
555 Greenwich | New York

Climate Strategy Report

December 2024

Hines

Introduction

In our inaugural Climate Strategy Report, Hines aims to provide transparency and communication regarding our approach to climate risk management and performance for our investors and broader stakeholders. This report aligns with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). Our disclosure is voluntary, and we recognize the importance of adhering to industry best practices to communicate our climate management strategy and objectives.

Our goal is to improve climate resilience across our global portfolio and achieve real-world emission reductions through our science-based carbon and climate targets as identified in our Sustainable Value Creation Framework. By reporting on our portfolio's exposure to transition and physical climate risks, we aim to enhance the quality of the underlying data monitored across our investments and drive greater impact through our operations.

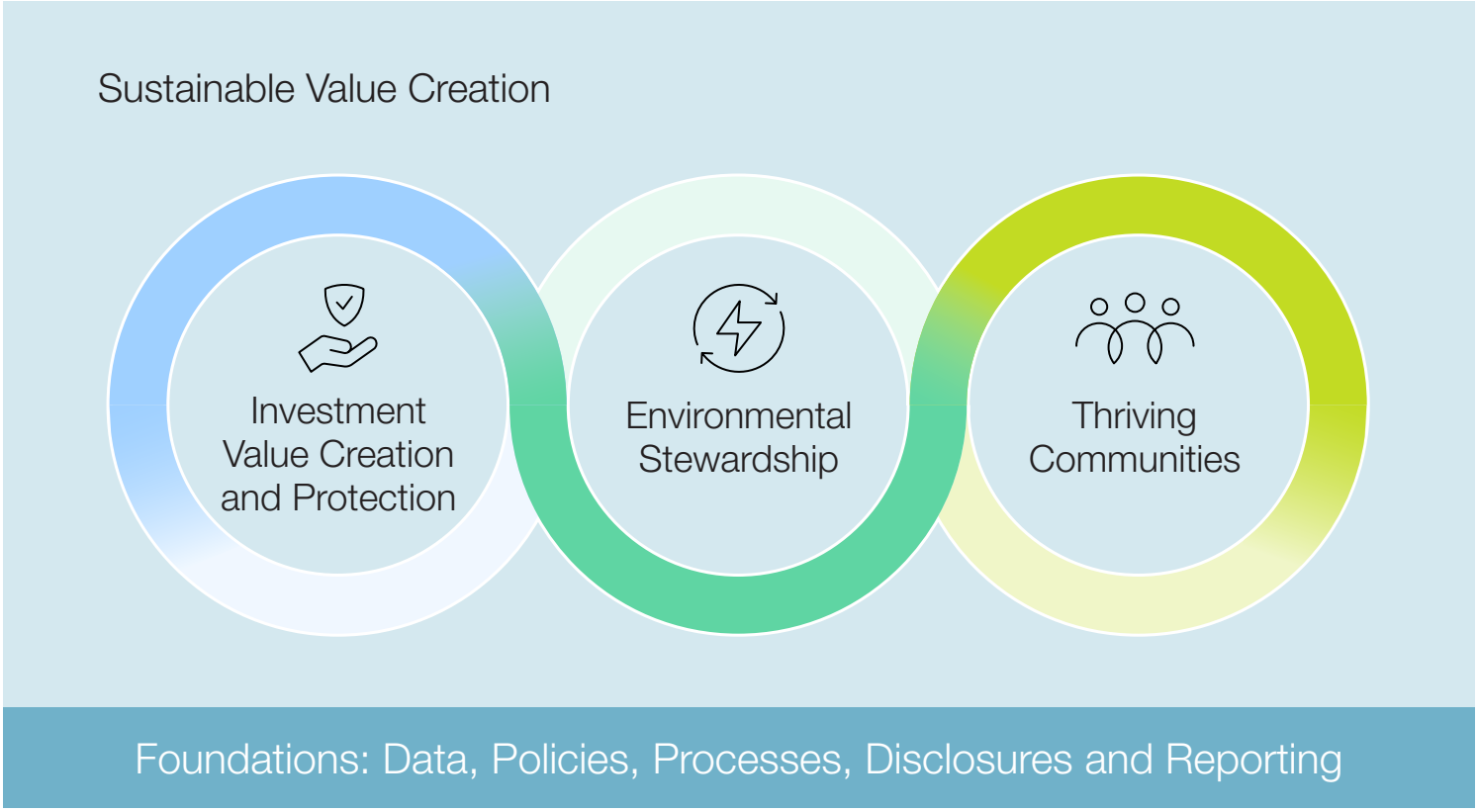
This report addresses the core requirements of our stakeholders, establishes a framework to report our progress to date and sets out our forward-looking goals across the four pillars of TCFD: Governance, Strategy, Risk Management, and Metrics & Targets.

1

Executive Summary

Hines embeds climate risk management into its business strategy with a data-driven, lifecycle focused approach that prioritizes decarbonization, mitigates physical climate risks, and prioritizes sustainable value creation and protection.

At Hines, we are committed to being the world's leading and most innovative real estate investment, development, and management firm. In 2024, we updated our firm-wide Sustainable Value Creation Framework to better align with our business, financial, and sustainability ambitions, guided by a double materiality approach.



T3 RiNo | Denver

This revised framework emphasizes **Sustainable Value Creation and Protection**, which we consider integral to our business strategy and essential for delivering long-term value to our investors, the communities we serve, and our firm.

