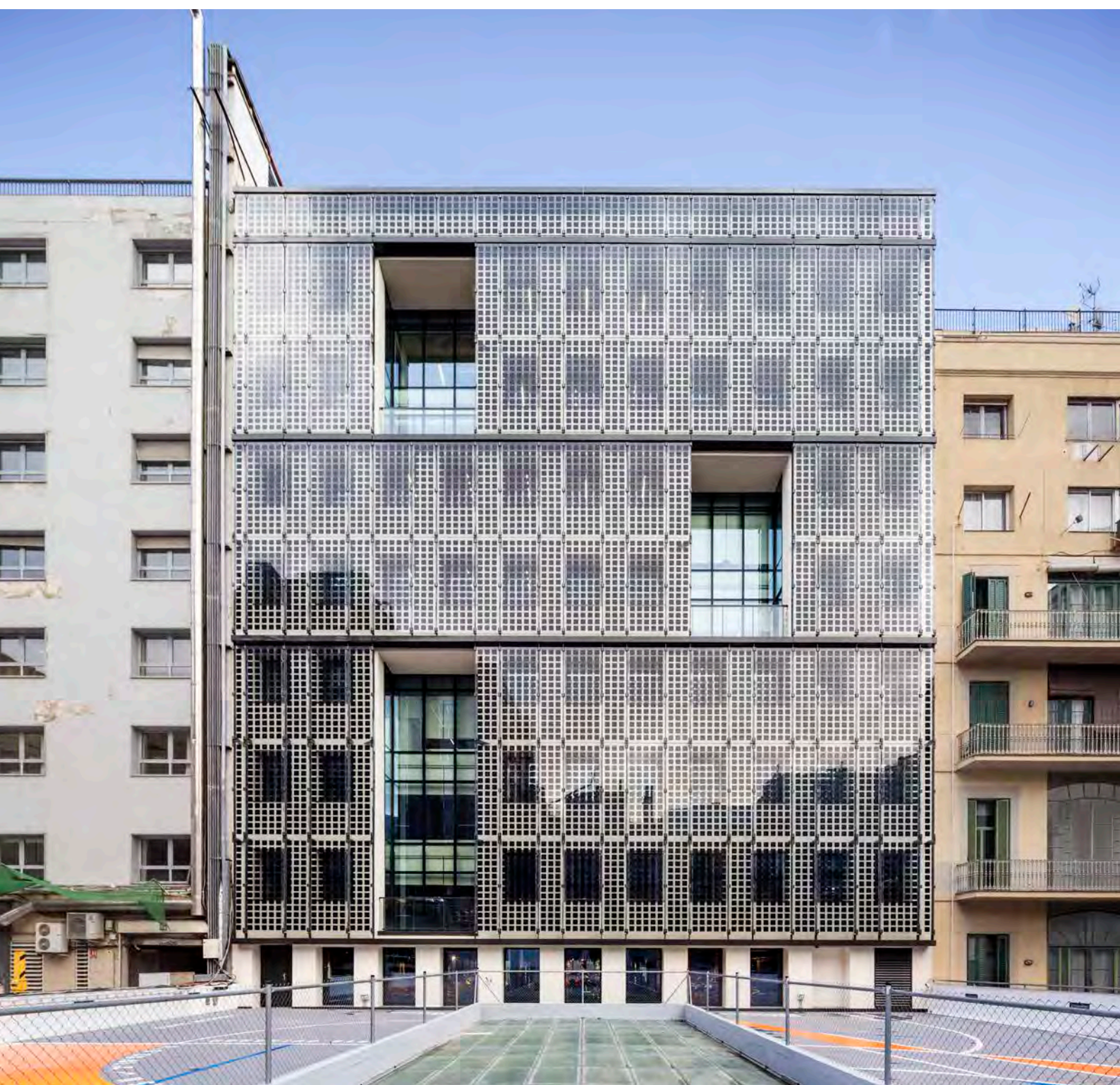


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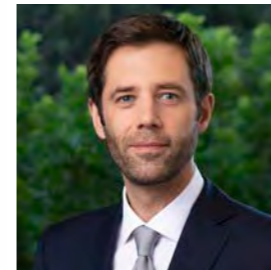
**BVK Highstreet Retail Europe
Immobilienfonds**

ESG Review



Published June 2021.

This report is a snapshot of the BVK Highstreet Retail Europe Immobilienfonds as of 31 December 2020.



Peter Epping
Fund Manager
Senior Managing Director

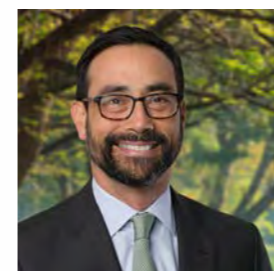
We are pleased to share our first annual ESG review for the BVK Highstreet Retail Europe Immobilienfonds (BVK Retail Mandate).

2020 was an unexpected tumultuous year with COVID-19 taking grip across the world. The global pandemic continues to shine a light on the fragility of people's health, the state of our environment and, of course, has wider economic implications too. This, in part, has further contributed to raising the awareness, and urgency for ESG action.

At Hines we have a longstanding commitment to improving the built environment to benefit both people and the planet. For the BVK Retail Mandate, we have made important progress over the course of 2020, setting out the foundations of our ESG strategy by systematically measuring and reducing the environmental impact of our buildings and creating lasting positive change for the communities we serve.

Achieving our ongoing ESG goals requires close collaboration with multiple stakeholders including BVK and our tenants. It is our mission to foster these relationships so we can realise our shared ambition to create a built environment that meets present day needs and anticipates, and responds to, those of the future.

