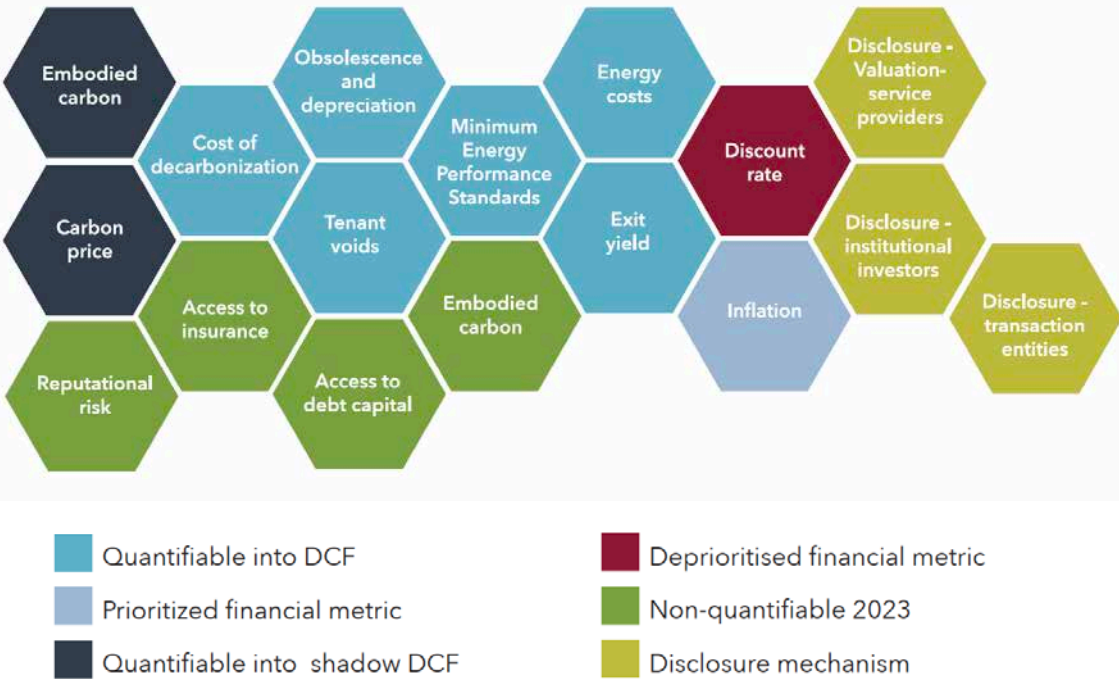
We evaluated the costs associated with installing solar panels, decarbonizing heating, and driving energy efficiencies at the asset against potential energy savings, operational carbon pricing, leasing impacts, and a premium or discount at exit, as well as providing feedback to C Change.

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 in October 2023.

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.

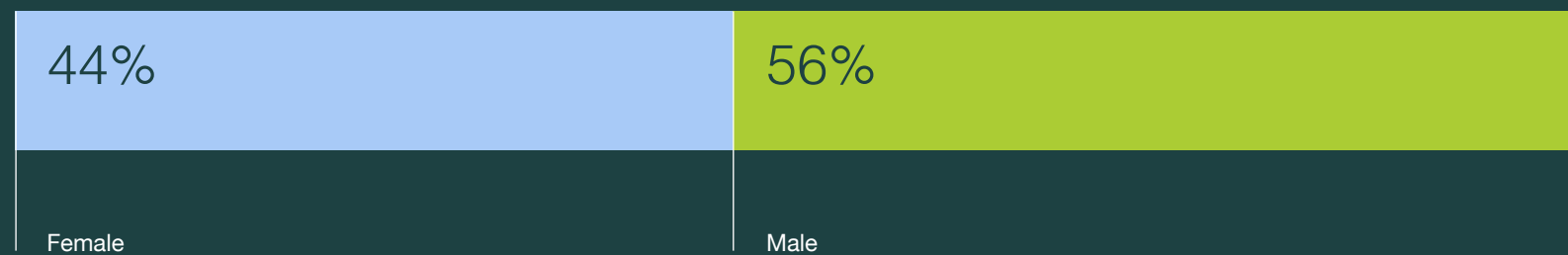
Like all Hines employees, the Europe team enjoys excellent health and wellness benefits, opportunities for learning and career growth, and initiatives that foster well-being and belonging. Our team participates in firm-wide employee satisfaction surveys every three years (and more frequent “pulse” surveys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