Climate risk—specifically transition risk and related to our carbon emission, physical climate risk and insurability—has been identified as a material concern for both Hines and our stakeholders. As a key focus of the Environmental Stewardship theme in our Sustainable Value Creation Framework, our climate risk management strategy takes a proactive approach where:

- Deal teams assess physical climate risk at acquisition, as part of our Investment Committee (IC) governance, and prepare a physical climate risk management plan, if required.
- For the majority of our existing equity portfolio, we have assessed the physical climate risk exposure and prepared a physical climate risk management plan with the asset management team, where required.
- Deal teams evaluate carbon performance prior to acquisition, using our proprietary Carbon Impact Assessment tool as part of our IC governance, aligning with the Science-Based Targets initiative's (SBTi) decarbonization pathway, where possible.
- For our existing assets, we are prioritizing and evaluating plans for their decarbonization.

This approach enables our Investment Management teams to plan appropriate climate management interventions and capital improvements at key stages of the asset lifecycle, with support from our local and central Sustainability teams.

Furthermore, Hines leverage internal performance data and external market data to build a sustainable investment intelligence model that reinforces our investment thesis of sustainable value creation and protection. We use the data to identify and manage climate-related risks and opportunities within the market and explore new investment models that enhance our impact and bring greater value to our stakeholders. We have integrated our climate risk management process into our broader investment risk management framework. We follow a structured approach to *Identify*, *Analyze* and *Manage* the impacts of climate change on our investments. It enables us to model the effects of shifting climate conditions, implement mitigation and adaptation measures to future-proof our assets, and collaborate with local policymakers to enhance climate resilience within the communities where we operate.

This Climate Report outlines our climate change management strategy, detailing the policies, processes, and data practices we have implemented so far, along with plans for future enhancements. Our approach is in line with the TCFD recommendations, relevant climate regulations in our key markets, and Hines' broader sustainability goals. Hines shares this information for transparency and to support the industry in progressing climate action by sharing good practices. In the future, Hines will provide updates on our progress within our annual Sustainability Report.