In this report, we aim to provide an overview of our expanded ESG strategy for the BVK Retail Mandate and illustrate recent progress. We hope you find this report useful and would be delighted to discuss any element further.



Daniel Chang
Portfolio Manager
Managing Director

In a year where climate change and a global pandemic have drastically impacted our lives, it has become clear that long-lasting ESG change is required. With this backdrop and our enduring focus on the built environment and the communities we serve, the BVK Retail Mandate team has addressed ESG initiatives head-on, integrating them into its wider investment strategy.

In this, our first BVK Retail Mandate ESG report, we are pleased to share our achievements in 2020, which focused on reducing the portfolio's carbon footprint, improving our stakeholder social impact, and reinforcing governance and disclosure frameworks concerning our processes.

This report enables us to showcase our progress including our COVID-19 response, the energy performance of our portfolio and specific community engagement programmes carried out during the year.

Importantly, we stipulate our ESG objectives for 2021 and beyond, though we recognise that these ambitions are moving targets which will be developed, adapted and revised as we move forward.

We hope you enjoy reading about our ESG vision and approach for the BVK Retail Mandate in this, our inaugural report

ESG
at Hines

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BVK Highstreet
Retail Europe
Immobilienfonds
(BVK Retail
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ESG at BVK Retail
Mandate

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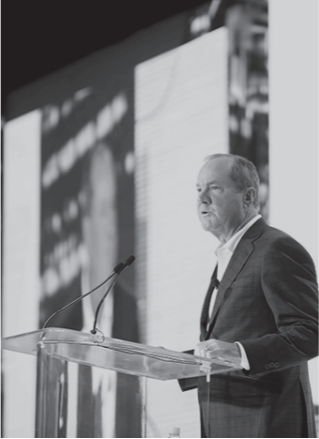
Community,
People and
Tenants

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Our Firm

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For Hines' full sustainability report, please visit www.hinessustainability.com.
Endnotes are provided on page 33.

ESG at Hines

345 Hudson Street in New York City was built in the early 1900s to house printing presses and was redeveloped into a hub for creative industries and businesses drawn to the large floor plates, flexibility of the lease space and energy of the neighborhood. In close proximity to Hudson River Park, the property has undergone a substantial improvement programme including a lobby upgrade and new roof decks in addition to other tenant and community amenities.



Laura Hines-Pierce and Jeff Hines



Hines is committed to improving the built environment for people and the planet. Since our firm’s beginning, we’ve endeavoured to bring the most responsible, sustainable practices to Hines' projects.

Hines was founded in 1957 as a privately owned, real estate development firm based in Houston, Texas. Over more than six decades, we have expanded our business to include real estate investment and management, and our firm now has a presence in 240 cities and 27 countries across the globe. We have more than 4,787 team members worldwide and €131.1 billion of assets under management¹ including €66.6 billion in assets for which Hines serves as investment manager, and €64.5 billion representing 29 million square metres of assets for which Hines provides third-party property-level services.

Since our beginning, Hines has valued and pioneered sustainability in the built environment. Our founder, Gerald D. Hines, believed in creating long-term value for the people and communities we touch, and that ethos and commitment has driven us to become one of the largest and most respected real estate organisations in the world.

As our firm has evolved and grown, our definition of sustainability has expanded. Our ESG strategy is informed through an ESG task force comprised of a diverse cross section of individuals across the different businesses and geographies at Hines. Through all the work we do at Hines, we endeavour to positively impact people and communities, employ the highest ethical standards, and minimise our footprint — and we strive to be the best investor, partner and employer in our industry.

Please refer to the Hines Sustainability report at www.hinessustainability.com for details on the Hines-wide ESG initiatives and achievements.

Hines responds to the COVID-19 pandemic

2020 was an unprecedented year, with the COVID-19 pandemic having far-reaching impacts across the globe. We responded quickly to support our stakeholders including our people, customers and the communities we operate in.

As we embrace the new normal, the strength of our relationships has never been more meaningful. While this experience has been a wakeup call for society, we will emerge a safer and more resilient world if we all work together on this journey.

As we emerge from the global pandemic and look to build back better, the importance of sustainability will be ever more critical.

We are prioritising health and safety

After the initial lockdowns in early 2020, Hines made a decision to return employees to the workplace gradually, in phases, to balance the needs for employee safety, continued best-in-

class service delivery for our tenants, partners, and investors, and the local conditions in each geography. We work closely with our team of external medical advisors, epidemiologists, and security experts, to determine when it is safe to move to each phase of workplace return.

- Safely operating at the workplace: our teams in the workplace complete daily symptom checks, are provided with COVID-19 testing, and guided through contact tracing and care management by our Human Resources team and dedicated third-party care management providers. We've significantly enhanced the cleaning, density management, diagnostic, and personal protective equipment (PPE) capabilities within our spaces.
- Mental as well as physical health: we've increased our mental health support resources for employees, including targeted support for

working parents and team leaders, and are pleased to see continued strong employee sentiment about the mental and physical resources they receive from Hines.

We are focused on community, wellness and our OneHines culture

Hines has always said that employees are our most valued assets, and the challenges presented by the pandemic have only deepened our commitment to being an exceptional workplace that brings out the best in our people. We see 2020 and 2021-to-date as a time when our values are on display like no other. Employee pulse surveys consistently show strong employee morale and confidence in the firm.

