

Hines

2020

Hines European Value Fund 2 ESG Review



Published May 2021.

This report is a snapshot of the Hines European Value Fund 2 as of 31 December 2020.



Paul White
Fund Manager
Senior Managing Director

We are pleased to share our very first annual ESG Review for the Hines European Value Fund 2 (HEVF 2).

Led by the Hines family themselves, we at Hines have placed great importance and emphasis on environmental sustainability (the “E” in ESG) since the inception of the firm in 1957. Our late founder, Gerald D. Hines, was an engineer by training and passionate about the efficient use of resources in both the development and operation of buildings. Combining that conviction with the aesthetic signature of first-tier architecture quickly came to define the Hines recipe for quality developments.

This commitment to sustainability has been embedded deep in our DNA, and more recently broadened into equal determination to also lead in social and governance practices (the “S” and the “G”). As a family firm, we are keenly aware that the size of our global footprint today touches many thousands of other families and communities through our teams and buildings, across the world’s cities. We respect the great responsibility that this entails, and we are personally proud to aspire to, and represent, a high sustainability standard.

The events of 2020 have deeply affected our industry and accelerated the existing trend for all stakeholders to push ever-increasing expectations of health, wellness and sustainability across our buildings and investment vehicles. As a value-add strategy fund, HEVF 2 is in the fortunate position of setting out to create and renew buildings, to meet evolving market demands. In this particular fund vintage, we have been able to observe and reflect the evolution in real time into our schemes. Our sustainability aspiration has lifted even higher and we firmly intend to seek the best possible levels of asset level certification and performance.

In this report, we aim to give you an overview of our ESG plans and activities in the fund and its portfolio so far, after its first full year of investing. We hope you find this summary useful, and we’d be more than happy to discuss in more detail at any time.

ESG
at Hines

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Value Fund 2
(HEVF 2)

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Community,
People and
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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 35.

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.



Hines European Value Fund 2

aer (Fritz 9) is a redevelopment in Munich, Germany, targeting DGNB 'Gold', WiredScore 'Platinum' and SmartScore certifications.



Interior view of aer project floorplate

HEVF 2 is a Luxembourg-domiciled investment fund sponsored by Hines. It pursues active asset level value creation targeting over €1 billion of equity commitments.

The Fund was launched at the end of 2019 and, whilst still at an early stage of its life cycle, has acquired or contracted six assets in four European countries: Germany, Italy, Spain and the UK. The Fund is currently prioritising logistics, residential and mixed-use schemes with a focus on refurbishments.

Hines European Value Fund 2 as of 31 December 2020

Asset locations and Hines offices



6 assets
4 countries
5 cities

Bologna, London,
Madrid, Milan, Munich

● Hines office + HEVF 2 asset(s)
● HEVF 2 asset

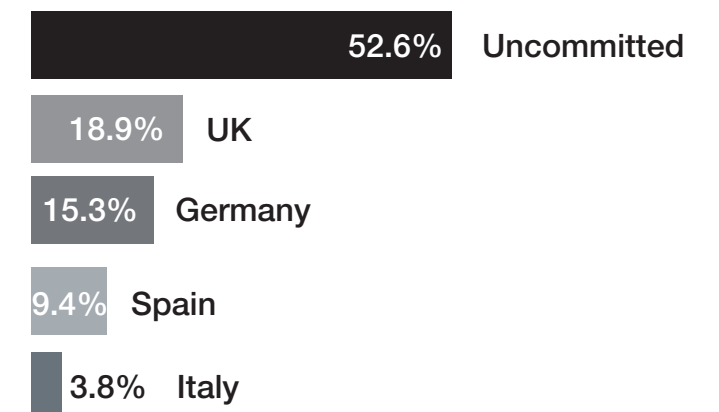
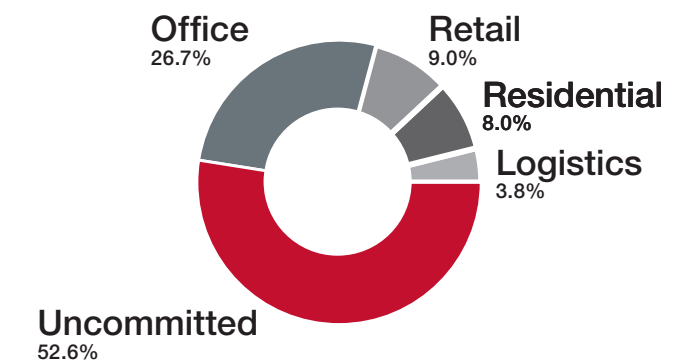
GROSS ASSET VALUE