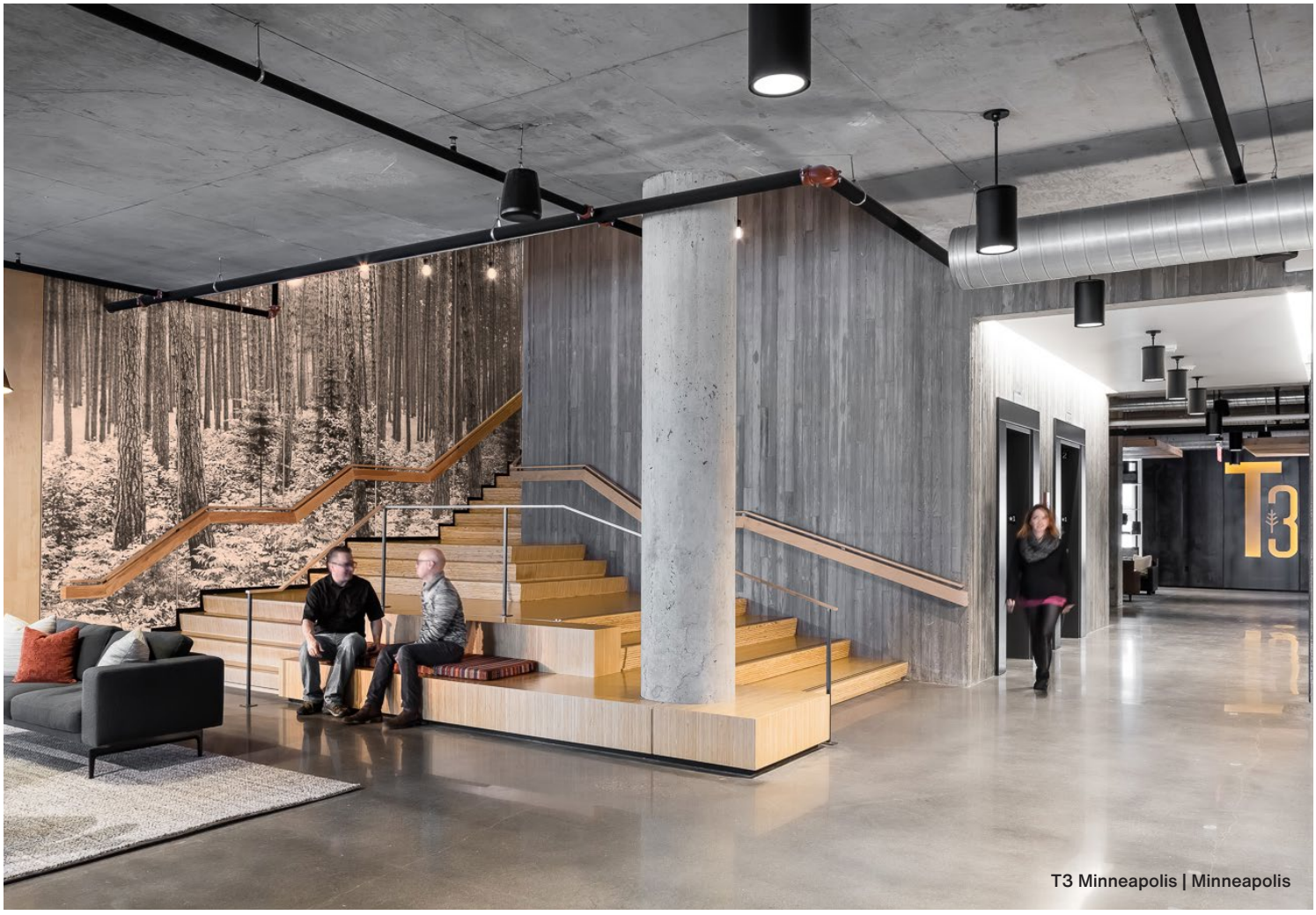
Porta Diagonal | Barcelona

T3 Sterling Road | Toronto

2 Governance

Our Firm's governance of climate-related risks and opportunities is led by the Management Committee. Amongst other responsibilities this Committee is dedicated to advancing the overall governance of our responsible investment principles as per our Responsible Investment Statement.

Furthermore, our Management Committee is responsible for the integration of our Sustainable Value Creation Framework and the associated objectives and performance targets. Within the Framework's Environmental Stewardship theme Hines has defined specific objectives for 'Climate and Nature Risk' which includes developing a process to review climate related risks which could impact investments and operations as well as social and environmental health and well-being.



T3 Minneapolis | Minneapolis

Additional Standing Committees and the Sustainability Teams support our governance structure to embed climate considerations into our Firm's Risk Management functions and strategic decision-making processes:

OVERSIGHT

Management Committee
▪ Responsible for the integration of the Sustainable Value Framework, associated objectives and performance targets into the business strategy. ▪ Receives updates on key climate-related market and regulatory activities through periodic reporting and updates coordinated by our Sustainability Teams.
Executive Committee
▪ Responsible for oversight of the Hines responsible investment objectives.

ADDITIONAL STANDING COMMITTEES

Investment Committee	Audit & Compliance Committee	ESG Advisory Committee
▪ Review and vote on all investments involving Hines Capital or investments where the investor is relying on Hines' investment, underwriting or investment management expertise. ▪ Committee evaluates the climate related risks and opportunities for new investments during the review process.	▪ To serve as an objective and independent party in ensuring compliance with policies and standards and Hines' systems of internal control in the areas of finance, accounting, operations, legal, compliance, business ethics and Hines Policy.	▪ Unifying firm-wide Sustainability Perspective in one group of key business leaders at execution level. Advise on targets and must-have implementation initiatives, including climate change, and monitor progress against firmwide goals. ▪ Receives updates on key climate-related market and regulatory activities through periodic reporting and updates coordinated by our Sustainability Teams.
Sustainability Teams		
▪ Consists of 30+ sustainability professionals that monitor the Firm, geographic and fund sustainability performance against the Framework KPIs and other investor-driven targets. ▪ These teams develop and implement key resources and training materials that support the Firm to identify and mange climate-related risks across the investment lifecycle.		

600 Collins | Australia

Salesforce Tower | Chicago

Strategy 3

Hines evaluates and manages key factors that are material to our investments short, medium and long term financial returns. Our climate strategy includes processes within our investment management framework to assess the significance of climate-related risks and opportunities from acquisition through development and operational management.

Identifying material climate-related risks and opportunities

We look to embed appropriate climate management strategies and processes within our investment management framework to address material climate-related risks and opportunities and evaluate the potential sustainable investment thesis of the investment and align to any regulatory requirements.

Royal Exchange | Manchester

Material Climate Risks:

CLIMATE-RELATED RISKS		POTENTIAL IMPACTS	TIMEFRAME[1]	HINES MANAGEMENT APPROACH
Policy and regulation	Enhanced emissions reporting obligations	▪ Increased compliance expenditure, higher operating costs ▪ Higher capital investment requirements ▪ Early write-off of existing assets due to policy changes	Short/Medium/ Long	Hines engages a third-party provider to deliver data on climate-related legislation and reporting requirements specific to each geography, at the city and wider regional level. This information helps identify alignment to policy and regulatory requirements including taxonomies such as the EU Taxonomy for Sustainable Finance. Where relevant we review performance requirements for climate mitigation and adaptation for our real estate investments and disclose performance. Furthermore, for our Funds classified as SFDR Article 8 with a sustainable investment objective, we conduct regular performance monitoring against the SFDR Principal Adverse Impacts (PAIs) for real estate investments and report performance regarding exposure to fossil fuels through real estate assets and tenant activities, energy efficiency and carbon performance.
	Increased regulation and pricing of GHG emissions – taxes/tariffs/ fines	▪ Higher operating costs ▪ Bifurcation of existing assets vs. new build or major retrofits being built to higher performance standards	Short/Medium/ Long	
	Exposure to litigation	▪ Greater site and location risks in vulnerable geographies ▪ Higher risk premiums ▪ Reduced investor capital raised	Medium/Long	The Hines Compliance teams conduct routine internal checks to ensure our reporting procedures are aligned to the legislative requirements of each geography to minimize risk of litigation.
Technology	Substitution of existing technologies and services with lower emissions options	▪ Higher capital investment to adapt/ deploy new practices and processes. ▪ Risks associated with the implementation and use of new technology	Short/Medium/ Long	The Hines Sustainability teams continuously explore and stay current with technological advancements, collaborating with property and engineering teams to implement technologies that enhance performance and increase the long-term value of our assets.
Market	Changing customer behavior for more resilient assets	▪ Devaluation and reduced liquidity ▪ Reduced rental income from reduced demand ▪ Increased cost of finance/ reduced availability of finance for inefficient assets	Short/Medium/ Long	Hines collaborates with third parties to analyze the market supply and demand for 'green assets' in our key investment markets. We use these insights to inform our Research and to understand how resilience enhancements contribute to the overall value of the asset.
Reputation	Stigmatization of sectors	▪ Reduced availability of private capital ▪ Reduced liquidity	Medium/Long	The Hines Investor Relations, Capital Markets Group and Fund teams engage with investors on a regular basis to understand investor priorities and employ management strategies that align to these requirements.