- Culture and employee engagement: we've run extensive virtual programming, ranging from global town halls, to coaching and education sessions led by external experts, to social hours to keep our teams connected.
- Diversity, Equity, and Inclusion: in 2020 we watched and reacted to unspeakable acts of violence in our communities in the US, and our own Hines community reacted with empathy, education, and action. In addition to our public statements, we engaged internal teams in support forums and numerous externally-led learning sessions. We also doubled down on employee volunteerism, firm philanthropy

focused on racial justice, and pro-bono community education initiatives that increase the diverse representation of the commercial real estate industry. Our ongoing commitment to these efforts is unwavering.

- We believe that physically gathering together in offices is irreplaceable for transmitting our culture, developing our people, and innovating inclusively as diverse teams. At the same time, we believe that providing flexibility for ongoing partial remote work will help us attract and engage expanded talent pools and help employees achieve work-life balance.
- The next level of wellness in the built environment: our operation and innovation teams are leading the industry in standards and technology for indoor air quality, space design that improves wellness outcomes, and analytically-informed building sustainability. We've partnered with the Mayo Clinic's WELL Living Lab and other partners on research and development for exciting new innovations in ventilation, surface cleaning, and behavioural interventions for controlling the spread of COVID-19.



BVK Highstreet Retail Europe Immobilienfonds

Comprehensively refurbished according to a programme designed by Sir Norman Foster of Foster + Partners, the 5,500 square metre Apple flagship store on the Champs-Élysées in Paris holds a BREEAM In Use certificate.



Kobmagergade, Copenhagen



The BVK Highstreet Retail Europe Immobilienfonds (BVK Retail Mandate) is a German investment fund sponsored by Hines. The investment strategy targets core, core plus and value-add high street retail assets across Europe.

Since its launch in 2015, the Fund has acquired eleven assets and sold two. Today, the Fund comprises investments in seven cities in five European countries: Denmark, France, Italy, Spain, and the UK.



The 15,000 square metre 19th century Cordusio 2 building in Milan was refurbished to the highest standards of sustainability and energy efficiency while respecting the original architecture and materials. The refurbishment was completed in 2018 and the asset holds a LEED 'Gold' certificate .

At Hines, we recognise the importance and, crucially, the need for urgent ESG action. We promote active management of our investments to embed ESG initiatives across the spectrum. Within the BVK Retail Mandate portfolio itself, we continue to focus on optimising and enhancing building operations to reduce energy consumption and carbon emissions.

Hines firmly believes that sustainability improvements and financial performance goes hand-in-hand. To this end, our focus is on delivering superior asset management through optimising our operations to ultimately improve energy performance and, in tandem, increase building value. A critical component of our strategy is engaging with all our stakeholders on ESG initiatives including our tenants, local communities and investors, to decipher the issues that are most important to them and then act on them to deliver better outcomes for everyone.

Refurbishment works in the 5,000 square metre Preciados building in Madrid improved the energy consumption of the building with better insulation, double glazing, LED lighting, low consumption air conditioning, and Building Management System (BMS). The building aims to achieve sustainability certification once fully operational.



2020 goal outcomes

	Focus area	2020 Objectives/Targets	Progress	Outcome
ENVIRONMENT	Building certification	▪ Seek to undertake / maintain green building certification, where there is a positive business case to do so.	100%	▪ Achieved. Obtained BREEAM In-Use certifications for ten assets. 100% related to the existing buildings of the portfolio (Place Madeleine and Preciados still in process of being completed).
		▪ Seek to ensure that 100% of assets will be covered by a valid Energy Performance Certificate (EPCs) (or European equivalent).	75%	▪ Partially achieved. 75% of the portfolio (by floor area) currently holds a valid EPC energy rating certificate.
	Data monitoring	▪ Seek to develop and implement process for monitoring and managing utility data, targeting 100% coverage of landlord-procured data.	100%	▪ Achieved. Data monitoring processes established. Successfully obtained consumption coverage for all buildings in the portfolio scope, except for Via Dante which was sold in 2020.
	Energy and carbon reduction	▪ Seek to develop medium-term fund-level energy and carbon reduction targets.	100%	▪ Achieved. 2025 energy and carbon reduction targets established.
	Renewable energy	▪ Seek to transition towards renewable electricity, where procured by the landlord.	100%	▪ Achieved. Royal Exchange Manchester and Buchanan Street, Glasgow, utilise green energy tariffs for landlord-controlled electricity supplies.
	Waste	▪ Seek to divert 100% of landlord-managed waste from landfill.	100%	▪ Achieved. Like-for-like total waste generated decreased by 44% and 100% of waste reported was diverted from landfill from 2019 to 2020.

SOCIAL	Tenants	▪ Survey tenants to understand their satisfaction and interest in ESG.	100%	▪ Achieved. Tenants were included in the latest Hines Europe Tenant Experience Assessment (survey conducted in 2019).
		▪ Engage tenants on ESG best practices through sharing Sustainability Fit-Out Guide and Hines Green Office/Retail programmes.	100%	▪ Achieved. Tenants were engaged on ESG best practices through the sharing of a sustainability fit-out guide and the HinesGO/HinesGR guides
	Communities	▪ Seek to partake in and track community engagement initiatives within the locality of assets.	100%	▪ Achieved. Local asset teams engaged with Business Improvement Districts (BIDs) in Paris and Copenhagen.
	Employees	▪ Embed ESG objectives into employee reviews.	100%	▪ Achieved. ESG objectives were included in annual performance targets of all Hines investment management team members in 2020.
		▪ Deliver an ESG-focused training session to the Hines investment management team and local Hines asset managers.	100%	▪ Achieved. An ESG-focused training session was delivered to the Hines investment management team and local Hines asset managers.

