

Form ADV Part 2A: Firm Brochure

Hines Capital Advisors LLC

March 31, 2023

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This Brochure provides information about the qualifications and business practices of Hines Capital Advisors LLC (the “Advisor”) and certain of its affiliates. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at +44 207 292 1916 or email (Fiona.Hipkiss@hines.com).

The Advisor is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Advisor is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

This update is being filed to update the Advisor's registration status, to report any material changes and is part of the annual updating amendment required to be filed annually. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the Brochure compiled by the Advisor to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

The following information are material changes or other updates to this form since the prior annual updating amendment filed on March 31, 2022.

- As indicated in Item 4, Hines Capital Advisors has approximately \$2,851,331,817 in regulatory assets under management as of December 31, 2022.
- Updating item 8 to include risk associated with bank failure.
- Updating item 10 in relation to a Hines affiliate, Venture Lab.
- Updating Item 12 in relation to the composition of the Investment Committee.
- Updating Item 14 to delete the reference to an SEC regulation that has been rescinded in relation to payments for referrals.

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Item 4: Advisory Business

Hines Capital Advisors LLC (the "Advisor") is a Delaware limited liability company and an indirect subsidiary of Hines Interests Limited Partnership (collectively, with certain affiliates, referred to herein as "Hines"). Hines is a vertically integrated global real estate investment and management firm and, with its predecessor, has been investing in real estate and providing real estate-related services such as acquisition, development, financing, property management, leasing, and disposition services for over 60 years. Hines provides investment management services to numerous investors and partners including pension plans, domestic and foreign institutional investors, high net worth individuals and retail investors. The Advisor is owned and controlled by Hines Interests Limited Partnership. Additional information about the ownership is also available on the SEC's website at: www.adviserinfo.sec.gov.

The Advisor provides investment advice regarding real estate assets to the Hines U.S. Property Partners, L.P., a Delaware limited partnership ("HUSPP"). Hines USPP GP LP, a Delaware limited partnership, serves as the general partner ("HUSPP General Partner") of the Fund. HUSPP is organized as a perpetual life, open-ended, commingled private fund to invest directly or indirectly in high-quality core and core-plus real estate assets located predominantly in the United States.

In addition, the Advisor provides investment advice regarding real estate assets to the Hines U.S. Property Recovery Fund, L.P., a Delaware limited partnership which includes a series of parallel investment vehicles (collectively "HUSPR" or the "Recovery Fund"). Hines USPRF GP LP, a Delaware limited partnership serves as the general partner (the "HUSPR General Partner") of the Recovery Fund. HUSPR is organized as a closed-end commingled private fund to invest directly or indirectly on real estate related assets with focus on tactical investment opportunities arising from three distinct themes: (i) broken developments, (ii) distressed sellers and sectors, and (iii) credit-driven asset opportunities.

HUSPP and HUSPR are together referred to as the "Fund(s) or the "Client(s)". In addition, references to the term General Partner apply to both Funds.

Hines also intends to raise, sponsor, manage, otherwise provide discretionary investment management and/or advisory services to, or source investments for other funds, clients, accounts or other investments vehicle (other than the Funds or any of its subsidiaries, each, an "Other Hines Account"), some of which may have investment objectives similar to or that overlap with those of the Fund and/or engage in transactions in the same type of investments as the Funds or in different investments of the same issuers in which the Funds invests.

Funds' Governing Documents

The advice provided by the Advisor to the Funds is tailored to meet the investment objectives and restrictions of the Funds, not to the investors ("Investor" or "Limited Partner") in the Funds. The advice provided will be in accordance with the investment objectives, strategies and restrictions described in the Funds' respective Private Placement Memoranda ("PPM"), Limited Partnership Agreement ("Partnership Agreement"), or other governing agreements (collectively referred to as "Fund Governing Documents"). Investors and other recipients of this Brochure should be aware that while this Brochure includes information about the Funds, as necessary or appropriate, this Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with each Fund. More complete information about each Fund is included in the Fund Governing Documents. In no event should this Brochure be considered to be an offer of interests in the Funds or any Other Hines Account or relied upon in any determination to invest in the Funds or any Other Hines Account. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed to provide information about the

Advisor for the purpose of compliance with the Advisor's obligations under the Advisers Act. Accordingly, the Brochure responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Funds' Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Fund Governing Document, the relevant governing document shall prevail. Capitalized terms used but not defined herein have the same meaning as in the applicable Fund Governing Document.

Redemption Rights

HUSPP is an open-ended fund with a perpetual term. Subject to certain restrictions in the Partnership Agreement, HUSPP Limited Partners will have the option to redeem units on a quarterly basis. After the second anniversary of the date on which a Limited Partner was initially issued units in HUSPP (or such earlier date as determined by the General Partner in its sole discretion), such Limited Partner may elect, upon at least 90 days' prior written notice to the HUSPP General Partner in a form acceptable to the HUSPP General Partner, to have some or all of such units redeemed. Outstanding redemption requests with respect to redeemable units will be accommodated as liquid assets permit at the end of each calendar quarter. A HUSPP Limited Partner may sell, assign, or transfer its Units or unfunded Commitments to any other eligible Investor with the prior written consent of the HUSPP General Partner. Further information regarding withdrawal rights are described in the HUSPP Governing Documents.

Investments in Real Estate-Related Securities

HUSPP, may enter into an agreement with one or more third party investment advisers (each a "Sub-Adviser") to manage HUSPP's investments in real estate-related equity or debt securities consistent with HUSPP's investment strategy. In its capacity as a fiduciary to HUSPP, a Sub-Adviser will provide services related to the acquisition, management and disposition of real estate-related securities investments in accordance with the HUSPP's investment guidelines. In addition to providing services to HUSPP, a Sub-Adviser also provides services to Hines. Please see Item 10 below for further discussion of potential conflicts regarding service providers shared between or among the Advisor, Hines, and the Funds. Sub-Advisers for the Funds are specified in Part 1, Section 7.B.1 of Form ADV, publicly available at: www.adviserinfo.sec.gov.

In the event HUSPP does not enter into an agreement with a Sub-Adviser, the Advisor will arrange HUSPP's investments in real estate-related equity or debt securities consistent with HUSPP's investment strategy.

Regulatory Assets Under Management

As of December 31, 2022, the Advisor managed approximately \$2,851,331,817 in regulatory assets under management.

Item 5: Fees and Compensation

Fees and expenses vary by fund. Investors should consult the Fund Governing Documents for details regarding the calculation of fees and expenses associated with an investment in a Fund. As a general matter, the Advisor is compensated for the services it provides to a Fund through an annual asset management fee that is typically calculated and paid quarterly in arrears, subject to the terms of the Fund Governing Documents.

In addition, as described in the Fund Governing Documents, the General Partner, or an affiliate thereof, will receive performance based compensation in the form of an incentive allocation ("Incentive Allocations")

from the Limited Partners in the Fund. The Incentive Allocation with respect to a Limited Partner is calculated every 3 years and takes into account changes in net asset value and all inflows and outflows during such period, as well as any prior unrecovered losses realized by such Limited Partner.