[1]Hines define our timeframes as the following based on our Net Zero Carbon by 2040 target and other business considerations: Short = 2030, Medium = 2035, Long = 2040+.

CLIMATE-RELATED RISKS		POTENTIAL IMPACTS	TIMEFRAME[1]	HINES MANAGEMENT APPROACH
Acute & chronic climate events	Acute events: River flooding, surface flooding, landslides, wildfire, storms, tropical cyclones, storm surge and droughts	▪ Direct building damage, increased capital costs and liability ▪ Reduced insurability ▪ Greater potential for business & community disruptions ▪ Greater site and location risks in vulnerable geographies ▪ Higher risk premiums ▪ Increased cost of finance/ reduced availability of finance	Short/Medium/ Long	Hines utilizes a third-party climate risk software provider to identify the presence and significance of physical climate risk factors. This enables the Sustainability Team to collaborate with property teams to evaluate and implement adaptation solutions that enhance the asset's overall resilience. We review insurance rates annually, analyzing market signals to understand how providers account for different climate risks. Hines works with our insurance carriers to better understand climate risks and how to mitigate them.
	Chronic events: Subsidence, coastal flooding, and extreme heat	▪ Direct building damage, increased capital costs and liability ▪ Greater site and location risks in vulnerable geographies ▪ Higher risk premiums ▪ Livability	Medium/Long	

Portland Towers | Copenhagen

Material Climate Opportunities:

CLIMATE-RELATED OPPORTUNITIES		POTENTIAL IMPACTS	TIMEFRAME[1]	HINES MANAGEMENT APPROACH
Resource efficiency	Increased efficiency of investment portfolio - Energy, Water and Waste	▪ Reduced operating costs ▪ Increased value of asset, 'green premium' or avoiding 'brown discount' ▪ Increased tenant demand and rental income	Short/ Medium/Long	The Hines Carbon Impact Assessment (CIA) Tool provides a standard, centralized way to collect and evaluate a building's operational data. The tool gathers energy, water, waste, refrigerant, and financial data and aggregates it to reveal asset- and portfolio-level insights. Furthermore, we have developed the Hines Operational Carbon Guide, an internal resource to illustrate the principles and processes that will enable our teams to execute asset-specific decarbonization plans in response to climate transition risk.
Energy source	Use of renewable energy sources	▪ Improved cash flow from reduced exposure to future energy price increases ▪ Increased rental income from increased demand for low carbon assets ▪ Aligned to regulatory requirements, less exposure to litigation risk and improved reputation	Short/Medium	Our Net Zero Carbon strategy emphasizes increasing the use of both on-site and off-site renewable energy sources to meet an asset's power needs. The Sustainability Team has developed the 'Future Ready Clean Electricity Strategy' to guide property teams in exploring opportunities to integrate on-site renewable energy technologies or procure electricity from renewable energy tariff.
	Use of low-carbon energy technologies	▪ Returns on investment on low carbon technology	Medium/Long	The Hines Sustainability teams, and Conceptual Construction Group (CCG) evaluate the opportunity for technological advancements, collaborating with property and engineering teams to implement technologies that enhance performance and increase the long-term value of our assets.
Product growth & expansion	Changing customer behavior for more resilient assets	▪ Increased rental income from demand for low carbon assets ▪ Increased liquidity for more efficient assets ▪ Reduced cost of finance/ increased availability of finance for efficient assets	Medium/Long	Hines collaborates with a third party to analyze the market supply and demand for 'green assets' in our key investment markets. We utilize these insights to identify divergences in supply and demand trends and capitalize on opportunities by providing undersupplied markets with more efficient and resilient assets that are increasingly in demand
Policy and regulation	Increasing demand from tenants & next buyers for low carbon real estate	▪ Increased liquidity on sale ▪ Green premium / brown discounts ▪ Increased demand from tenants	Short/ Medium/Long	We monitor future-looking directional data which provides an indication of changing market trends over the course of a hold period.

[1]Hines define our timeframes as the following based on our Net Zero Carbon by 2040 target and other business considerations: Short = 2030, Medium = 2035, Long = 2040+.