GOVERNANCE	ESG disclosure	▪ Carry out a gap analysis against the GRESB Real Estate Assessment framework to support participation in 2021.	100%	▪ Achieved. Gap analysis carried out and action plan established.
	Acquisition due diligence	▪ Seek to incorporate sustainability into due diligence for all acquisitions.	100%	▪ Achieved. Sustainability acquisitions due diligence checklist established. (No acquisitions were made during 2020).
	Sustainability assessment and action plans	▪ Seek to implement sustainability assessment and action plans (SAAPs) at 100% of assets and review/update progress on a regular basis.	100%	▪ Achieved. SAAPs were developed for 100% of assets.
	Climate resilience			

2021 objectives

	Focus area	2021 Objectives/Targets
ENVIRONMENT	Building certification	▪ Seek to ensure 100% green building certification coverage for the portfolio.
		▪ Seek to ensure that 100% of assets will be covered by a valid EPC (or European equivalent).
	Data monitoring	▪ Continue to obtain, manage and monitor landlord-procured utility data (including energy, water and waste). ▪ Roll out smart meters wherever feasible to enhance data quality and automation.
	Energy and carbon reduction	▪ Work towards medium-term fund-level reduction targets: – 10% reduction in like-for-like energy consumption by 2025 (against a 2019 baseline year). – 15% reduction in like-for-like GHG emissions by 2025 (against a 2019 baseline year).
	Renewable energy	▪ Continue to transition towards renewable electricity, where procured by the landlord.
	Waste	▪ Seek to continue to divert 100% of landlord-managed waste from landfill.

SOCIAL	Tenants	▪ Continue to advance tenant engagement on ESG matters.
	Communities	▪ Continue to seek to partake in, and track, community engagement initiatives within the locality of assets.
	Employees	▪ Continue to embed ESG objectives within performance reviews for Hines investment management team members.
		▪ Continue to carry out ESG-focused training sessions for Hines investment management team members and local Hines asset managers.

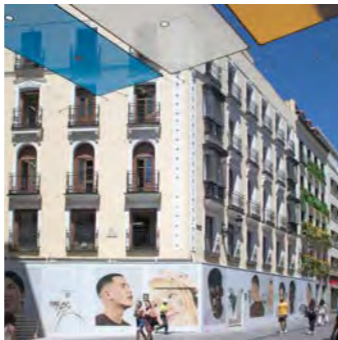
GOVERNANCE	ESG disclosure	▪ Participate in the GRESB survey (in July 2021, based on 2020 calendar year) in order to support benchmarking and communication of ESG performance.
	Acquisition due diligence	▪ Continue to complete the sustainability acquisitions due diligence checklist for all new acquisitions.
	Sustainability Assessment and Action Plans	▪ Continue to maintain SAAPs at 100% of assets and review/update progress on a regular basis.
	Climate resilience	▪ Seek to update portfolio climate risk assessment to model physical risks.

Sustainability certifications



PASSEIG DE GRACIA 17

Barcelona, Spain



PRECIADOS

Madrid, Spain

Targeting BREEAM In Use certification once occupied



CORDUSIO 2

Milan, Italy



Image ©Dario Tettamanzi 2016



28 PLACE DE LA MADELEINE

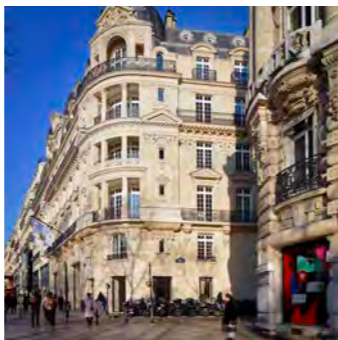
Paris, France

Targeting BREEAM In Use certification once occupied



MARCHÉ ST. GERMAIN

Paris, France



114 CHAMPS ÉLYSÉES

Paris, France



ROYAL EXCHANGE MANCHESTER

Manchester, U.K.



229 BUCHANAN STREET

Glasgow, U.K.