€511 M

NUMBER OF ASSETS

6 

CAPITAL COMMITMENTS



ESG at HEVF 2

At Hines, we strive to improve the built environment for our stakeholders by creating, managing and investing in buildings that meet the needs of the present and remain resilient in the future.

aer, Munich



HEVF 2 is committed to implementing a considered ESG strategy, going beyond legal compliance, to minimise construction and operational environmental impacts, while promoting energy efficiency, health, wellness and social value. Our approach aligns with the Hines' Responsible Investment Statement, ensuring that ESG issues are embedded in our investment strategy and considered across the property life cycle.

The HEVF 2 investment strategy aims to actively create value at asset level through improving and repositioning the buildings in our portfolio. One of the ways we can create value for our investors is to ensure our buildings meet best-in-class sustainability standards and therefore align with the current and

future requirements of occupiers. In delivering our investment strategy, we will strive to create future-proofed buildings that enhance the communities in which they operate while reducing their impact on the environment.

Recognising that the initial focus of the fund is on comprehensive refurbishment projects, HEVF 2 will ensure that sustainability factors are addressed in the design and construction phases, to promote the sustainable and resilient future operation of these assets. In doing so, we will work in collaboration with our supply chain partners to pursue opportunities to enhance sustainable practices.

Our ESG commitments

We aim to deliver against performance-focused objectives in accordance with these overarching ESG commitments for the fund:

- Satisfy all relevant legislation requirements and stay ahead of regulation compliance on ESG issues, including through our supply chain
- Maintain compliance with corporate, investor and partner requirements
- Establish and maintain an Environmental Management System (EMS) aligned with the international standard ISO 14001, to allow us to manage the implementation of our ESG aspirations and seek continual improvement
- Benchmark ESG performance against recognised targets and standards and via the Global Real Estate Sustainability Benchmark (GRESB) assessment to evaluate our continual improvement
- Promote health, safety, wellbeing and productivity amongst Hines employees, development teams and building users
- Deliver regular (at least annual) ESG training to all HEVF 2 investment management employees and local asset managers, and embed ESG objectives into their reviews, when appropriate for that job function
- Establish and maintain ESG objectives for construction projects to be implemented by project teams including consideration of:
 - Energy efficiency and carbon emissions (both operational and embodied)
 - Resource consumption, construction waste and pollution impacts
 - Health and wellbeing of building occupants
 - Resilience of buildings to meet future needs (including climate resilience)
 - Social value of construction projects and engagement with communities
 - Achieve 'green building certification' for projects to maximise sustainability performance through the design and construction process, and review viability of 'wellbeing certification' where appropriate

Portfolio assets



aer (Fritz 9)
Munich, Germany
Office



New Bond Street
London, UK
Office, Retail



Grainhouse
London, UK
Office, Retail



Valdebebas²
Madrid, Spain
Residential, Retail

FORWARD PURCHASE
Target certification being evaluated.



CSP Logistics³
Bologna, Italy
Logistics

FORWARD PURCHASE
Target certification being evaluated.



Porta Vittoria⁴
Milan, Italy
Residential, Retail

CLOSING EXPECTED Q3 2021.
Target certification being evaluated.