CLIMATE-RELATED OPPORTUNITIES		POTENTIAL IMPACTS	TIMEFRAME[1]	HINES MANAGEMENT APPROACH
Markets	Investor demand for resilient assets	▪ Increased availability of private capital ▪ Increased liquidity	Short/ Medium/Long	For a select number of our Funds that are subject to EU SFDR we have set investment objectives that drive the efficiency and overall resiliency of our underlying investments. Through regular reporting in our annual Firm-level and Fund-level ESG Reports we communicate our progress towards various climate objectives for our global investment portfolio.
Resilience	Enhanced climate resilience of assets	▪ Reduced risk premiums ▪ Increased growth & capitalization rate ▪ Increased rental income ▪ Reduced operating and capital costs	Short/ Medium/Long	Hines has adopted a climate risk management approach aligned with the objectives of our Sustainable Value Creation Framework. We aim to identify and assess the physical and transition climate risks within our hold period, implementing appropriate management interventions to mitigate these risks and protect or enhance overall asset value.

CASE STUDY

Integrating climate risk into asset value, Noortse Bosch (HECF)

Hines is a founding partner of C Change, a ULI initiative to fast track decarbonization and address climate risk by integrating it into asset value. A key goal of the initiative is creating a tool to integrate transition risks into underwriting.

In 2023, Hines' European Sustainability Team evaluated the guidelines at the Hines European Core Fund (HECF) asset Noortse Bosch by integrating them into the Funds' standard cash flow model to understand the payback period of net zero carbon capital expenditures in the context of real asset level financial models. HECF evaluated the costs associated with installing solar panels, decarbonizing heating, and driving energy efficiencies at the asset against potential energy savings, operational carbon pricing leasing impacts, and a premium or discount at exit, and provided feedback to C Change.

As a Firm, 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.

Noortse Bosch

Developing proprietary tools and methodologies to analyze climate risks

Physical Climate Risk Analysis

In 2024, Hines conducted a physical climate risk scenario exercise to evaluate the strategic implications of various climate scenarios and climate hazards on our existing global investment portfolio. The exercise quantified the potential financial loss over the hold period for our material investments, accounting for approximately 80% of our total AUM and NRA.

Scenarios:

We evaluated nine climate scenarios to study the variations in hazard exposure and vulnerability of the underlying assets. Scenarios were based on individual IPCC-aligned Representative Concentration Pathways (RCP) over the short (2030), medium (2035) and long (2040+) time horizon.

RCP 4.5

Intermediate scenario, carbon emissions are predicted to peak around 2040 and then decline. Global temperature rise between 2°C and 3°C, by 2100.

RCP 6

Carbon emissions are predicted to peak around 2080 and then decline. Global temperature rise between 3°C and 4°C, by 2100.

RCP 8.5

Worst case scenario no action taken to reduce carbon emissions; emissions are predicted to increase until the end of the century.

Climate Hazards:

ACUTE HAZARDS

- River flooding
- Surface flooding
- Landslides
- Wildfire
- Storms
- Tropical Cyclones
- Storm Surge
- Droughts

CHRONIC HAZARDS

- Subsidence
- Coastal flooding
- Extreme head

Hines has developed a bespoke *Climate Risk Analyzer* dashboard that leverages data from a third-party climate software platform and details of our investment portfolio to identify and analyze the potential impact of climate hazards. Hines considers any investment that has a cumulative loss of 5% or greater of the total Building Replacement Cost (BRC) within the hold period to be 'Potentially High Risk'

requiring a physical climate risk management plan. These plans consider the municipal climate defense infrastructure in place to protect the asset and any additional adaptation measures to be introduced to the asset to improve resilience.

We have used the results from the scenario analysis to refine our Climate Risk Management approach that is integrated into our investment management and financial planning processes (Please see the Risk Management section for details of the Hines Climate Risk Management approach).

One area for further investigation in the future is to understand the risks associated with wider market disruptions from extreme weather events, which could impact local infrastructure for power, water, transport, data and other services. In the long term, this could affect demand for real estate services in certain markets.

Transition Climate Risk Analysis

Hines aims to achieve net zero operational carbon emissions by 2040. As an interim step, the Firm has set a near-term target to reduce operational carbon emissions by 42% by 2030. This target includes all emissions in Scope 1, Scope 2, and Scope 3 from the use of sold product and downstream leased assets. The Science-Based Targets initiative (SBTi) has approved Hines' near-term target. Hines also conducts a comprehensive GHG emissions inventory of our emissions in all Scopes, including embodied carbon emissions in Scope 3, and reports this inventory annually.

In summary, the results of our Scenario Analysis identified that:

- All Hines assets can secure private buildings insurance to cover all weather conditions.
- Projections indicate that the largest financial impacts would be from climate hazards such as surface flooding, river flooding and subsidence.

Tiel Distribution Center | Netherlands

Hines has developed an internal carbon data management tool, called the CIA tool. The tool enables us to centrally collect energy consumption, water, and waste data for our global investment portfolio and calculate an asset's carbon emissions and projected stranding year based on the emission factors and methodologies provided by the Carbon Risk Real Estate Monitor (CRREM). Stranding year is theoretically defined to be the year at which the asset is due to become economically obsolete due to climate change since it will no longer meet future energy efficiency standards or market expectations around decarbonization. Hines is monitoring whether these markets are tracking towards these required changes.

Hines is currently conducting an analysis of all the equity properties in the portfolio to shortlist those assets identified to be 'stranding' in the near term and requiring intervention to improve carbon performance to meet our Net Zero by 2040 target. The shortlist of assets will be reviewed with our investment teams and assets will be prioritized for detailed decarbonization studies. We will also look to identify the budgets and resources required to improve carbon performance based on the investment strategy of the individual asset. We plan to complete the exercise of asset prioritization with our investment management teams by 2025.