COPENHAGEN PORTFOLIO



KØBMAGERGADE 22

Copenhagen, Denmark



KØBMAGERGADE 24

Copenhagen, Denmark



KØBMAGERGADE 26

Copenhagen, Denmark



ØSTERGADE 40

Copenhagen, Denmark



VIMMELSKAFTET 36

Copenhagen, Denmark



10



BREEAM
In-Use

1

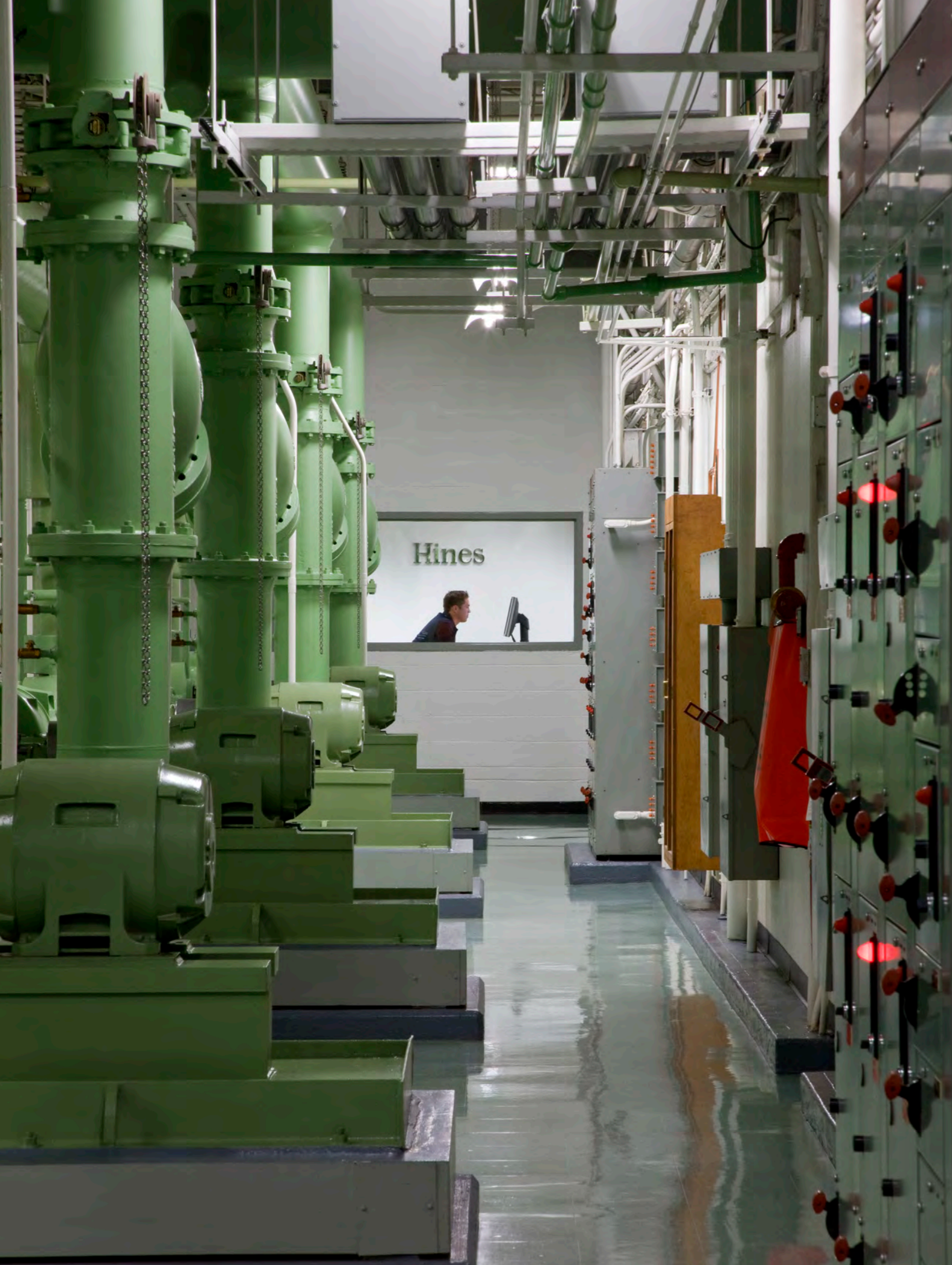


LEED
Gold



All landlord-procured electricity contracts are on 100% renewable electricity⁴. Additionally, the tenant in one of our single-occupier buildings is also on 100% renewable electricity tariff.

Two buildings have on-site renewable energy systems - solar panels are installed at Passeig de Gracia and Cordusio 2.



Environmental performance data^{5,6,7}

Like-for-like - 2019 to 2020

Energy consumption

▼ **12%** ⚡ MWh
Energy consumption equivalent of:

14.2 homes per year



GHG emissions

▼ **16%** ☁ CO₂
GHG emissions equivalent of:

10.4 automobiles per year



Water

▼ **26%** 💧 m³
Water consumption equivalent of:

0.4 Olympic swimming pools per year



Waste

▼ **44%** 🗑 tonnes
Total waste generated equivalent of:

5.6 truckloads per year



Scope and methodology

The BVK Retail Mandate reports on environmental data where it has 'operational control' and where it acts as the landlord and is responsible for procuring utilities and/or waste management services for 2019 and 2020.

For electricity, this typically includes consumption in common areas and/or as part of a shared service (i.e. operation of central plant). Electricity procured directly by the tenant for any directly managed assets is excluded from the environmental data reported. For gas and water, reported data typically covers consumption across the whole building. The following assets fall within the scope of the reported like-for-like data:

Energy and greenhouse gas (GHG) emissions: Marché St. Germain, Buchanan Street and Royal Exchange Manchester.

Water and waste: Royal Exchange Manchester

Data has been adjusted to account for variables such as occupancy and external weather, and is reported on a like-for-like basis. Consumption figures in 2020 have not been adjusted to account for the impact of the COVID-19 pandemic.

2020 performance

Energy: overall portfolio energy use has decreased from 2019 to 2020 by 12% on a like-for-like basis; electricity and fuel consumption decreased by 11% and 12% respectively.

GHG emissions: like-for-like GHG emissions decreased by 16% from 2019 to 2020.

Water: like-for-like water consumption decreased by 26% from 2019 to 2020.

Waste: like-for-like total waste generated decreased by 44% and 100% of waste was diverted from landfill from 2019 to 2020.

Community, People and Tenants

“ Human experience and connections have proven to be vitally important and underpin all that we do. This is why well located, high quality destinations that are human centric, technology enabled, environmentally conscious and authentically woven into their social, civic and business communities will thrive well into the future.”



Ronen Journo
Head of Management Services &
Operations - Europe at Hines



A focus on people and the human impact of the built environment is integral to Hines. We have an enduring commitment to improving the built environment and contributing to the communities where we operate. We aim to create buildings that help people and places thrive, which is only possible through the efforts and determination of our teams across the company.

Now more than ever, creating value means providing safe, healthy places and communities for people to live, work, play and stay.





Biodiversity exhibit at the Marché Saint Germain

Hines France joined forces last year with the responsible shopping charity “La Belle Empreinte” (The Beautiful Footprint) to bring the Big Biodiversity Game to the Marché Saint Germain, Paris.