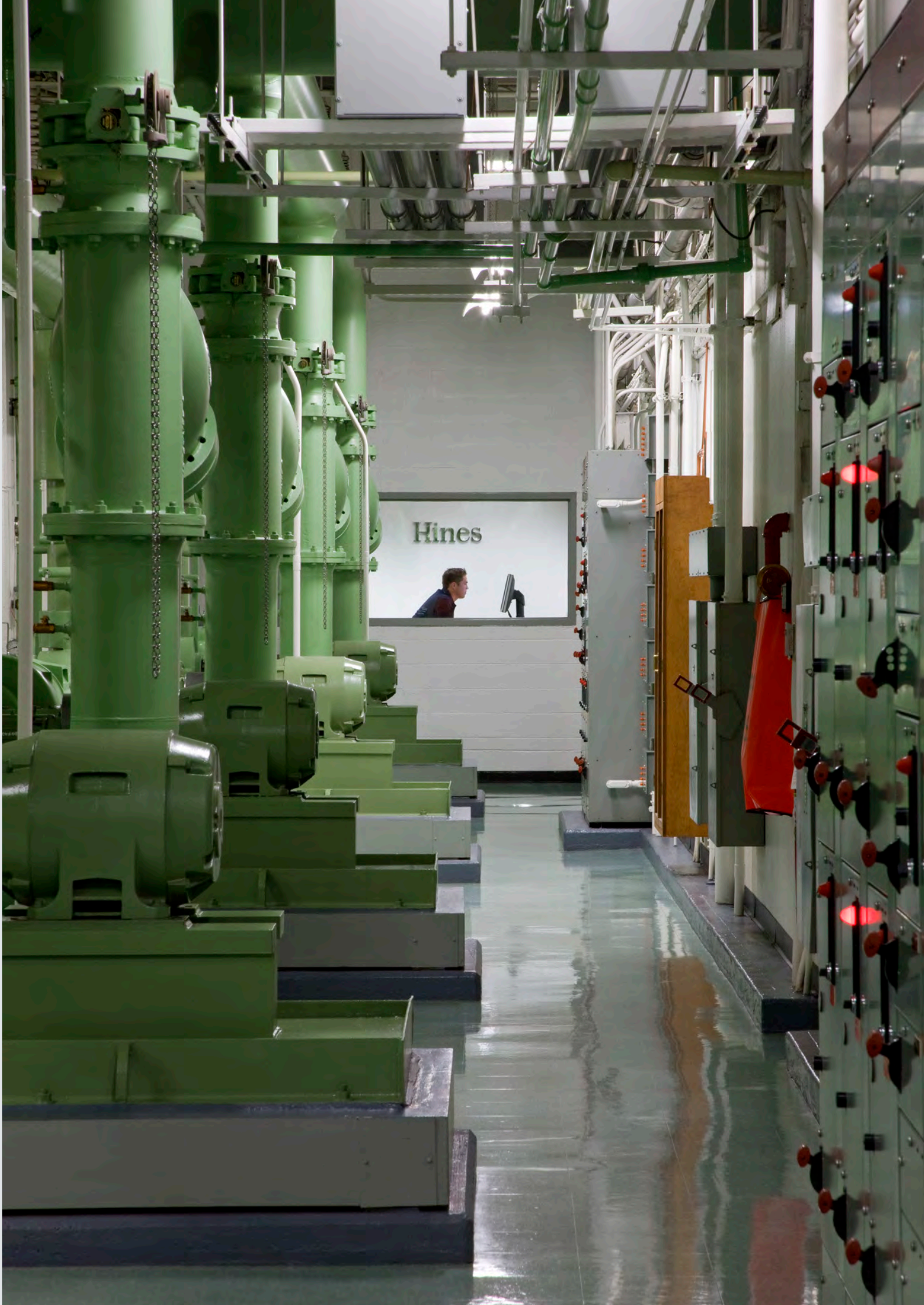
2020 progress to date

ESG at HEVF 2

- GRESB Gap Analysis carried out - GRESB framework assessed to support participation in the survey for the first time in 2021 and guide HEVF 2 ESG objectives
- HEVF 2 ESG Policy developed - to outline ESG focus areas and commitments for the fund
- HEVF 2 Environmental Management System framework established – setting out objectives and targets, roles and responsibilities and monitoring and reporting procedures
- HEVF 2 Sustainability Due Diligence checklist carried out for 100% of new acquisitions – to identify ESG-related risks and opportunities
- 100% of refurbishment projects are working towards green building certifications, with target levels already agreed for the first three projects – to maximise sustainability performance through the design and construction process
- HEVF 2 ESG tenant engagement resources developed – to provide guidance and support to new tenants on ESG issues including green lease clauses, Sustainability Fit Out Guide as well as Hines Green Office (Hines GO) and Hines Green Office Retail (Hines GR) programmes
- Active engagement with local communities – as part of planning process and through Business Improvement Districts where relevant
- Virtual charity event with HandsOn London held - to produce children's STEM educational activity booklets for the sustainable food charity Good Food Matters
- All HEVF 2 investment management and local asset managers received several ESG training sessions and have ESG objectives embedded in their performance reviews – to guide continual improvement on ESG performance