Services

Property Level Services: The General Partner, Hines or its affiliates may provide to any portfolio investment or real estate asset any or all of the services that would otherwise be performed by third parties set forth in the exhibits to the Partnership Agreement and receive fees for such services at the rates set forth therein.

Support Services: In addition, the General Partner, Hines or its affiliates may provide any or all of the services to the Fund or a portfolio investment that would otherwise be performed for the Fund or such investment by third parties (including accounting, financial reporting, administration, tax, internal audit, legal, debt placement, technology-related services, brokerage, sales agent, property management, leasing, construction management, development and other property-related services) on terms that are determined by the General Partner to be fair and reasonable to the Fund or such investment; provided that (i) such services will be provided at cost without mark-up, including reimbursement for any associated overhead expense (including rent, utilities, office maintenance, office supplies and hardware, storage, human resources and benefits administration, technology and software costs) and/or employee compensation costs (including salary, bonus, deferred compensation, salary overhead, benefits and payroll administration and charges) that the General Partner determines is allocable to such services and (ii) in no event will the cost of such services exceed the cost that the General Partner determines would be payable by the Fund, such affiliate(s) or such portfolio investment if such services were provided by third parties in the business of providing comparable services on an arm's length basis.

Property Management, Leasing, Construction, and Development Fees

Hines will charge the Fund fees for services such as property management, leasing and construction, professional services, administration, pre-design and development associated with the development and ongoing management of the properties owned by the Funds. Hines has developed a Rate Card specifying the applicable rates that will be charged by affiliates in relation to managing the underlying assets of the Fund. The Rate Card is included in the applicable Fund Governing Documents.

Organizational Expenses

The Funds will reimburse the General Partner for the Funds' and their affiliated entities' organizational and startup expenses (as further set forth in the Partnership Agreement) incurred as specified in the relevant Partnership Agreement ("Organizational Expenses"), including legal, capital raising, accounting, regulatory compliance (including the initial regulatory analysis contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), and any administrative or other filings, but excluding any travel expenses.

Organizational Expenses will be amortized over the periods as specified in the Funds' Partnership Agreements. The General Partner will bear the cost (through an offset against the Asset Management Fee) of Organizational Expenses incurred as specified in the relevant Partnership Agreement, if any, and of any placement fees ("Placement Fees") payable to any placement agent in connection with the formation of the Fund and distribution of Fund Units.

Fund Expense Reimbursement

The Funds will pay all costs, expenses, and liabilities in connection with its operations and activities, including the following:

(i) activities with respect to the origination, identification, and sourcing of investment opportunities for the Fund, including attending and sponsoring industry events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing an investment pipeline;

(ii) activities with respect to the developing (including costs and expenses of tenant and capital improvements), pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services) acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, leasing, servicing, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, subsidiaries and the Fund's actual and potential investments (including follow-on investments, additional investments related to or in or restructurings of investments, investments acquired in connection with the disposition of another investment) and in connection with one or more REIT Subsidiaries (including fees, costs and expenses attributable to qualifying each such REIT Subsidiary as a REIT and maintaining such qualification) or an ERISA operating company (including fees, costs and expenses attributable to structuring the Fund or alternative investment vehicle, as applicable, to qualify or preserve the ability to qualify, or structuring any acquisition financing or other transaction with respect to any such person to qualify or preserve the ability to qualify, as an ERISA operating company and maintain such qualification) or in seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees, expenses and/or compensation related to transactions that were or may have been offered to co-investors or pursued with joint venture partners and any other compensation related to transactions that were or may have been pursued with joint venture partners), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful;

(iii) indebtedness of, or guarantees made by, the Fund, the Advisor, the Management Company, the General Partner, any of their respective affiliates or Hines on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee;

(iv) financing, commitment, origination, exclusivity, and similar fees and expenses;

(v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services;

(vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof);

(vii) costs associated with the reporting, filings and other ongoing compliance requirements contemplated by SEC Rule 204(b)-1(a), the AIFMD or any similar laws, rules or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related

thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements;

(viii) legal, accounting, research (including licensing fees for third-party market research providers and amounts paid to market research, “expert network” or similar firms in connection with potential and existing investments), auditing, administration (including fees and expenses associated with the Fund’s third-party administrator(s) for accounting, capital call distribution, investor reporting, anti- money laundering compliance, tax and other fund administrative services, and fees and expenses associated with tracking and administration or reporting software, if any), registrar and transfer agent services, safekeeping services, information, appraisal, appraisal management, advisory, valuation (including third- party valuations, appraisals, appraisal management or pricing services), real estate title, survey, hedging, consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants), tax and other professional services, including fees and costs related to the establishment or maintenance of any such activities or services (including amounts contemplated in “Services”);

(ix) property management, development management, construction management, leasing, development, environmental, brokerage, sales agent, and other services (including amounts contemplated in “Services”);

(x) reverse breakup, termination and other similar arrangements;

(xi) insurance (including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, crime coverage, property and casualty and general partnership liability premiums and other insurance and regulatory costs, including any costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies;

(xii) filing, title, transfer, survey, registration and other similar activities;

(xiii) printing, communications, mailing, courier, marketing and publicity;

(xiv) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory certifications, filings or reports (including Form PF, Bureau of Economic Analysis Reports and any filings or reports applicable to the Fund contemplated by the AIFMD or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing;

(xv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing;

(xvi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners;

(xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with U.S.

Freedom of Information Act, 5 U.S.C. § 552, any state public records access laws, any state or other jurisdiction's laws similar in intent or effect to the U.S. Freedom of Information Act or any other similar statutory or regulatory requirement that might result in the public disclosure of confidential information);

(xviii) to the extent set forth in the Partnership Agreement or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the Advisory Board members (whether voting or non-voting), permitted observers and other persons in preparing for, attending or otherwise participating in meetings of the Advisory Board);

(xix) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any Partner or other person or entity pursuant to the Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement;

(xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith;

(xxi) any annual, periodic or special meeting of the Partners and any other conference, meeting or webcast or other video conference with any Partner(s) (in each case, including any set-up, room and board, dining, entertainment, gifts, honorarium or speakers and other meeting or conference related costs), in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner including Hines;

(xxii) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, subsidiaries or actual or potential investments (to the extent not borne or reimbursed by a subsidiary or investment of such alternative investment vehicle) that would be a Fund Expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities;

(xxiii) the termination, liquidation, winding up or dissolution of the Fund and any legal entities owned directly or indirectly by the Fund, including portfolio investments and related entities;

(xxiv) defaults by Partners in the payment of any capital contributions;

(xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, the general partner of any parallel investment entity, the Management Company or any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof and including costs and expenses incurred in connection with the most-favored nations side letter process;

(xxvi) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner

and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations);

(xxvii) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement;

(xxviii) any experts or advisors engaged, including independent appraisers engaged in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person or entity as one or more investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates (including Other Hines Accounts);

(xxix) unreimbursed costs and expenses incurred in connection with any transfer, proposed transfer or redemption of Units or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian;

(xxx) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor pursuant to the Partnership Agreement);

(xxxi) distributions to the Partners and other expenses associated with the acquisition, holding, repayment and disposition of the Fund's investments, including extraordinary expenses;