Held in the Marché’s colonnade, the event consisted of an exhibition and a competition. Static displays with helpers on site explained why biodiversity is diminishing and under threat and provided a series of day-to-day concrete actions to preserve it. Participants competed to win prizes such as passes to the National Museum of Natural History, a houseplant and edible flowers by answering a series of questions.

It proved to be a fun event for families in the community. We welcomed 600 people to the Marché Saint Germain with 150 people participating in the competition. The event was also well received on social media.

1. Zoning and Land Use Distribution
Diagram and Mapping

Danilo Chiesa, student at the Politecnico di Milano, presenting the winning concept

2020 ULI Hines Student Competition Europe

The inaugural ULI Hines Student Competition Europe took place on 18 June 2020, due to the circumstances in a virtual setting.

Working in teams of four, students were set the task of preparing a plan for a redevelopment of a fictional city centre location, a challenge which tested their understanding of the core components of real estate finance, investment and development, as well as social and environmental issues that impact decisions around land-use and sustainable development.

The competition was won by four students from Politecnico di Milano who beat out stiff competition from eight other teams from higher-education establishments across Europe, including the University of Cambridge, Technological University Dublin, London Business School, Polytechnic University of Milan, INSEAD graduate business school and the Technical University of Madrid.

The winners received a one year ULI membership and fast-track to Hines' internship program.

ULI Hines Student Competition

First established in the U.S. in 2003, and entering its 19th year in 2021, the ULI Hines Student Competition offers graduate students the opportunity to form their own multidisciplinary teams and engage in a challenging exercise in responsible land use.

The competition is part of a joint ongoing effort to raise interest among young professionals, including MBA students, in creating better communities, improving development patterns, and increasing awareness of the need for multidisciplinary solutions to development and design challenges.

Gerald D. Hines created the competition with a generous endowment after he received the ULI Prize for Visionaries in Urban Development in 2002.

BVK Retail Mandate - our communities and tenants

Local partnerships

Hines has a track record of contributing to the improvement of the communities where we do business. The BVK Retail Mandate team makes the most of our membership of Business Improvement Districts (BIDs), continuing to improve communities associated with our operations.

Revitalising communities

Hines is a member of the Comité Champs-Élysées, a non-profit association created in 1916 to promote and develop the avenue and district. The committee has since organised and sponsored numerous events, from the annual Christmas illuminations to exhibitions and other leisure events, benefitting Parisians and visitors alike.

In 2018 the Comité began lobbying the City of Paris to reinvigorate the avenue and area, especially in light of the recent spate of crises such as the yellow vest strikes and the COVID-19 pandemic. In January 2021 the City officially took on the challenge, giving the green light to a €250 million makeover of the Champs-Élysées to turn the 1.9 km stretch of central Paris into “an extraordinary garden”. The renovation of the avenue will be one of the flagship urban projects of this decade.

Public consultations of nearly 10,000 Ile de France citizens held by the Comité resulted in plans by the agency PCA-STREAM to reclaim the avenue as a public

space by reducing space for vehicles in half, turning roads into pedestrian and green areas, and creating rows of trees and green areas to improve air quality. The famous Place de la Concorde at the south-east end of the avenue will also be redesigned. The aim is to transform the Champs-Élysées by 2030. The Comité Champs-Élysées will remain a constructive and committed partner of the City of Paris throughout the project.

Cultural enrichment

The Københavns City Centre (KCC) BID focuses on making central Copenhagen a lively place, providing frameworks for running business and creating cultural experiences. Representing over 250 members, KCC's goal is to develop neighbourhoods and the overall experience so that the city continues to appear new and attractive for customers, businesses, culture and residents.



CGI of the proposed green spaces on the Champs-Élysées
©PCA-STREAM



Hines Green Office Tenant Program

The Hines GREEN OFFICE Tenant Programme is a voluntary scheme to encourage sustainability. It is designed to help tenants improve how they operate their spaces and have a positive impact on the environment, health and wellbeing of employees.

It aims to help tenants and their employees set sustainability-related goals and improve performance in their leased spaces as well as in the building.

The BVK Retail Mandate management team has shared the programme guide with tenants and facilitated training sessions so it can be adopted and implemented successfully.

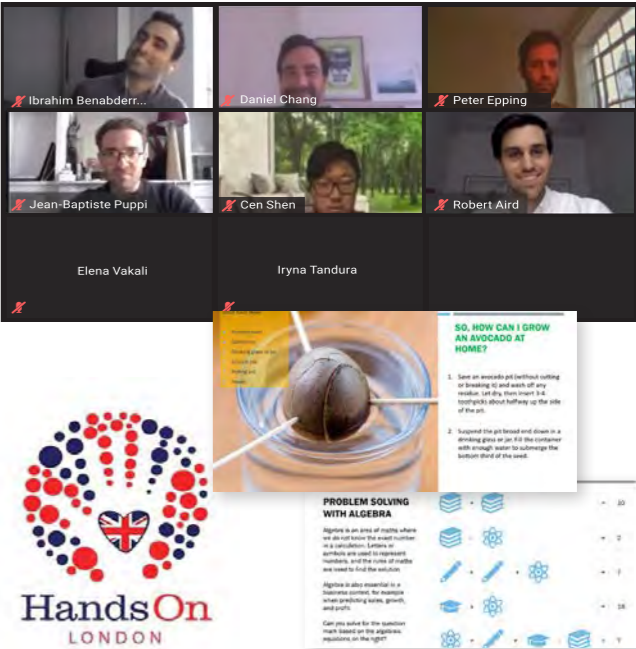
The team has also been working on the Hines GREEN RETAIL Tenant Programme guide to engage positively with retail tenants and assist them with sustainability goals.