HEVF 2 - 2021 objectives

	Focus area	2021 Objectives/Targets
ENVIRONMENT	Green building certifications	<ul style="list-style-type: none">Continue BREEAM certification implementation targeting 'Excellent' for refurbishment projects (using New Construction or Refurbishment and Fit Out scheme) or local equivalent certification and rating.
	Energy efficiency and operational carbon	<ul style="list-style-type: none">Seek a minimum EPC (Energy Performance Certificate), 'B' rating for refurbishments or local equivalent rating.Seek to include the installation of Automatic Meter Reading (AMR) devices (or half hourly meters) for main utility meters (electricity, gas, district heating) in project scope.
	Embodied carbon	<ul style="list-style-type: none">Seek to complete an assessment of total embodied carbon associated for comprehensive refurbishment projects, using a robust methodology and work towards a reduction.
	Water efficiency	<ul style="list-style-type: none">Evaluate water efficient fixtures and fittings in new build/refurbishment projects.Seek to include installation of AMR devices on mains water supply in project scope.
	Biodiversity	<ul style="list-style-type: none">Refurbishment projects to consider ecological enhancement opportunities.
	Waste	<ul style="list-style-type: none">Develop a Construction Waste Management Plan for all construction projects.
	Materials	<ul style="list-style-type: none">Consider ESG requirements in material tendering including:<ul style="list-style-type: none">Assessment of health attributes and life cycle impacts to inform materials choices.All timber products to be legally sourced, as a minimum requirement.Consider opportunities to prioritise locally sourced products or those containing recycled content.
SOCIAL	Wellbeing certifications	<ul style="list-style-type: none">Explore feasibility of achieving WELL pre-certification ('Silver' rating or higher) or Fitwel (2 Star rating or higher) on new refurbishments, with consideration to stakeholder demand.
	Community engagement	<ul style="list-style-type: none">Develop a community engagement plan appropriate to the project and report on initiatives undertaken throughout the life cycle of projects.Consider opportunities to utilise local suppliers/contractors, employees and engagement with voluntary, community or social enterprises.
	Employee engagement	<ul style="list-style-type: none">Continue to embed ESG objectives within performance reviews for the HEVF 2 investment management team.Carry out ESG-focused training sessions for the HEVF 2 investment management team.
	Tenant engagement	<ul style="list-style-type: none">Seek to incorporate green lease clauses into tenancy agreements.Seek to share the Tenant Sustainability Fit-Out Guide in advance of tenant fit-outs.
GOVERNANCE	GRESB	<ul style="list-style-type: none">Participate in the GRESB survey (in July 2021, based on 2020 calendar year) in order to support benchmarking and communication of ESG performance.
	Acquisition	<ul style="list-style-type: none">Complete a Sustainability Acquisition Due Diligence checklist for all new acquisitions.
	Site selection	<ul style="list-style-type: none">Perform an environmental site assessment during due diligence process for all acquisitions, including review of potential contamination and hazards.Prioritise selection of sites with good connectivity to multi-modal transport networks.
	Construction management	<ul style="list-style-type: none">Monitor site safety and promote best practices, including communication of safety information, on-site H&S coordinator and training for site personnel.Minimise environmental impacts of construction on the surrounding community, including light pollution, noise pollution and protecting air quality.Measure and minimise on-site energy/water consumption and transport impacts.
	Climate resilience	<ul style="list-style-type: none">Seek to continue to update portfolio climate risk assessment to model physical risks.



Case studies

ESG at HEVF 2

aer, Munich

In 2020, HEVF 2 acquired Fritz 9 in Munich, comprising two adjacently located office properties spanning over 87,000 square metres of space. The first property is an obsolete office building, on which Hines will leverage its expertise to obtain new zoning for a mixed-use campus. The second is an attractive, modern office asset which HEVF 2 has rebranded as "aer" and will undergo a comprehensive refurbishment, transforming into a high-quality, office scheme that will include a residential component.