(xxxii) compliance or regulatory matters related to the Fund, except as otherwise set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any side letter or similar agreement;

(xxxiii) all fees, costs, expenses, liabilities and obligations relating or attributable to Commitments accepted after the Initial Closing in connection with the offering and sale of Units to prospective Limited Partners, including legal fees and the cost and expense of preparing and periodically updating the private placement memorandum and other marketing documents of, or with respect to, the Fund, obtaining the related tax and legal opinions and preparing and negotiating any amendments to the Partnership Agreement and any side letters or similar agreements, and all costs and expenses of, or incidental to, the organization and/or preparation of any Feeder Fund sponsored or managed by the General Partner (except to the extent such costs and expenses are borne by one or more limited partners, members or similar equity owners of any Feeder Fund);

(xxxiv) valuations of portfolio investments, including the fees, costs and expenses associated with any third-party appraiser, appraisal management firm or other valuation expert;

(xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner, the Advisor or the Management Company at any trade conference, including any applicable registration fees and exhibition, sponsorship, or other presentation costs;

(xxxvi) any amounts payable by the Fund as described in "Services" above;

(xxxvii) any travel, lodging, meals, or entertainment relating to any of the foregoing in accordance with the Advisor's policies or Hines policies applicable to the Advisor, including in connection with consummated and unconsummated investment, repayment and disposition opportunities;

- (xxxviii) any Organizational Expenses (as described above);
- (xxxix) any Placement Fees;
- (xl) any costs, expenses (including reasonable legal and accounting fees), claims, liabilities, losses and damages incurred by or on behalf of the “partnership representative” (or the designated individual) in its role as the “partnership representative” (or the designated individual); and
- (xli) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

Joint Venture Partner Compensation

The Advisor does not currently utilize the services of joint venture partners on Fund assets, but it could do so in the future. Joint venture partners or operating partners engaged by the Advisor for the Funds benefit may receive management fees, acquisition fees, incentive fees, or other forms of compensation for their services. The compensation paid to the joint venture partner would typically be paid by the underlying asset, which would be an indirect expense to the Funds.

Travel Expenses

The Funds will be responsible for incurring the cost of travel expenses related to Fund business, subject to guidelines set forth in the Fund Governing Documents and the Advisor’s or Hines internal travel and expense policies. Such expenses generally include the Advisor and its affiliated persons’ air travel (including business class or first class airfare), hotels (generally business class or better), meals and other incidental travel related expenses.

Fees and Expenses Paid to Third Party Investment Manager

As described above, HUSPP may enter into an agreement with one or more Sub-Advisers to manage HUSPP’s investments in real estate-related equity or debt securities consistent with HUSPP’s investment strategy. HUSPP will pay an annual fee to each Sub-Adviser for providing these services. The General Partner will ensure that the amount of asset management fees payable to our Advisor that are allocable to the investments in real estate related securities for a particular period will be reduced by the amount of fees that HUSPP pays to a Sub-Adviser for such period.

Each Sub-Adviser also will be reimbursed for expenses incurred on HUSPP’s behalf. HUSPP may agree to limit liability as to any expenses, losses, damages, liabilities, charges, and claims of any kind or nature whatsoever arising out of its performance of its obligations under the investment management agreement, except in the case where the proximate cause is judicially determined to be the intentional act, gross negligence or willful misconduct of such Sub-Adviser.

Item 6: Performance Based Fees and Side-by-Side Management

The Advisor recognizes that it has a fiduciary duty to act in the best interests of the Funds and their Investors. Further, the Advisor recognizes that it must treat all clients and their respective investors fairly and must refrain from favoring one client’s or one investor’s interests over another.

As described in Item 5 above, the Advisor charges performance based compensation to the Funds in the form of an Incentive Allocation. Performance-based compensation arrangements could potentially create an

incentive for an adviser to engage in riskier investment behavior due to the higher return potential associated with higher-risk investments. In addition, performance based compensation may provide the Advisor with a perceived conflict of interest such as an incentive to favor the accounts of clients subject to performance based compensation over accounts not subject to performance based compensation. This could include allocating specific investment opportunities to accounts with performance based compensation to be more profitable than others. While the Advisor currently only manages the HUSPP and HUSPR accounts; Hines has many other clients pursuing real estate related investments. Currently, Hines and the Advisor have limited overlap of investment strategies across clients, but this may change in the future. As discussed in Item 10, the Advisor is focused on managing conflicts of interest. Hines and the Advisor have adopted investment allocation policies and procedures that are designed to address and mitigate potential conflicts of interest in respect of any side-by-side or overlapping investment management activities.

Item 7: Types of Clients

The Advisor's clients are the Funds. The Funds are both a limited partnerships formed in Delaware and operates pursuant to one or more exemptions from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Funds may include special purpose vehicles and/or parallel structures established for tax, regulatory or other considerations, some of which are also Funds that are clients, as listed in Section 7.B of Part 1 of Form ADV.

HUSPR is no longer seeking commitments.

HUSPP intends to seek commitments on an ongoing basis and in an unlimited amount from persons that are (i) "accredited investors," as that term is defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, (ii) "qualified clients," as that term is defined under the Advisers Act, and (iii) unless waived in the discretion of the General Partner, "qualified purchasers," as that term is defined under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

The minimum commitment for HUSPP \$10 million, although commitments of lesser amounts may be accepted at the discretion of the General Partner. An investor will become a limited partner in the Fund at the time of the initial funding of its Commitment. Commitments may include cash or other property agreed to be contributed (or deemed to be contributed) to the Fund.

For both Funds, the respective General Partner reserves the right to enter into side letters or other agreements (including the governing documents of any parallel investment entities) with particular Investors in connection with such Investor's investment in the Fund without the approval of any other Investor, which have the effect of establishing rights under or altering or supplementing the terms of the Partnership Agreement with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement potentially include (i) economic arrangements, including different Incentive Allocation calculations and reduced Asset Management Fees, (ii) altered redemption rights, (iii) excuse rights applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments), (iv) the General Partner's agreement to extend certain information rights or additional reporting to such Investor, including to accommodate special regulatory or other circumstances of such Investor, (v) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the General Partner for the benefit of lenders or other persons extending credit to or arranging financing for the Fund, (vi) consent of the General Partner to certain transfers by such Investor or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Investor, (vii) restrictions on, or special rights of such Investor with respect to the activities of, the General Partner and its affiliates, including restrictions on the General Partner's ability to exercise rights under the Partnership Agreement with respect to such Investor, (viii) withdrawal rights (subject to consent of the General Partner) due to legal, regulatory or policy matters, including

matters related to political contributions, gifts and other such policies, (ix) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an Investor, (x) matters regarding such Investor's right to participate in co-investment opportunities, (xi) alterations to the standard of care applicable to the General Partner, or (xii) additional obligations, and restrictions of the Fund with respect to the structuring of any investment (including with respect to alternative investment vehicles). Any rights or terms so established in such agreement with an Investor will govern solely with respect to such Investor (but not any of such Investor's assignees or transferees unless so specified in such side letter or otherwise agreed to by the General Partner) and will not require the approval of any other Investor notwithstanding any other provision of the Partnership Agreement. Notwithstanding the fact that the Partnership Agreement contains a "most favored nations" provision, Investors would not, notwithstanding the terms of such side letter provision, have the right to elect certain rights or benefits granted to other Investors in their side letters or other agreements.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

HUSPP's primary investment strategy is to invest principally in commercial real estate properties in major markets across the U.S., with a focus on: (i) products designed for what the Advisor believes is 'next generation' tenant demand; (ii) seeking to drive outperformance and manage risks at the asset-level through Hines' operational expertise; (iii) top-performing submarkets identified by a combination of Hines' Regions ("Local Operating Platform") and Hines Proprietary Research ("Hines Research"); and (iv) portfolio construction emphasizing an 'intrinsic-value' focus guided by analytics developed by Hines Research and enhanced by Hines' local operator-led insight.