STEM booklets for school children

In December 2020, the BVK Retail Mandate management team and other members of Hines' investment management team worked with HandsOn London, a UK charity providing volunteering opportunities across London, to produce STEM educational activity booklets for the sustainable food charity, Good Food Matters.

Held during lockdown in London, a HandsOn session was held via Zoom. The team created two booklets with hands-on activities for children including making a plastic bottle thermometer, building bridges using everyday materials, science experiments, learning morse codes, maths puzzles and more. It was good fun and the team enjoyed the opportunity to flex their creative muscles.

The booklets were distributed through the charity as a fun resource to children from low income families who rarely have access to this type of resource. We hope the children had as much fun doing the activities as we had creating the booklets!



Q&A with the team behind the BVK Retail Mandate's ESG achievements

2020 has been a challenging year for the BVK Retail Mandate due to the COVID-19 crisis, as it has for real estate everywhere. Our dedicated teams of experts rose to overcome any obstacles and continued to seek out opportunities to improve our ESG initiatives. We asked some of our ESG champions to comment on these initiatives.



Luis Jaime de Antonio is a Director of Asset Management in our Barcelona office

Luis, how has COVID-19 impacted your delivery of property/facility management and health, safety and wellbeing considerations?

COVID-19 has been a challenge on construction sites as social distancing needs to be adhered to at all times. For example, planning is key to ensure contractors are staggered during the days on site, to avert the amalgamation of large groups of people at any one time.

In addition, the role of health and safety officers on site has become more prominent and facility managers have upped the ante in terms of an increasing focus on wellbeing with more stringent cleaning regimes introduced to ensure all sites remain COVID-19 compliant and secure.

One positive is that digital technology has supported these efforts. One example is calling an elevator using QR codes via your mobile phone, ensuring less touch points on the site itself.



Colin Kelly is a Director of Technical Operations operating across Europe out of our Dublin office

Colin, what role do you see technology and innovation taking in sustainable asset and property management?

Technology and innovation play a critical role in helping our asset and property teams understand how our assets operate. Only when we have this understanding, can changes be made to improve operational efficiency and increase sustainable practices.

An illustration of this is the use of the latest sensor-driven technology within which we can extract and measure utility data in real-time, enabling our team to monitor energy levels across its portfolio in a sustainable and cost-effective way.



Fiona Hipkiss is Chief Compliance Officer based in our London office

Fiona, how do you see regulation influencing the industry with ESG performance?

The spotlight on ESG from investors, occupiers, employees and wider society means that regulation in this area is expected to catapult up the agenda, and rightly so.

With the increasing investor focus on ESG, it is interesting to see the evolving European regulatory agenda including the Sustainable Finance Disclosure Regulation. Disclosure and transparency will be important to driving progress, with the regulation aiming to put a framework in place to allow consumers to compare apples to apples and therefore prevent greenwashing.

Of course there is a risk, as with most regulation, that firms look to tick boxes without meaningful change. However, at Hines we have always felt a responsibility to the future and are committed to ESG management because we believe it supports investment performance and society at large.



Ivan Harrison is a Director of Asset Management in our London office and manages the BVK Retail mandate's U.K. assets

Ivan, how we can improve our social footprint in a business context while still meeting our financial obligations?

Hines UK, through its new ESG committee headed up by Alexandra Gumuchian, has this year become a member of Social Enterprise UK, a leading authority and the largest network of social enterprises in the UK. Social Enterprise promotes non-for-profit, community engaging, social and environmental focused organisations. We recognise the growing importance of ESG to our investors, but also to Hines as an organisation and its employees.



We have targeted spending £100,000 in 2021 through social enterprises – through the services we adopt in our Hines London head office, and through the procurement of services at the properties we manage. This represents 0.5% of our operational spend per annum, so a conservative target for the first year, but one that we can build on in future years.



Emme Haycock is a Director of Asset Management in our London office

Emme, please tell us how The Royal Exchange Manchester has been building bridges with the community?

Located in the heart of Manchester's city centre, The Royal Exchange Manchester plays an important role in the community. Home to the Royal Exchange Theatre, the theatre has been a hub for storytelling for Manchester and the UK, hosting behind the scenes workshops, family friendly events, community projects, professional and creative development, and opportunities for young people. A recent initiative is the theatre's Local Exchange, a long-term programme in which each year the theatre takes up a three-year residency developing close relationships with local partners such as housing associations, libraries, food banks and arts organisations to find out what's happening on the ground, culminating in projects, workshops, performances and events that are tailor-made for the community. The Royal Exchange theatre also offers community group discounts to performances for local community groups working with those



who may not otherwise have access to the theatre.

The historic building itself has an eclectic mix of high street and luxury retail as well as cafes and restaurants. It also supports a mix of established and new local independents. The asset hosts events throughout the year to bring the community together. The Royal Exchange Manchester regularly participates in the Manchester Flower Show and Manchester Pride Week, adorning the arcade entrances with stunning flower displays. Tenant lululemon organises yoga classes on the rooftop of The Royal Exchange Manchester.



Hines recognises the power of placemaking for the community and always strives to strengthen the connection between people and the places they share.



The 15,000 square metre 19th century Cordusio 2 building in Milan was refurbished to the highest standards of sustainability and energy efficiency while respecting the original architecture and materials. The refurbishment was completed in 2018 and the asset holds a LEED 'Gold' certificate .

Task Force on Climate Related Financial Disclosures (TCFD)



For the BVK Retail Mandate, we are working to implement the recommendations of the TCFD to better understand and manage the portfolio's climate-related risks and opportunities, and to ultimately disclose them in a transparent manner.