Integrating sustainable investment intelligence to futureproof investments

Our focus on Sustainable Value Creation and Protection extends to both physical and transition climate risk for new and existing investments. We utilize sustainability data and analytics from external sources to refine our investment intelligence models and review opportunities to grow investment value and minimize risk exposure. This includes evaluating tenant and future buyer demand-supply for sustainable office in our key sub-markets. Hines uses alternative financing and credit instruments that value and reward sustainability practices. The firm evaluates climate policy to enable investments to exceed performance requirements where relevant and the investment pencils.

Climate regulation review

In 2024, Hines began working with a third-party data provider to evaluate climate policy and building performance requirements in each of our investment geographies. We utilize this data within our acquisition and investment management processes to monitor the current and future regulatory environment across all our geographies, quantify the investment risk and opportunity and evaluate future property performance under different scenarios. The data enables us to identify the capital expenditure required to meet regulatory requirements in the present and over the hold period.

Changing Market Behaviors

Over the past few years, we have identified an anecdotal shift in tenant and buyer behavior in certain geographies to signal that sustainable assets can demand greater rental and sale premiums compared to their less efficient alternatives under the right market conditions. Underlying factors driving premiums or discounts include interventions for climate mitigation and adaptation such as energy performance, presence of renewable energy systems, physical building design features to mitigate overheating and protect from flooding. We use third party analytics to understand which geographies present the opportunities for improved liquidity, green premiums or risks of brown discounts and reduced liquidity at the sub-market level for our key asset classes. To date we have evaluated directional data for market opportunities for office and industrial assets in the United States, Europe and offices in Asia Pacific. Hines continues to monitor the market to see if statistically significant data emerges to further validate these trends.

Sustainable Credit

Aligned with our net zero carbon and sustainability ambitions we look to use financing options with our lending partners that align our priorities and targets to enhance our sustainability impact. This includes sustainability-linked loans at a Fund or asset-level that provides us with the greater capital volume to explore and implement initiatives for energy efficiency, renewable energy, and other decarbonization projects. At the corporate level we also have the firm's Green Bond of which proceeds are used to undertake asset-level improvements to improve green building certification coverage.

CASE STUDY

HUSPP sustainability-linked loan

In 2024, Hines partnered with ING on a $425 million sustainability-linked facility for Hines US Property Partners (HUSPP), our diversified, open-end investment fund. Acting as Managing Agent and Sustainability Structuring Agent, ING, a prominent lender in sustainable real estate finance, collaborated with HUSPP's lender Bank of America to structure the facility.

The financing is linked to sustainability KPIs aimed at improving HUSPP's GRESB score, a leading global ESG benchmark for real estate funds that considers strategies for carbon reduction, environmental performance and green building certifications. The three tier incentive structure introduced for HUSPP rewards higher scores with margin discounts and applies a premium if thresholds aren't met, underscoring the Fund's commitment to decarbonization and sustainability.

Across our family of investment funds, Hines emphasizes sustainability goals, developing and acquiring property assets with plans for carbon reduction, systems efficiency, and social benefit. We believe this sustainability-linked facility will provide us the additional capital required to meet our sustainability objectives, drive performance at the asset level and recognize our successes.

HUSPP is a financial product falling under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

180 First | Covington

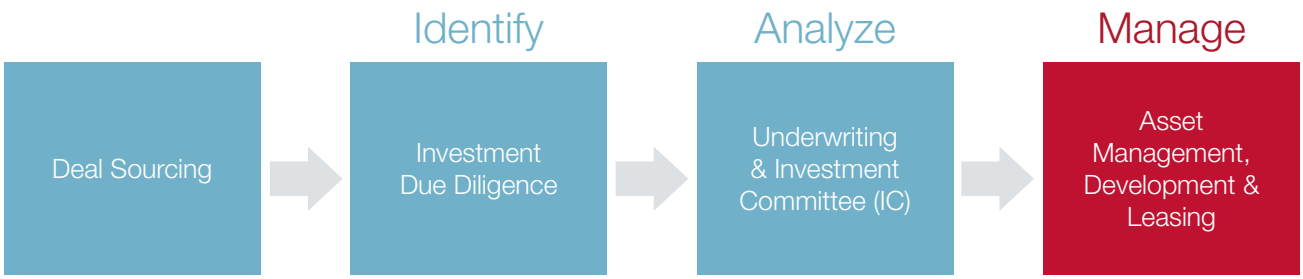
"We are so pleased that Hines has proven itself to be an attractive partner for ING on the sustainability front. This is a win-win for the bank and for HUSPP's investors."

- Adriana de Alcantara, HUSPP Fund Manager

T3 RiNo | Denver

4 Risk Management

Climate-related risks and opportunities are integrated into Hines' overall investment management framework. We aim to identify, analyze, and manage material physical and transitional climate risk factors identified in the Strategy section at the investment and portfolio level through our systematic investment management process:



- Asset characteristics review: Initial review of financial and non-financial details
- Internal ESG engagement

- Physical climate risk screening
- Carbon impact assessment
- Local climate regulation review
- Market characteristics: Tenant supply/demand for sustainable buildings
- Market characteristics: Next buyers' analysis

- Decarbonization roadmap
- Physical climate risk management plans
- Underwriting: Integration of sustainable value creation thesis and climate considerations
- IC Memo: Summary of climate management initiatives and CapEx requirement
- IC decision making

- Climate performance data
- Embodied carbon lifecycle assessments
- Implementation of decarbonization roadmap
- Implementation of physical climate risk management plan

In further detail our risk management process for climate transition and physical risks is structured through the investment management process to consider the following activities:

Identify

Transition Climate Risk

During the acquisition process, investment teams collect and upload historical carbon performance data to the CIA tool where available. Performance is benchmarked following the CRREM methodology, enabling us to evaluate the estimated stranding point of the investment relative to a 1.5°C scientific pathway which aligns with our firm's 2040 decarbonization goals.