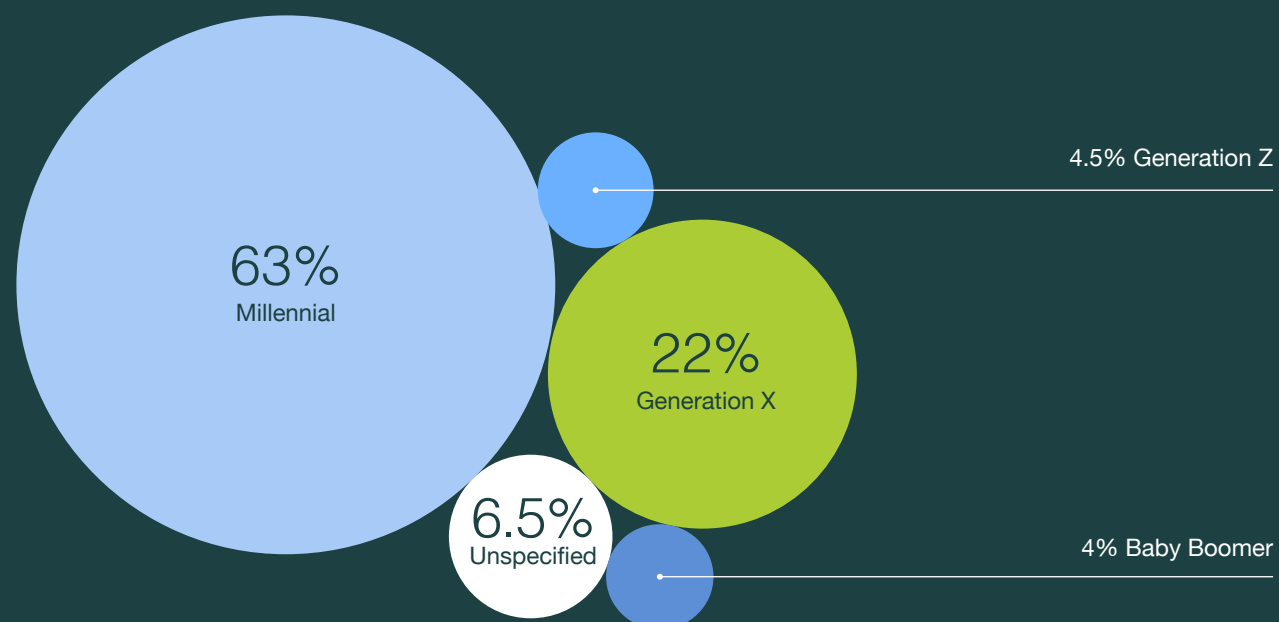
Site visit during the ESG League off-site in Munich

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.

Employee Volunteering

In 2023, our country teams partnered with various nonprofit organizations, joined in wide-reaching initiatives, and volunteered their time to benefit the people and communities surrounding our assets. The following examples showcase just a few of their inspiring initiatives.

Hines UK donated office furniture to Business2Schools, which redirects used office furniture and technology to state schools across the UK. The team sold additional furniture, raising £2,500 for The Marylebone Project, a life-changing service for homeless women and the largest and longest-running center of its kind in the UK.

Separately, 29 members of the Hines Europe, UK, and Helix teams proved their mettle in the JLL Property Triathlon in Windsor, raising funds for the World Wildlife Fund (WWF).

Hines France collected and donated 153 kg of professional clothing for La Cravate Solidaire, a network of associations that fight against discrimination in hiring practices.

Hines Spain and tenants turned off their lights for an hour on Earth Day as part of a

global environmental awareness initiative to act decisively against climate change.

Hines Ireland partnered with Team Hope, an interdenominational Christian development aid charity working with children and families experiencing poverty in Eastern Europe, the former Soviet Union, and Africa. Our team of employees packaged gifts for the organization’s annual Christmas Shoebox Appeal, which delivers what are often the only holiday gifts these children will receive.