HUSPP will pursue institutional-quality investments (the "Projects") across the four major property types of office, apartments, industrial, and retail (including mixed-use assets that combine elements of more than one property type), as well as certain niche product types (including data centers, self-storage, life sciences, and others). HUSPP will be subject to certain concentration limits such as the location of the assets, size of the investment relative to the gross asset value of HUSPP, and restrictions on the size of the real estate asset type. Further information regarding the investment restrictions are described in the Fund Governing Documents.

HUSPP will pursue a mix of asset-level strategies, including leasing, repositioning, re-tenanting, capital improvements and, subject to certain limitations, ground-up development. HSUPP is expected to include a mix of strategic long-term hold investments designed to generate income and income growth as well as selective tactical investments intended for shorter hold periods to take advantage of what the Advisor sees as favorable pricing in core locations.

HUSPP intends to use leverage in order to enhance its returns and manage liquidity requirements. The use of debt is subject to a portfolio-wide leverage limit of 50% of the gross asset value of HUSPP, as detailed in the Partnership Agreement. Asset-level leverage will differ by individual project based on the respective asset-level business plan, and there is no leverage limitation at the individual building or asset-level.

HUSPR's primary investment strategy is to invest in commercial real estate properties in major markets across the U.S., with a focus on tactical investment opportunities arising from three distinct themes: (i) broken developments, (ii) distressed sellers and sectors, and (iii) credit-driven asset opportunities. The Advisor believes dislocation in the U.S. real estate market, precipitated by an economic recession resulting from the COVID-19 pandemic, will create a real estate environment conducive to such investments. Further, the Advisor will seek to position HUSPR's investments to benefit from six trends – accelerated by COVID- 19 – that it sees altering the U.S. real estate landscape: (i) demographic shifts causing evolution in occupier

demand, (ii) ongoing urbanization across and within markets, (iii) the aging of core stock, (iv) the convergence of asset classes, (v) new business models, including the emergence of real estate as-a-service, and (vi) a holistic focus on health and wellness.

HUSPR's investments across the four major property types of industrial, living, office, and retail (including mixed-use assets that combine elements of more than one property type) will be pursued, as well as certain niche product types (including life sciences, self-storage, and others). HUSPR will be subject to certain concentration limits as detailed in the Governing Documents.

HUSPR intends to combine investments in attractive pricing environments (beta) with a mix of asset-level value creation strategies (alpha) to achieve its Target Return (as defined in the PPM). Potential asset-level value creation strategies include change of use, redevelopment, repositioning, re-tenanting, capital improvements, space programming, and, subject to certain limitations, ground-up development.

HUSPR intends to utilize leverage in order to enhance returns and manage liquidity requirements. HUSPR will target a 55-65% loan-to-cost ("LTC") ratio at the asset-level with a portfolio-wide leverage limitation of 60% LTC, as detailed in the Partnership Agreement. The financing policy is further described in the Governing Documents.

Risks Related to an Investment in the Funds

The information below includes a summary of risks with regard to investing in HUSPP, HUSPR and the real estate industry. The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Investors should read the Fund Offering Documents and consult with their own advisors before deciding whether to invest in the Fund.

- Uncertainty of Net Asset Values. Among HUSPP's important features are the provisions relating to the funding of commitments and the redemptions of units. The valuation of units upon the funding of commitments (including any reinvestment of cash distributions in additional units), the amount payable upon redemption to redeeming Investors and certain other valuations are generally based upon HUSPP's net asset value ("NAV") applicable to such funding, redemption or other event (subject to any applicable adjustment with respect to distributions, contributions or other material events occurring thereafter). Such values may not accurately reflect the actual market values of the properties, and, thus, Investors may make decisions as to whether to invest in or redeem units without complete and accurate valuation information. In addition, Investors would be adversely affected by higher asset management fees and incentive allocations if HUSPP's NAV is overstated.
- Pricing and Priority in Redemption Transactions. After the expiration of the lock-up period (and earlier in limited circumstances set forth in the HUSPP Partnership Agreement), Investors are entitled to elect to redeem their units upon at least 90 days prior written notice to the HUSPP General Partner. The HUSPP General Partner has the right to determine if sufficient liquid assets are available for redemption or instead are necessary for ongoing expenses (including debt payments), investments, capital expenditures or reserves. An Investor who gives a redemption notice will not know the redemption price until its units are actually redeemed. The redemption price ultimately paid may not accurately reflect the fair value of the units being redeemed. The HUSPP General Partner may enter into agreements with one or more Investors that limit or modify the applicability of the redemption restrictions with respect to such Investors' units.
- Illiquidity; Lack of Current Distributions. An investment in HUSPR should be viewed as an illiquid investment. In addition, HUSPR's investments will generally be illiquid. As a result, HUSPR may

not be able to sell a property or properties quickly, on favorable terms or at all in response to changing economic, financial and investment conditions or changes in the property's operating performance when it otherwise may be prudent to do so. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. HUSPR's inability to dispose of assets at opportune times or on favorable terms could materially and adversely affect HUSPR's business, financial condition, results of operations and cash flows. Furthermore, the expenses of operating HUSPR (including the Management Fee payable to the HUSPR General Partner (or an affiliate thereof)) may exceed its income, thereby requiring that the difference be paid from HUSPR's capital, including unfunded Commitments.

- Use of Capital. Investors in HUSPP should not expect to receive distributions of net capital event proceeds. If the HUSPP General Partner determines that all or any portion of net capital event proceeds are not necessary for current and anticipated obligations, liabilities, expenses, debt payments, investments, follow-on investments, capital expenditures, distributions or reserves, such amounts may be used to satisfy redemption requests.
- Redemption Requests Prohibiting the Acquisition of Investments. If the units subject to outstanding redemption requests represent more than 75% of HUSPP's NAV for more than 12 consecutive months, HUSPP will begin the process to conduct an orderly sale of Investments, as determined in the reasonable discretion of the HUSPP General Partner, in order to satisfy existing redemption requests and wind up and terminate the Partnership, subject to the provisions of the HUSPP Partnership Agreement.
- General Real Estate Risks. The Fund's investments are subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets. Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate or in national or international economic conditions; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness, type and location of the properties and changes in the relative popularity of commercial properties as an investment; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in real estate tax rates and other operating costs and expenses; (ix) energy and supply shortages; (x) changes in interest rates and the availability of mortgage funds and other financing which may render the sale or refinancing of properties difficult or impracticable; (xi) uninsured losses or delays from casualties or condemnation; (xii) government regulations (including those governing usage, improvements, zoning and taxes) and fiscal policies; (xiii) potential liability under changing environmental and other laws; (xiv) risks and operating problems arising out of the presence of certain construction materials; (xv) structural or property level latent defects; (xvi) acts of God, pandemic outbreaks, terrorist attacks, war (declared or undeclared), work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors; (xvii) increased mortgage defaults; (xviii) negative developments in the economy that depress travel activity; (xix) environmental liabilities and contingent liabilities on disposition of assets; (xx) changes in applicable laws; and (xxi) other factors beyond the control of the General Partner. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns real property) could also create risks of successor liability.