Additionally, we review an investment's exposure to other climate-related transition risks and opportunities utilizing sustainable investment intelligence, this includes:

- Alignment to current and future regulations linked to building performance.
- Tenant demand and supply dynamics for sustainable buildings in the local market.
- Next buyer sentiments for sustainable buildings in the local market.

We leverage these insights in combination with the investment strategy to identify those assets that are potentially at risk and requiring further action to meet our global decarbonization goals and market expectations.

Physical Climate Risk

All new investments made by Hines are screened for physical climate risks to identify the severity and impact of these risks over the hold period. We utilize a third-party climate risk software provider to assess the significance of 11 acute and chronic climate hazards over an investment's hold period. The analysis utilizes data regarding the underlying asset's location, building use type, floor area, and Building Replacement Cost (BRC) to quantify the potential climate impact specific to that investment.

The analysis highlights the exposure to each climate hazard and estimates potential BRC loss over the hold period, enabling us to take a proactive approach to managing physical climate risk.

Analyze

Transition Climate Risk

For those assets considered to be at risk based on estimated stranding year and investment strategy, our investment teams work in close collaboration with the Hines Sustainability team to identify a high-level decarbonization roadmap to improve carbon performance based on the remits of the investment strategy. They look to evaluate opportunities to improve carbon performance through on-site and offsite renewable energy consumption, energy efficiency upgrades amongst other asset-specific considerations.

The results of the analysis are summarized in the investment underwriting where relevant and documented in the IC Memo to note the key initiatives and capital expenditure requirements.

Physical Climate Risk

Based on our materiality threshold for potential high risk, any assets that have a cumulative BRC loss of 5% or greater over the hold period are further analyzed to develop a physical climate risk management plan.

Through the management plan we look to evaluate the effectiveness of existing municipal climate defense infrastructure and identify additional building adaptations that to improve resilience.

Examples include:

- Municipal climate defense infrastructure: River flood Infrastructure, Coastal Defenses, Sustainable Urban Drainage Systems (SUDs) and Upgraded Groundwater Management Systems.
- Building adaptation features: Roof Bracing, Foundational Underpinnings, Storm Shutter, Wet Floodproofing and Dry Floodproofing.

Typically, we have found that including municipal infrastructure in our risk modeling reduces an investments potential risk exposure to below the 5% potential High Risk threshold, requiring a reduced need for additional building adaptation features to improve resilience.

However, where building adaptation features are required, we look estimate the capital expenditure requirements and include this information in the investment's underwriting during the acquisition process.

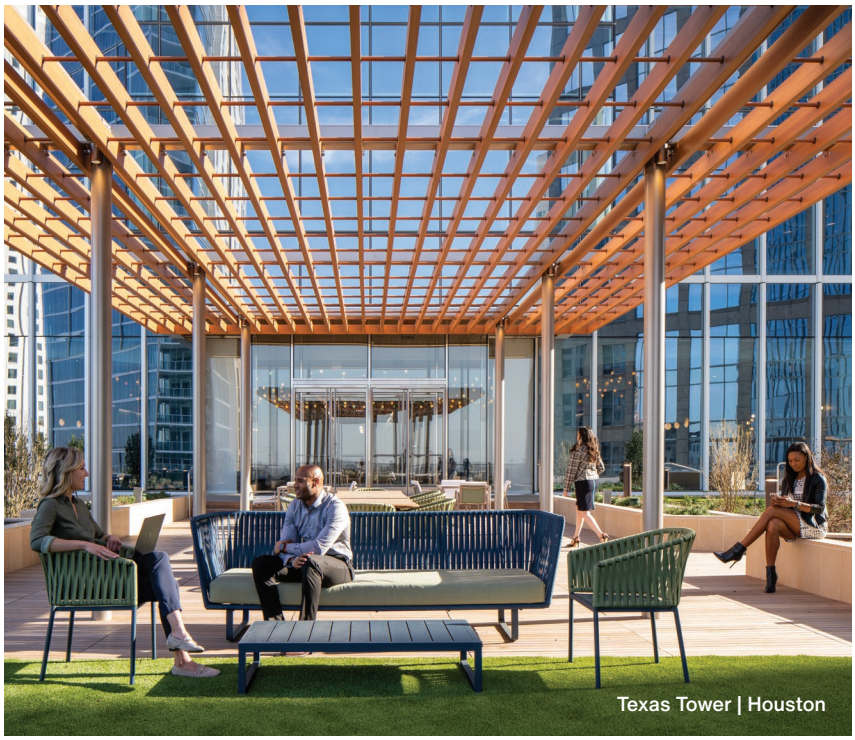
Manage

Transition & Physical Climate Risk

Following the IC decision making process governed by the Investment Committee, Hines Fund and property teams look to implement the measures detailed in the IC memo through the asset management and development processes. This includes collecting and reviewing climate performance data through the CIA tool on a regular basis and identifying measures to improve asset performance, capitalize opportunities for innovation and enhance long-term value through the annual planning process.