Previously occupied by Allianz, aer was vacated at the end of 2020. It will be completely renovated and redesigned. A multi-tenant sustainable office building is envisioned and we are exploring various low carbon solutions to achieve this as well as a DGNB 'Gold' rating. Particular focus will

be paid to a wood-hybrid construction method, which is expected to have a positive impact on the embodied carbon footprint of the building and the wellbeing of occupants. Highlights will seek to include flexible office space with ceiling heights of up to seven metres and newly created galleries on the top floor. Commonly usable modern conference and co-working spaces will also be standard, as will e-fuel service stations, green and walkable rooftop spaces and gardens, sports facilities and a day bar. In addition, an in-house day care centre is planned. The entire property will seek to meet the highest requirements for digital infrastructure through an app-based system, and Hines is aiming for WiredScore 'Platinum' as well as SmartScore certification. Operational launch and completion of the refurbishment project is scheduled for the end of 2022.

TARGETING



REFURBISHMENT HAS OBTAINED PLANNING APPROVAL AND INITIAL FOCUS AREAS FOR IMPROVEMENT INCLUDE:

Timber/hybrid construction to reduce embodied carbon

Investigating opportunities for district heating and geothermal energy

On-site exercise area and urban garden to support health and wellbeing

Active programme of community engagement events



Grainhouse, London

Located on Drury Lane in the heart of Covent Garden, London, HEVF 2 acquired the vacant property in March of 2020.

Refurbishment work is underway to combine four interlinked period buildings to deliver one landmark consolidated modern office scheme with street-level restaurant and retail amenities. The programme will incorporate the addition of a two-storey roof extension across the whole site arranged around an atrium with character finishes including exposed concrete, steel and brickwork.

The refurbishment of the asset ensures the opportunity to address sustainability factors in the design and construction phases to minimise

impacts and promote sustainable and resilient future operations of the asset. The building has been designed to achieve BREEAM 'Excellent' and WELL 'Platinum' certification as well as enhanced digital connectivity standards with WiredScore 'Platinum'.

When completed in 2023, the building will become the new headquarters for Hines Europe, occupying three of the five floors.

TARGETING

BREEAM®
Excellent



FOCUS AREAS OF REFURBISHMENT IMPROVEMENTS:

40% reduction in operational carbon emissions against baseline⁵

Materials reused from the excavation works to reduce the volume of waste being exported from the site

Improved access to nature through roof terraces with native species and indoor planting

Indoor air quality monitors to support health and wellbeing





80 New Bond Street, London

This asset was acquired in February 2020. Hines will embark on a comprehensive reconfiguration and refurbishment to enhance and reposition the asset as flexible, best-in-class, prime retail space on the lower floors, with prime grade A office space above.

We are targeting a BREEAM 'Excellent' rating but looking into ways to achieve an 'Outstanding' rating, which would position 80 New Bond Street in the top

4% of office buildings across London. Developers, unless undertaking CAT B fit out, cannot achieve WELL rating. However, we are installing and undertaking the necessary steps in landlord areas and services to be WELL 'Platinum' ready to facilitate incoming tenants achieving this rating.

TARGETING

BREEAM®
Excellent



FOCUS AREAS OF REFURBISHMENT IMPROVEMENTS:

35% reduction in operational carbon emissions against baseline⁵

Retention of much of the existing structure to minimise embodied carbon

40% reduction in water consumption compared to benchmark⁶

Roof terrace addition to serve as 'green island'

10% increase in ecological value against the pre-development site



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.



aer and the Community

aer is a prominent, large project and it is important that local communities are engaged and kept up to date with how the development is progressing.

As a result, aer continues to engage with all key stakeholders as the site develops to seek feedback and relieve any concerns. For example, the project has been presented before the local planning committee and the general public, who receive regular updates about the project including via its social media channels. In addition, workshops are planned with independent architects and local authorities, and regular tours for interested parties will be conducted when COVID-19 restrictions allow. The aim is to ensure the public is kept abreast of what is happening at all times, so they become a key part of the project.