- *Risks of Acquiring Real Estate Property.* The Fund's investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. Declining economic conditions may impair the Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Fund to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that the Fund undertakes may divert cash that would otherwise be available for distribution to the Investors. Ultimately, to the extent that the Fund is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Fund's operating results.
- *Difficulty of Locating Suitable Investments.* Although the Hines professionals have been successful in identifying suitable investments in the past, the Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.
- *Limited Number of Investments; Possible Lack of Diversification.* Investors have no assurance as to the degree of diversification that will actually be achieved in the Fund's investments, either by geographic region or asset class.
- *Development and Construction Risks.* The Fund's investments may include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of the Fund. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that makes such development less attractive than at the time it was commenced.
- *Future and Past Performance.* The performance of Hines prior investments is not necessarily indicative of the Fund's future results.
- *Concentration of Investments.* The Fund will participate in a limited number of investments and may seek to make several investments in certain regions or asset classes within a short period of time. As a result, the Fund's investment portfolio could become highly concentrated in the future, and the performance of a few holdings or of a particular asset class may substantially affect the Fund's aggregate return.
- *Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing real estate and real estate-related transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Fund will not be fully invested at all times if enough sufficiently attractive investments are not identified. However, Investors will be required to bear the fees and expenses described in Fund Offering Documents.
- *Need for Follow-On Investments.* There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments (including an event of default under applicable debt documents in the event an equity cure cannot be made). Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a particular real estate asset in need of such an investment.

- *Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through making investments in core and core-plus real estate assets located in the United States as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate, consistent with the Partnership Agreement.
- *Illiquidity; Lack of Current Distributions.* An investment in the Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized by an investor and if such investor will realize profits from Fund investments prior to such investor redeeming its units. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Furthermore, the expenses of operating the Fund (including any fees payable to the General Partner (or an affiliate thereof)) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments. It is also uncertain when liquid assets will be available to meet an investor's redemption request.
- *Leveraged Investments.* The Fund intends to employ leverage in the acquisition, operation and ownership of its investments and may refinance its investments, if desirable. Such use of leverage generally magnifies the Fund's opportunities for gain and its risk of loss from a particular investment.
- *Use of Credit Facilities and Subscription Lines.* The Fund is permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate Commitments available to be called. The Fund's use of such facilities will be determined by the General Partner, and the performance of the Fund may be impacted by how the General Partner causes the Fund to utilize such facilities. Although, the use of such a facility may increase the Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense. Conflicts of interest may arise in that the use of such facilities may, and likely would, delay the need for Investors to make certain contributions to the Fund, which may enhance the Fund's performance figures and thereby benefit the General Partner.
- *Competition with Other Owners of Commercial Properties.* The Fund will face significant competition from other developers, owners, and operators of similar properties in the same markets and may be in competition with other properties owned or managed by Hines for its own account or for other client accounts.
- *Limited Transferability of Units.* There will be no public market for the units, and none is expected to develop. There are substantial restrictions upon the transferability and redemption of Units under the Partnership Agreement and applicable securities laws.
- *Reliance on the General Partner.* Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of Hines' professionals.
- *Inability to Execute Business Plan.* There can be no assurance that the General Partner will be able to execute the business plan for the Fund or any or all of the Fund's investments.
- *Third Party Involvement.* The Fund may co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer or partner, including with the seller (or an affiliate thereof) of the property, a person involved in the selling or acquisition of the property, an

investor in the Fund (or other vehicle controlled by Hines or its affiliates) or other third parties. Such investments may involve risks not present in investments where a third party is not involved.

- *Absence of Operating History.* The Fund has no operating history and will be entirely dependent on the General Partner and the Advisor. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Hines professionals.
- *Future Investments Unspecified.* Except for the general investment guidelines provided in Fund Offering Documents, there is no information as to the nature and terms of any investments that a prospective investor can evaluate when determining whether to invest in the Fund. Investors will not have an opportunity to evaluate for themselves or to approve the portfolio investments.
- *Risks of Multi-Step Acquisitions.* In the event the Fund chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that the remainder can be successfully acquired. This could result in the Fund having only partial control over the investment or partial access to its cash flow to service debt incurred in connection with the acquisition.
- *Expedited Transactions.* Investment analyses and decisions by the General Partner and the Advisor may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. No assurance can be given that the General Partner and the Advisor will have knowledge of all circumstances that may adversely affect an investment.
- *Cyber Security.* The information technology systems used by the General Partner, the Advisor, the Fund, and/or the Fund's investments may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). Although the General Partner and the Advisor have implemented various measures to manage risks relating to these types of events, if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the General Partner, the Advisor, the Fund and/or an investment may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in the General Partner's, the Advisor's, the Fund's and/or an investment's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to Investors and/or the beneficial owners of Investors). Such a failure could harm the General Partner's, the Advisor's, the Fund's, an investment's, an Investor's or a beneficial owner of an Investor's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons.
- *Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* The United States, pursuant to the Foreign Account Tax Compliance Act ("FATCA") has entered into numerous intergovernmental agreements ("IGAs") with various jurisdictions concerning the exchange of information as a means to combat tax evasion. One or more of these information exchange regimes are likely to apply to the Fund and/or alternative investment vehicles and may require the General Partner to collect and share with applicable taxing authorities information concerning Investors (including identifying information and amounts of certain income allocable or distributable to them).

- *Failure to Maintain REIT Qualification*. The General Partner expects to organize one or more entities treated as a REIT for U.S. federal income tax purposes through which the Fund expects to make investments. If any REIT fails to maintain its qualification as a REIT in any taxable year, and certain relief provisions do not apply, the REIT would be subject to tax on its taxable income at regular corporate rates. In such an event, distributions by the REIT to the Fund or the Investors would, to the extent of the REIT earnings and profits, be taxable to the Investors as ordinary dividends.
- *UBTI; ECI*. An investment in the Fund involves complex federal, state, and local income tax considerations that will differ for each Limited Partner.
- *Income Taxes of Investors May Exceed Cash Distributions*. The Advisor's investment decisions will be based primarily upon economic, not tax, considerations, and could result, from time to time, in adverse tax consequences to some or all Investors.
- *Amendments*. The Partnership Agreement may be amended from time to time generally by the General Partner in cooperation with the Advisor without the consent of the Investors, as set forth in the Partnership Agreement, except that certain amendments require consent of the Investors.
- *Dilution from Additional Closings*. Newly admitted Investors or existing Investors that increase their commitments will participate in existing investments of the Fund, thereby diluting existing units. There can be no assurance that such payments will reflect the fair value of the Fund's existing investments at the time such Investors subscribe for units.
- *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes*. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.
- *Impact of Government Regulations*. Government authorities at all levels are actively involved in the regulation of land use and zoning, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated that could restrict or curtail certain usages of existing structures or require that such structures be renovated or altered in some manner. The promulgation and enforcement of such regulations could increase expenses, and lower the income or rate of return, as well as adversely affect the value of any of the Fund's investments. Operators are also subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the revenue and profitability of the Fund.
- *Uncertain Economic, Social and Political Environment*. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social, or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire investments, in an uncertain

environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its investments to execute their respective operations and to receive an attractive multiple of earnings upon disposition. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's investments.

