

Hines Europe Real Estate Investments Limited

MIFIDPRU 8 Disclosure

May 2024

Introduction

The Financial Conduct Authority (“FCA” or “regulator”) in the Prudential sourcebook for MiFID Investment Firms in the FCA Handbook (“MIFIDPRU”) sets out the detailed prudential requirements that apply to Hines Europe Real Estate Investments Limited (“HEREI” or the “Firm”). Chapter 8 of MIFIDPRU (“MIFIDPRU 8”) sets out public disclosure rules and guidance with which the Firm must comply, further to those prudential requirements.

HEREI is classified under MIFIDPRU as a small and non-interconnected MIFIDPRU investment firm (“SNI MIFIDPRU Investment Firm”). As such, the Firm is required by MIFIDPRU 8 to disclose information regarding its remuneration policy and practices.

The purpose of these disclosures is to give stakeholders and market participants an insight into the Firm’s culture and to assist stakeholders in making more informed decisions about their relationship with the Firm.

This document has been prepared by HEREI in accordance with the requirements of MIFIDPRU 8 and is verified by the Board. Unless otherwise stated, all figures are as at the Firm’s 31 December financial year-end.

Remuneration Policy and Practices

Overview

As an SNI MIFIDPRU Investment Firm, HEREI is subject to the basic requirements of the MIFIDPRU Remuneration Code (as laid down in Chapter 19G of the Senior management arrangements, Systems and Controls sourcebook in the FCA Handbook (“SYSC”)). The purpose of the remuneration requirements is to:

- Promote effective risk management in the long-term interests of the Firm and its clients;
- Ensure alignment between risk and individual reward;
- Support positive behaviours and healthy firm cultures; and
- Discourage behaviours that can lead to misconduct and poor customer outcomes.

The objective of HEREI’s remuneration policies and practices is to establish, implement and maintain a culture that is consistent with, and promotes, sound and effective risk management and does not

encourage risk-taking which is inconsistent with the risk profile of the Firm and the services that it provides to its clients.

In addition, HEREI recognises that remuneration is a key component in how the Firm attracts, motivates, and retains quality staff and sustains consistently high levels of performance, productivity, and results. As such, the Firm's remuneration philosophy is also grounded in the belief that its people are the most important asset and provide its greatest competitive advantage.

HEREI is committed to excellence, teamwork, ethical behaviour, and the pursuit of exceptional outcomes for its clients. From a remuneration perspective, this means that performance is determined through the assessment of various factors that relate to these values, and by making considered and informed decisions that reward effort, attitude, and results.

Characteristics of the Firm's Remuneration Policy and Practices

Remuneration at HEREI is made up of fixed and variable components. The fixed component is set in line with market competitiveness at a level to attract and retain skilled staff. Fixed remuneration includes salary, pension contributions and benefits. Variable remuneration is paid on a discretionary basis and takes into consideration the Firm's financial performance as well as the financial performance of each business unit, and the financial and non-financial performance of the individual in contributing to the Firm's success.

Individual variable remuneration is determined at the discretion of senior management to ensure that the allocation aligns the interests of the staff and the Firm with its clients. Individual bonus awards are determined based on the following key financial and non-financial criteria:

- The individual's seniority within the business and overall contribution to the business and its clients assessed over the medium to long-term;
- Achievement of objectives linked to the individual's role;
- Financial performance of the Firm;
- The individual's professional development; and
- The individual's compliance with internal policies and procedures, ethics, culture and risk management framework.

The fixed and variable components of remuneration are appropriately balanced: the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This allows for the possibility of paying no variable remuneration component, which the Firm would do in certain situations, such as where the Firm's profitability performance is constrained, or where there is a risk that the Firm may not be able to meet its capital or liquidity regulatory requirements.

Governance and Oversight

The Board is responsible for setting and overseeing the implementation of HEREI's remuneration policy and practices. Given the nature, scale and complexity of the risks inherent in the business model

and activities undertaken by the Firm, it does not have a separate supervisory function. The supervisory function is undertaken by the Board of Directors of the Firm.

In order to fulfil its responsibilities, the Board:

- Is appropriately staffed to enable it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital, and liquidity.
- Prepares decisions regarding remuneration, including decisions that have implications for the risk and risk management of the Firm.
- Ensures that the Firm's remuneration policy and practices take into account the public interest and the long-term interests of investors, and other stakeholders in the Firm.
- Ensures that the overall remuneration policy is consistent with the business strategy, objectives, values, and interests of the Firm and of its clients.

HEREI's remuneration policy and practices are reviewed annually by the Board.

Quantitative Remuneration Disclosure

For the financial year 1 January to 31 December 2023, the total amount of remuneration awarded to all staff was £19,515,840, of which £11,406,492 comprised the fixed component of remuneration, and £8,109,348 comprised the variable component. For these purposes, 'staff' is defined broadly, and includes, for example, employees of the Firm itself, directors, employees of other entities in the group, employees of joint service companies, and secondees.