This approach enables our Investment Management teams to plan appropriate climate management interventions and capital improvements at key stages of the asset lifecycle, with support from our local and central Sustainability teams.

Hines collaborates with industry bodies and working groups focused on regional climate management. We look to work with these subject matter experts to review the effectiveness of climate policies and municipal resilience measures, strengthening our own analysis and advocating for scalable solutions that enhance long-term resilience in our local communities.



Texas Tower | Houston

Photography by Magda Biernat

In 2024, we partnered with the World Economic Forum to explore how the public and private sectors can collaborate to drive investment, enhance city resilience, and promote sustainability. Hines' industrial developments were featured in the Forum's Reimagining Real Estate framework, highlighting their reduced carbon footprint worked to advance on-site electricity generation. Through a series of roundtables and working sessions during Forum events, we amplified the importance of collaboration and worked to advance best practices for sustainable value creation. We are also in discussions with Forum leadership to further integrate these topics into the Real Estate and Urban Transformation Centre's activities and workstreams.

"Ultimately, if we want to build more vibrant and sustainable buildings and cities, the related investments must be able to attract capital and offer competitive market returns. Leaders from both the public and private sectors see the need to work together to make that happen."

- Jeff Merritt, World Economic Forum, Head of the Centre for Urban Transformation

5 Metrics & Targets

Hines aims to achieve net zero operational carbon emissions by 2040. As an interim step, the Firm set a near-term target to reduce operational carbon emissions by 42% below our 2021 emissions by 2030. This target includes all emissions in Scope 1, Scope 2, and Scope 3 emissions from the use of sold product and downstream leased assets. SBTi has approved Hines' near-term target[3].

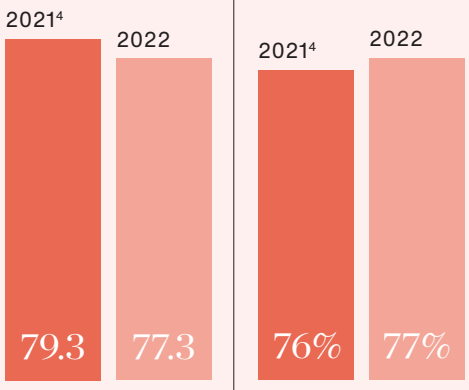
Using 2021 as our base year, Hines conducted an inventory of Firmwide emissions, with assistance from an external advisor. We collect annual energy consumption data from asset teams in the CIA tool and use modeled data in accordance with the GHG protocol where data is not available to track our progress towards our goals. Our latest climate performance data based on the TCFD metrics are summarized below:

MARKET-BASED GHG EMISSIONS BY SCOPE

(MtCO2e)

	2021[4]	2022
Scope 1	16,405	12,620
Scope 2	53,198	44,710
Scope 3	2,603,694	2,038,008
Total	2,643,297	2.095.338

EMISSION INTENSITIES



[3] Our Scope 1, 2, and 3 emissions have been prepared using the methods prescribed in the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, and the GHG Protocol Scope 3 Calculation Guidance.

[4] Hines selected 2021 for its chosen base year, since operations were representative of normal portfolio size and was the first year where comprehensive data collection for Scopes 1, 2, and 3 was available.

[5] Carbon intensity has been calculated using gross internal area of all assets under operational control of Hines. We use this metric instead of Weighted Average Carbon Intensity (WACI).

Caleido, Stuttgart | Stuttgart

6 Next Steps

Hines is dedicated to leading the real estate industry toward a more sustainable future, and our TCFD disclosure reflects our commitment to transparency and accountability in managing climate-related risks and opportunities. Through continuous innovation, strategic investments, and good governance, we will operationalize the climate-related targets in the Hines Sustainable Value Creation Framework.

Hines is currently developing decarbonization planning guidance to address pre-investment and post investment phases for both ground-up developments and existing assets. This will include a resource that propose key engineering solutions, and execution processes that can be applied to existing assets to achieve our decarbonization goals. The guidance will look to make recommendations on specific employee roles, responsibilities and other resources required to ensure the successful execution of decarbonization projects across our global portfolio. In combination with our CIA tool, this resource will enable us to understand an investment's alignment to our carbon targets and identify the key interventions and capital expenditure requirements to improve its performance.

Hines will look to explore new methodologies and initiatives to actively manage the impact of climate change on our assets such as investigating scalable nature-based solutions for climate mitigation and adaptation across our different asset types, the use of low carbon technology alternatives and processes to support the more accurate evaluation of climate-related risks on the financial performance of our assets. We will also continue to monitor and take into consideration key market developments with regulations and technology and develop a proactive approach to remain competitive.

Moving forwards, we seek to nurture and expand our partnerships with industry groups and regional policy makers to explore initiatives to improve climate resilience at our assets and in our local communities. Hines will share our learnings on what has and has not worked as we aim to lead the real estate investment sector in climate action. And will leverage the learnings from these projects and from our internal processes to expand our sustainable investment intelligence model and refine our climate strategy.

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