- Coronavirus and Public Health Emergency. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.
- Market Conditions. The capital markets have experienced great volatility and financial turmoil, especially following the COVID-19 outbreak. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the investments. The Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. Volatility and illiquidity in the financial asset class may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.
- Increase in Market Interest Rates. If interest rates increase, so could the Fund's interest costs for new debt, including variable rate debt obligations under any credit facility or other financing. This increased cost could make the financing of any development or acquisition more costly. Rising interest rates could limit the Fund's ability to refinance existing debt when it matures or cause it to pay higher interest rates upon refinancing, which would negatively impact liquidity and profitability. In addition, an increase in interest rates could decrease the access third parties have to credit or the amount they are willing to pay for the Fund's assets.
- United Kingdom Exit from the European Union (the "EU"). On March 29, 2017, the United Kingdom (the "UK") formally notified the European Council of its intention to leave the EU ("Brexit"). The subsequent negotiations with the U.K. for leaving were intended to produce an agreement that ensures an orderly withdrawal from the EU and a political declaration outlining a framework for a future relationship between the U.K. and the EU. The European Commission's and the U.K.'s negotiators reached a provisional agreement on the terms of the U.K.'s withdrawal from the EU and a political declaration regarding their future relationship. Approval from the U.K. Parliament and the relevant EU bodies has been obtained and, as a result, the U.K. formally left the EU on January 31, 2020.

Irrespective of political developments, any outcome of Brexit may have economic, tax, fiscal, legal, regulatory, and other implications for the asset management industry, the European and global financial markets generally and for private funds such as the Fund and its portfolio investments. This uncertainty is likely to continue to impact the global economic climate and impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU, including companies or assets held or considered for prospective investment by the Fund.

- Privacy, Data Protection, and Information Security Compliance Risk. The adoption, interpretation and application of consumer, data protection and/or privacy laws and regulations (“Privacy Laws”) in the United States, Europe and elsewhere are often uncertain and in flux. Compliance with Privacy Laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the General Partner, the Advisor and the Fund, and as such could increase costs and require the dedication of additional time and resources to compliance for such entities.
- Hedging Arrangements. The General Partner or the Advisor may (but is not obligated to) endeavor to manage the Fund’s or any investment’s currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter (“OTC”) contexts, including futures, forwards, swaps, options, and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty’s inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner, the Advisor and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (“CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the Fund or an investment to hedge its expenses becomes limited by such requirements.

- Significant Adverse Consequences for Default. The Partnership Agreement and the investor’s subscription agreement provide for significant adverse consequences in the event an investor defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Fund, a defaulting investor may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.
- Incentive Allocation; Asset Management Fee. The fact that the General Partner’s Incentive Allocation is based on a percentage of net profits potentially creates an incentive for the General Partner to cause the Fund to make riskier or more speculative investments or to hold an investment

longer than otherwise would be the case. The Asset Management Fee is based on the Fund's NAV. The General Partner in certain circumstances will potentially be motivated to accelerate acquisitions and/or capital calls in order to increase the Fund's NAV or, similarly, delay or curtail dispositions and/or redemptions to maintain a higher NAV, which would, in each case, increase the Asset Management Fee. The General Partner or its affiliates may receive an Incentive Allocation in respect of unrealized appreciation of the Fund's assets, and the Asset Management Fee will take into account the unrealized value of the Fund's assets and any cash and cash equivalents. Accordingly, the General Partner or its affiliates in certain cases will receive an Incentive Allocation or Asset Management Fee on assets where the relevant gains have not been realized.

- Transfer by General Partner. To the extent the General Partner, its partners, professionals and/or their respective affiliates have made or commit to make a direct or indirect investment in or alongside the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.
- Controlling Person Liability. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer a significant loss.
- Limitation of Recourse and Indemnification. The Partnership Agreement will limit the circumstances under which the General Partner and its affiliates will be held liable to the Fund. As a result, Investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Fund will indemnify the General Partner and its affiliates for certain claims, losses, damages, and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to Investors.
- Advisory Board. The General Partner will establish the Advisory Board and, if established, will appoint three or more Investor representatives to the Advisory Board. The General Partner may at any time amend the Partnership Agreement without the consent of any Investor in connection with the foregoing as further described in the Partnership Agreement. The Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of the Advisory Board members will owe any fiduciary duties to the Fund or any other Partner. In addition, representatives of the Advisory Board may have various business and other relationships with the General Partner and its partners, employees, and affiliates. These relationships may influence their decisions as members of the Advisory Board.
- Delayed Tax Information. The Fund may not be able to provide final tax information to Investors for any given fiscal year until after the initial tax filing deadlines for Investors' tax returns. Accordingly, Investors should plan to obtain extensions of the filing dates for their tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Fund.
- Potential Environmental Liabilities. Under various federal, state, and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain

hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such investment.

- Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. The Fund cannot predict the ultimate cost of compliance with the ADA or other legislation. If the Fund incurs substantial costs to comply with the ADA and any other similar legislation, the Fund's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.
- Casualty and Condemnation. Investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise. In either case, the Fund's investments (depending on such investments' status as lender, borrower or equity owner) may be subject to one or more of the following liabilities: (i) lenders may require prepayments of outstanding loans with any proceeds arising from a casualty or condemnation recovery event (i.e., insurance coverage), (ii) insurance coverage may not be sufficient to cover renewal of an investment, (iii) renovations or developments with respect to an investment may be delayed and (iv) a seller may bear the risk of loss for such casualty or condemnation in connection with the disposition of an investment through the date of disposition.
- Litigation. In the ordinary course of its business, the Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's, the Advisor's and the Hines professionals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.
- Insurance May Not Cover All Losses. Uninsured and underinsured losses at the Fund level or investment level could harm the Fund's overall financial condition, results of operations and ability to make distributions to its Investors. Certain types of losses generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations. Should an uninsured loss or a loss in excess of insured limits occur, the Fund could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment.
- Contingent Liabilities on Disposition of Investments. In connection with the disposition of any investment, the Fund may be required to make representations about such investment. The Fund also may be required to indemnify the purchaser of such investment to the extent that any such representations are inaccurate or as a result of any statutorily imposed liability for construction defects. These circumstances may result in the incurrence of contingent liabilities for which the General Partner may establish reserves. However, these reserves may be insufficient to cover such liabilities and/or such liabilities may be uninsurable (or not economically insurable) or may be subject to insurance coverage limitations. Under the Delaware Revised Uniform Limited Partnership