As policy guidance around assessing and disclosing the material financial impacts of climate-related issues develop, we will further integrate these best practices into reporting and decision-making processes to further increase alignment with TCFD. We are developing our approach around the four sections as framed by TCFD recommendations: Governance, Strategy, Risk Management, and Metrics and Targets.

To inform our approach, all assets within the portfolio have been assessed for physical climate risk exposure, looking ahead to the 2030 – 2040 timeframe under the RCP 8.5 scenario. As part of the assessment, risk levels were scored for six climate hazards comprising of 21 underlying risk indicators.

We are progressing towards 100% sustainability certification coverage and have established fund-

level energy and GHG emissions reduction targets for 2025, both of which will support the mitigation and management of identified transition risks. We are also looking to further strengthen our targets through setting science-based GHG emissions and energy intensity targets in line with the Carbon Risk Real Estate Monitor (CRREM) tool.

Acquisition decisions are informed by climate resilience considerations included in the due diligence process. These are used to inform business and ESG plans during asset management. On an ongoing basis, climate-related issues are reviewed and monitored through asset risk assessments, technical/energy audits and asset-level Sustainability Assessment and Action Plans (SAAPs). Evolving our approach in line with emerging industry best practice is crucial to ensure the sustained oversight and suitable management of exposure to material risks, in conjunction with identifying opportunities, across the investment life cycle and delivering resilient long-term returns.

Our Firm

240

cities where Hines is located (exclusive of facilities management)

442

cities with facilities management assignments

27 countries

Australia	Finland	Ireland	Panama	United Arab Emirates
Austria	France	Italy	Poland	United Kingdom
Brazil	Germany	Japan	Russia	United States
Canada	Greece	Luxembourg	Singapore	
China	Hong Kong	Mexico	South Korea	
Denmark	India	Netherlands	Spain	

TOTAL ASSETS UNDER MANAGEMENT⁸

€131.1 B

€66.6 B

for which Hines serves as an investment manager, including non-real estate assets

€64.5 B

for which Hines provides third-party property-level services



DEVELOPMENTS WORLDWIDE

181 920

projects currently underway, 8.1 M sqm completed projects, 2.52 M sqm



PROPERTY AND ASSET MANAGEMENT

622

properties, 23.9 M sf

OUR FIRM

The Hines Guiding Principles

- 1 The Hines standard represents the global real estate benchmark for value creation, integrity, service, and quality for all clients.
- 2 All Hines products and services are of the highest standard as appropriate for the mission.
- 3 The Hines employee is the greatest example of the Hines standard and the company's most valuable asset.
- 4 Hines is committed to fostering an inclusive culture where diversity is respected and valued.
- 5 We will continually strive to be the industry leader in sustainability and the premier real estate company in the world.

Operating with Integrity

Hines is dedicated to conducting business in accordance with the highest ethical standards and to following the letter and spirit of the laws and regulations applicable to our business.

We encourage and expect our employees, shareholders, and business partners to report conduct they believe to be unethical or in violation of the law, our code of conduct, or Hines policies and principles.

EthicsPoint enables individuals to anonymously and confidentially report actual or suspected violations by phone 1-866-384-4277 or online, at ethicspoint.com.

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COMPLIANCE AND METHODOLOGY

Reporting standard - INREV compliance

The BVK Retail Mandate 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.

The BVK Retail Mandate 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 the BVK Retail Mandate 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. The BVK Retail Mandate also commissioned EVORA to undertake a limited assurance engagement of reported environmental performance data in line with the AA1000 Assurance Standard 2020.

This report is a snapshot of the BVK Retail Mandate as of 31 December 2020. For a comprehensive disclosure of INREV compliant sustainability data, please refer to the BVK Retail Mandate Sustainability Report audited by Evora. This is available upon request from Daniel Chang at daniel.chang@hines.com.

Methodology

Like-for-like energy, water and greenhouse gas (GHG) emissions performance compares consumption and emissions data of assets held in both 2019 and 2020, 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.

ENDNOTES

- 1

Includes both the global Hines organization as well as RIA AUM as of 31 December 2020.
- 2

Landlord-procured electricity transitioned to a 100% renewable tariff as of 04/2021.
- 3

Landlord-procured electricity transitioned to a 100% renewable tariff as of 02/2021.
- 4

As of April 2021.
- 5

Like-for-like data analysis compares the performance of assets held in 2019 and 2020, excluding any assets held for less than 24 months, or assets that underwent major refurbishment. Via Dante was excluded from the like-for-like portfolio as it was sold in July 2020, as is Cordusio having undergone refurbishment in 2018 and subsequent fit out works prior to occupancy during 2019.
- 6

Like-for-like data has been normalized to remove the impact of external factors on consumption, as relevant. Normalisation for external factors has considered occupancy changes and weather patterns (and therefore heat demand).
Occupancy: Energy and water consumption and GHG emissions have been uplifted or lowered by the relative percentage difference in occupancy between the two reporting years, where relevant.
Weather patterns: Energy consumed for space heating and related GHG emissions have been uplifted or lowered through the application of the ‘average number of degree days over the past 5-years’ to ‘number of degree days in the reporting year’ ratio (in each reporting year). Degree day information has been sourced from www.degreedays.net using the closest weather station to each asset.
- 7

Normalisation adjustments for occupancy and weather patterns are standard practice in sustainability reporting; however, we acknowledge that a linear approach - including the ones applied - here do 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 are limited in their ability to reflect all such nuances.
- 8

Includes both the global Hines organisation as well as RIA AUM as of 31 December 2020.

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