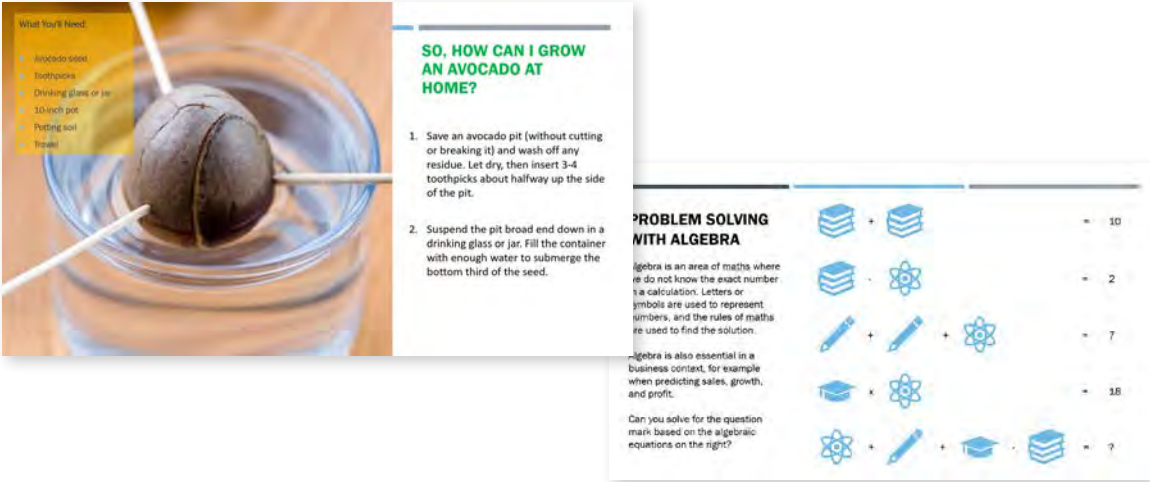
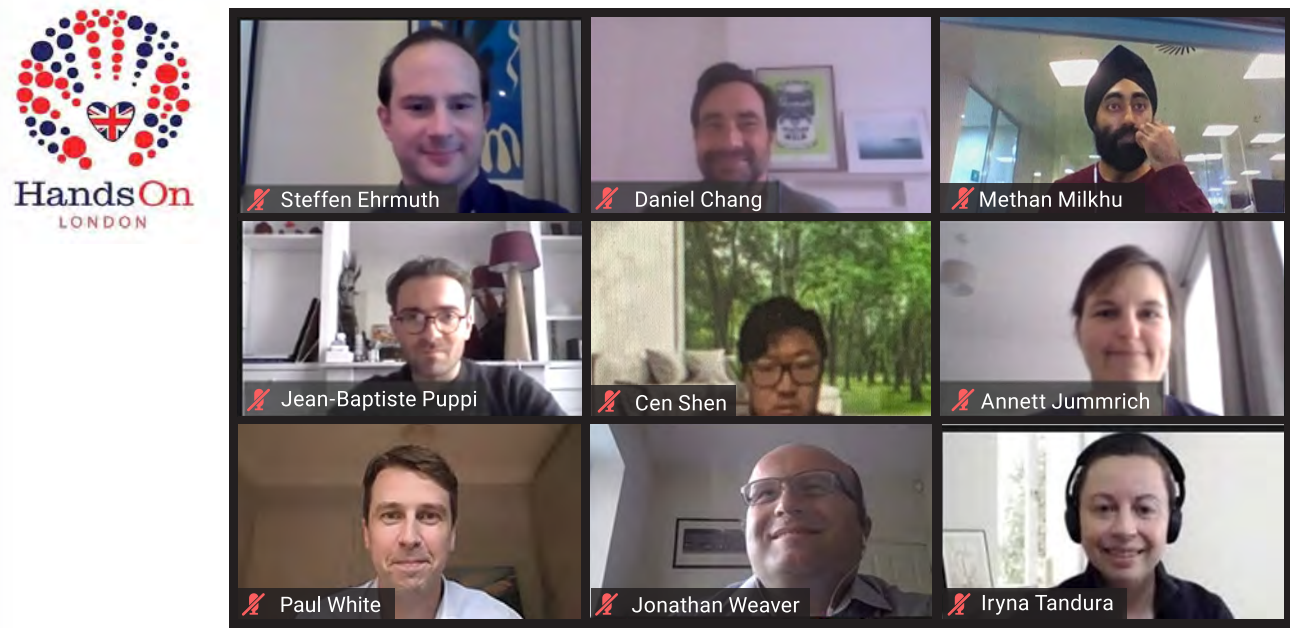


STEM booklets for school children

In December 2020, the HEVF 2 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 for 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 Hines European Value Fund 2's ESG achievements

2020 was a challenging year for the HEVF 2 due to the COVID-19 pandemic, as it was 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.



Athina Schacher is an Associate in the Capital Markets Group in our Munich office

Athina, how important has ESG become for investors and what are they looking for today?