Act, each Investor that receives a distribution in violation of such act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

- *Financial Statements.* The values of the Fund's properties established in accordance with its valuation policy statement (which is used for purposes of calculating, among other things, the Fund's NAV, the Asset Management Fee, the Incentive Allocation and the value of units) (and/or other components of the calculation of the Fund's NAV) may differ from any fair values (and/or such other components) presented in the Fund's financial statements prepared in accordance with generally accepted accounting principles.
- *Bank Failures:* The economic and regulatory environment is raising the risk of bank failures. Exposure to the risk of bank failure for real estate funds can take affect directly through accounts exceeding FDIC limits and via exposure through loans, subscription facilities and security deposits in the form of a letter of credit issued by such banks, that can no longer be drawn from. Other exposures for real estate funds come from a failed bank being able to reject its leases or causing an unrelated tenant to be unable to pay its rent. These risks can apply at the management company, fund and/or investment level. The Adviser mitigates these risks by keeping track of various banking relationships and acting on contractual provisions where a bank failure triggers a change. It is impractical to limit account balances to the FDIC-insured level, but the Adviser regularly distributes cash available for distribution to avoid excessive cash balances and uses banks that are among the 10 largest in the U.S. (in terms of deposits and assets) for our primary accounts that may hold larger balances (e.g., incoming contributions or outgoing distributions). We review direct banking relationships as part of our ongoing diligence of key service providers. As of the date of this filing we have no material direct impact from the current bank failures and expect no near-term liquidity issues given our access to uncalled equity and debt from other lenders.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither the Advisor nor any of its officers, directors, employees or other management persons providing investment advisory services to clients of the Advisor, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Broker Dealer

The Advisor is affiliated with Hines Securities, Inc., a broker dealer that is registered with the SEC and a member firm of FINRA.

Affiliated Investment Advisor

The Advisor and its investment personnel will devote such time as shall be necessary to conduct the business affairs of the investment advisory Clients in an appropriate manner. Personnel of the Advisor will work on several projects at a time and, therefore, conflicts may arise in the allocation of personnel and other management resources. The Advisor and its affiliates are not required to manage any one client as its sole and exclusive function, and their respective agents, officers, directors and personnel may engage in or possess any interests in business ventures and may generally engage in other activities independently or with others, including the rendering of advice or services of any kind to other investors and the making or management of other investments or other clients.

In some cases, the Advisor or its affiliates have business arrangements with related persons/companies that are material to its advisory business or to the Funds and the Other Hines Accounts. In addition, the Advisor or its affiliates have relationships with service providers, including but not limited to auditors, banks, broker-dealers, insurance companies, investment advisers, law firms, real estate brokers and appraisers, and technology service providers that also provide services to the Funds and the Other Hines Accounts. In some cases, these business arrangements may create a potential conflict of interest, or appearance of a conflict of interest between the Advisor and the Funds and the Other Hines Accounts, such as providing a discount to some but not all Hines related entities using the service. The Advisor maintains policies and procedures for mitigating and disclosing conflicts of interest.

Property Management, Leasing, PropTech and Other Services by Affiliates

The Advisor expects that Hines or affiliates of Hines will manage many of the properties that the Funds or the Other Hines Accounts acquire. As mentioned in Item 4 above, Hines is a vertically integrated real estate investment and management firm which, with its predecessor, has been investing in real estate assets and providing real estate-related services such as acquisition, development, financing, property management, leasing or disposition services for over 60 years, as well as newer services such as support in relation to property technology (“Prop-Tech”) through our affiliate Venture Lab.

Hines is headquartered in Houston and currently has regional offices in many other cities across the globe. Each regional office operates as a separate business unit headed by an executive vice president who manages the day-to-day business of such region and participates in its financial results. They are part of the Hines’ Executive Committee, which directs the strategy and management of Hines.

Hines’ central resources are located in Houston and these resources support the acquisition, development, financing, investing, property management, leasing, and disposition and in house property technology activities of all of the Hines regional offices. Hines’ central resources include employees with experience in capital markets and finance, accounting and audit, marketing, human resources, legal, compliance, risk management, property management, leasing, asset management, project design and construction, operations, and engineering.

These resource groups are an important control point for maintaining performance standards and operating consistency for the Fund, the Advisor and Hines. In some cases, these services, Prop-tech in particular, are also provided to third party real estate projects. As such Hines Prop-tech resources may be incentivized to dedicate more time to third party projects than those of the Funds. Since the current Hines Capital advised Funds are not currently using in-house Prop-tech we do not believe that an actual conflict of interest is presented. In the future, Prop-tech services may be provided directly by these vertical affiliates, to the Funds. When such services are provided for a fee, specific information will be provided to investors regarding the relevant costs that will be paid to our affiliates and specific steps we take to mitigate conflicts of interest associated with those services.

Investments in Products and Service Providers

In connection with rendering investment advice to the Funds and operation of their portfolio investments, the Advisor may use or recommend technology, products and services from companies in which entities affiliated with the Advisor and their owners and employees have a financial interest. Such interest will typically be an indirect financial interest through an investment in Fifth Wall Ventures, L.P., a venture capital fund that invests in real estate-related technology companies, and its successor funds (collectively, “Fifth Wall”) and in integrated internal property technology by our affiliate Venture Lab, as discussed in the section

above. A representative list of Fifth Wall companies is available at fifthwall.vc/companies. A financial interest also may be held directly or under an alternate structure. Personnel affiliated with the Advisor may also serve in board or advisory positions with Fifth Wall, Fifth Wall companies and other companies whose products and services are purchased, used, or recommended by the Advisor.

The Advisor will endeavor to purchase, use, or recommend such a company's product or service on the basis of quality, utility, and efficiency without consideration of any corresponding financial benefit to the affiliated entities and their owners and employees. Any such financial benefit will not be shared with a Fund or Investors and will not reduce or offset any fees or expenses. As a result of the investment in Fifth Wall and strategic partnership between Hines and Fifth Wall and other relationships, such companies may provide certain benefits, among other things, such as preferential or most-favored nation pricing, higher service levels, and earlier access to technology, products and services. There is no guarantee, however, that a Fund will always receive such benefits or pay less than other customers.

Other real estate investments sponsored by affiliates of the Advisor have purchased and used products and services from Fifth Wall companies and other companies in which they and their owners and employees have a financial interest.

None of the foregoing transactions or benefits will require separate or specific notice to, or consent of, Investors. In general, the Advisor will manage conflicts of interest and seek to mitigate their effects, as appropriate under the circumstances, through disclosure, use of information barriers and other structuring techniques, recusals, waiver of fees, use of independent advisors and agents, and seeking consent or approval from Investors or from an advisory committee authorized to act on behalf of Investors.

Hines's Use of Office Space as a Tenant in Client Owned Properties

Hines, the Advisor, and/or its affiliated entities could potentially rent office space in properties that are owned by the Funds. The rental rates charged to Hines, the Advisor, and its affiliates will be at a market rate at the time that the lease is executed.