Hines Nordics engaged tenants to gather Christmas gifts and warm clothing for children and nurses impacted by the Russian-Ukrainian war, building on the team’s work in 2022 to provide apartments for Ukrainian refugees in Copenhagen. In parallel, Hines Nordics hosted two pop-up galleries by Ukrainian art project “Vejen til hjertet via kunsten” (Art for Heart) at Købmagergade and Portland Towers. Tenants purchased the art at a fundraising event, with all proceeds given to nurses in Ukraine.



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



Top right: HECF Spain team collects new clothes for donation. Bottom right: The HECF Werfthaus team hosts an educational workshop for children to learn about the importance of bees.



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

INREV Alignment

This ESG Review is aligned with the 2016 INREV Sustainability Reporting Guidelines.

Vehicle Long Term ESG Strategy (INREV ref: ESG-LTS 1.1)

The Fund has an ESG Policy and an environmental management system framework that is reviewed annually, and which serves as the foundation for its short and long-term Environmental, Social and Governance (ESG) strategy. Moreover, HEPP has formally committed to establishing, implementing and maintaining sustainability objectives and targets as part of its strategy in order to drive continual improvement within the portfolio. To support the implementation of the ESG strategy, the Fund maintains and documents the following management procedures:

An ESG policy;

ESG objectives and targets (short and long term);

- An ESG monitoring and measurement approach;
- the identification of key roles and responsibilities of its team members; and,
- clear guidance for communication of ESG performance.

These formal ESG management documents are intended to outline and support achievement of strategic goals for HEPP.

ESG Regulatory Compliance (INREV ref: ESG LTS 1.2 / ESG-ANN 1.2 / ESG-POR 1.2)

HEPP ensures compliance with all current and applicable regulation relating to ESG issues by actively monitoring requirements throughout the holding period and responding accordingly. At acquisition, the Sustainability Due Diligence Checklist supports identification of ESG regulatory risks among other items. During construction/ refurbishment works, local asset managers and the appointed contractors are responsible for the identification and management of relevant ESG regulatory risks.

HEPP will obtain EPCs (energy ratings) for buildings once refurbished/completed to support understanding of energy efficiency performance and the associated legislative risks. Throughout the holding period, the local asset and property management teams track and report changing regulations to determine compliance implications for each asset. Furthermore, HEPP seeks to obtain green building certifications for development/major refurbishment projects.

No enforcement notices have been received or applied to HEPP for ESG related issues. The Fund, to the best of our knowledge, is compliant with legislation. Local development management, asset management and property management teams will continue to monitor regulatory compliance through the 2023 reporting period and identify potential impacts of changing ESG regulations through quarterly reporting.

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 establishment of a framework to facilitate sustainable investment.

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For use by professional/institutional investors only.

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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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

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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 used to avoid penalties under the Internal Revenue Code or to promote, market or recommend to another party any tax related matters addressed herein. This document does not constitute any regulated investment (MiFID) advice.

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.

Third Party Information

This document contains information in the form of charts, graphs and/or statements that Hines indicates were obtained by it from published sources or provided to it by independent third parties, some of whom Hines pays fees for such information. Hines considers such sources to be reliable. It is possible that data and assumptions underlying such third-party information may have changed materially since the date referenced. You should not rely on such third-party information as predictions of future results.

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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.

There is no suggestion that any of HEPP's investments are 'sustainable investments' pursuant to the EU's Sustainable Finance Disclosure Regulation or otherwise 'taxonomy-aligned' investments pursuant to the EU's Taxonomy Regulation.

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 Asset allocation is based on fair value as per third-party valuations
- 2 IFRS GAV
- 3 Stabilised portfolio occupancy excludes assets in the reletting phase

Definitions

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.

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.

GRESB is a mission-driven and investorled 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 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 Closed End ESG Award, the fund must be an closed-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.

Fitwel, developed by public health professionals, evaluates a project's certification documentation using a double-blind process. Two independent reviewers assess each project and then confirm a numerical score. Hines pays for a project to submit a project for certification.

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.

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 E colabel certification.

The Royal Institute of British Architects ("RIBA") provides climate targets for operation energy, embodied carbon and potable water for us

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This report is a snapshot of the Hines European Property Partners 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.

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.



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