Following the discussions on climate change and risk around the globe, the topic of ESG responsible investing has also been finding more attention in the investment universe of private and institutional investors. Although interest by geography varies, there is a common understanding of



the expectation investors have for managers to include ESG criteria in their investment strategies. Investors demand a clear commitment by the manager and detailed agreements on targets and reporting standards.

In general, transparency is key for investors to successfully make an impact on environmental, social and governance matters. This requires reporting and benchmark standards, which are being developed in line with the progress the industry is making on

implementing various environmental and social initiatives. Today, best effort is the winning formula and with time requirements and reporting standards will evolve.



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.



Hugo Pywell is a Senior Development Manager in our London office

Hugo, how are you working to actively reduce carbon emissions and energy consumption at 80 New Bond Street?

From inception of the project we tasked the design team with working towards net zero carbon in the delivery of the 80 New Bond Street. This influenced the decision to retain more of the existing structure than originally intended to avoid generating more embodied carbon as part of the works. Undertaking a whole life cycle carbon assessment, climate change adaptability studies and computer modelling of façade structures further informed decisions on the direction of a fabric first approach and materiality of the refurbishment.

We have continued to explore our approach to reducing embodied carbon as a result of the refurbishment



works and have specified low carbon concrete, steel, refurbished floor tiles, and tasked contractors to achieve a zero diesel construction site.



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

Ivan, how can we improve our social impact 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.

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 MANAGEMENT¹

€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, 25.2 M sqm



PROPERTY AND ASSET MANAGEMENT

622

properties, 23.9 M sqm

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

INREV Alignment

This ESG Review is aligned with the 2016 INREV Sustainability Reporting Guidelines. The required disclosures are referenced as footnotes throughout the report.

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

The Fund has a ESG Policy and an environmental monitoring framework that is reviewed annually, and which serves as the foundation for its short and long-term Environmental, Social and Governance (ESG) strategy. Moreover, HEVF 2 has formally committed to establishing, implementing and maintaining sustainability objectives and targets as part of its strategy in order to drive continual improvement within the portfolio. To support the implementation of the ESG strategy, the Fund maintains and documents the following management procedures:

- An ESG policy;
- ESG objectives and targets (short and long term);
- An ESG monitoring and measurement approach;
- the identification of key roles and responsibilities of its team members; and,
- clear guidance for communication of ESG performance.

These formal ESG management documents are intended to outline and support achievement of strategic goals for HEVF 2.

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

HEVF 2 ensures compliance with all current and applicable regulation relating to ESG issues by actively monitoring requirements throughout the holding period and responding accordingly. At acquisition, the Sustainability Due Diligence Checklist supports identification of ESG regulatory risks among other items. During construction/ refurbishment works, local asset managers and the appointed contractors are responsible for the identification and management of relevant ESG regulatory risks.

HEVF 2 will obtain EPCs (energy ratings) for buildings once operational to support understanding of energy efficiency performance and the associated legislative risks. Throughout the holding period, the local asset and property management teams track and report changing regulations to determine compliance implications for each asset. Furthermore, HEVF 2 seeks to obtain green building certifications for development/major refurbishment projects.

No enforcement notices have been received or applied to HEVF 2 for ESG related issues. The fund, to the best of our knowledge, is compliant with legislation. Local asset and property managers will continue to monitor regulatory compliance through the 2021 reporting period and identify potential impacts of changing ESG regulations through quarterly asset management reports.

The HEVF 2 PPM has been updated to ensure compliance with article 6 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, namely by setting out (1) how sustainability risks are integrated into Hines investment decision-making process in respect of HEVF 2 and (2) the likely impacts of sustainability risks on the returns of HEVF 2.

Environmental Data (INREV ref: ESG-ENV 1.1)

Given that all assets in the fund are undergoing redevelopment/refurbishment, the disclosure of operational data is not applicable.

ENDNOTES

- 1 Includes both the global Hines organisation as well as RIA AUM as of 31 December 2020.
- 2 Forward purchase due to complete in H1 2023.
- 3 Forward purchase due to complete in mid-2022.
- 4 Preliminary sale and purchase agreement signed in Q4 2020 and expected to close in Q3 2021.
- 5 Baseline as set out in Part L of the Building Regulations.
- 6 Baseline as set out in BREEAM 2018 New Construction Wat01.

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