Potential Conflicts of Employees

Employees of the Advisor may have family members and/or friends that are employed with, or are otherwise affiliated with, entities that provide services or engage in business transactions with the Funds. Examples of such relationships may include entities that are the investors, joint venture partners, operating partners, real estate or securities brokers, lenders, appraisers, and/or tenants in buildings owned by the Funds. Employees are required to report certain relationships to the Compliance Department for a review of any actual or potential conflicts of interest. The Advisor will determine if the specific facts and circumstances of these arrangements require further disclosures to investors, or if additional internal controls are needed to mitigate the specific conflict.

Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics and Personal Trading

The Advisor has adopted a Code of Ethics (the "Code") that is designed to comply with Rule 204A-1 of the Adviser's Act. The Code describes the standard of conduct that the Advisor requires of all of its supervised persons and describes certain restrictions on activities such as personal trading, receipt of material, non-public information, and engaging in outside business activities. The Advisor's supervised persons must obtain prior permission of the CCO or designee for certain transactions that appear to pose a conflict of

interest or otherwise appear improper.

The Code also requires all of the Advisor's supervised persons to make initial and annual securities holdings reports to the Advisor that identify all brokerage accounts in which the supervised person has any direct or indirect beneficial ownership interest (including those of family members living in their household). These reports contain information about the securities held in such brokerage accounts. The Code also requires its employees to provide quarterly transaction reports to the Advisor or to instruct their brokers to provide duplicate statements for all securities transactions to the Advisor. Supervised persons are required to pre-clear investments in certain securities, initial public offerings, and private placements (including, but not limited to, other private equity funds, hedge funds, venture capital funds, etc.). The Advisor maintains a list of restricted securities in which the Advisor may have material non-public information. All supervised persons of the Advisor are prohibited from trading in issuers on the restricted list unless specifically approved by the CCO or designee.

The Funds generally invest in physical real estate (e.g., land and buildings). The Funds will also have a limited amount of publicly traded securities as portfolio holdings. The Advisor may engage the use of a Sub-Advisor to transact in publicly traded securities on a discretionary basis. As such, it is highly unlikely that a supervised person of the Advisor could engage in front-running the Funds (trading in advance of the Funds and obtaining a better price on securities transactions).

The Advisor has policies in place governing the types and value of gifts and entertainment that its supervised persons may accept from third parties that conduct business with the Advisor including, but not limited to, broker-dealers, vendors, and current or prospective clients or investors. The Advisor's supervised persons are required to pre-clear and/or report their giving and/or receipt of gifts and entertainment to the Compliance Department.

Compliance with the Code is a condition of employment for the Advisor's supervised persons, and a serious violation of the Code or its related policies may result in serious reprimand or other disciplinary action, up to and including dismissal.

The Advisor will provide a copy of the Code to any client or prospective client upon request by contacting our Chief Compliance Officer at +44 207 292 1916 or email (Fiona.Hipkiss@hines.com).

Item 12: Brokerage Practices

Allocation of Investment Opportunities

The Advisor is responsible for identifying suitable investment opportunities for the Funds. Hines and its affiliates also sponsor many other investment vehicles, programs, and funds that invest in real estate. In addition, certain real estate investment vehicles currently managed by Hines have priority rights with respect to certain types of investment opportunities located in certain geographic areas, as further described below. Some of these investment opportunities may also be suitable for the Funds, and therefore the Advisor's ability to recommend certain investments to the Funds may be limited by these priority rights. The Funds will only have the opportunity to make investments which are subject to these priority rights if the investment vehicles which have these rights determine not to exercise them. These investment vehicles with priority rights may determine not to exercise these rights based on number of factors including the investment type, the investment vehicle's available capital, targeted returns, diversification strategy, leverage, tax positions and other considerations.

Additionally, certain other investment vehicles currently sponsored by Hines have equal rights with the Funds with respect to investment opportunities involving core projects, subject to the allocation procedures described below. From time to time, Hines may also enter into new separate account relationships with third

parties that may seek real estate deals pertaining to any asset class and in any region on a non-discretionary basis.

If an investment opportunity which the Advisor determines is suitable for the Funds is also suitable for other investment vehicles sponsored by Hines or its affiliates and such an investment is not subject to priority rights (or the investment vehicle(s) with priority rights have determined not to exercise them), the investment opportunity will be assigned to an investment vehicle by Hines. The factors to be considered in allocating the investment opportunities among the remaining investment vehicles that are interested in the investment include the following:

- investment objectives and strategy;
- available funds for investment;
- anticipated cash flow of the investment and the targeted returns;
- diversification strategy, including geographic area, type of property or investment, size of the investment, and tenants;
- leverage requirements, limitations, and availability;
- tax considerations;
- expected holding period of the investment and the remaining term of the investment vehicle;
- prior allocations to the investment vehicle as compared to the total availability of capital remaining in the investment vehicle;
- the level of discretion granted to Hines within each investment vehicle; and
- the Advisor's and Hines' fiduciary obligations.

If, after consideration of the relevant factors, Hines determines that an investment is equally suitable for more than one investment vehicle, Hines will assign the investment among such investment vehicles on a rotating basis. If, after an investment has been allocated, a subsequent development, such as delays in constructing or closing on the investment, makes it more appropriate for a different investment vehicle to make the investment, Hines may determine to reallocate the investment to such other investment vehicle. In certain situations, Hines may determine to allow more than one investment vehicle, including the Funds, to co-invest in any particular investment.

While these are the current procedures for allocating investment opportunities, Hines may sponsor additional investment vehicles in the future and, in connection with the creation of such investment vehicles, Hines may revise this allocation procedure including granting additional priority rights to other investment vehicles. The result of such a revision to the allocation procedure may, among other things, be to increase the number of parties who have the right to participate in or have priority rights to investment opportunities sourced by Hines, thereby reducing the number of investment opportunities available to the Funds.

The decision of how any potential investment should be allocated among investment vehicles for which such investment may be suitable may, in many cases, be a matter of subjective judgment which will be made by Hines' Investment Committee. This committee consists of the following individuals: Jeffrey C. Hines (sharing 1 vote with Laura Hines-Pierce), C. Hastings Johnson, Christopher D. Hughes, David Steinbach, Joshua A. Scoville, Alexander Knapp, Alfonso Munk, Doug Donovan, Chiang Lin Ng, Keith Montgomery, Laura Hines-Pierce (sharing 1 vote with Jeffrey C. Hines), and Doug Holte.

Certain types of investment opportunities may not enter the allocation process because of special or unique circumstances related to the asset or the seller of the asset that in the judgment of the investment allocation committee do not fall within the priority rights or investment objectives of any particular investment vehicle, including the Funds. In these cases, the investment may be made by an investment vehicle sponsored by Hines or its affiliates without the Funds having an opportunity to make such investment.

Best Execution

As described above, the Advisor may engage the services of one or more third party investment advisers to invest in publicly traded real estate related securities on behalf of the Funds on a discretionary basis. The third party investment advisers are responsible for selecting the broker-dealers used to place the Funds's securities transactions. Therefore, the third party investment adviser will be responsible for selecting counterparties in an effort to seek best execution for the Funds's transactions in publicly traded securities.

The Advisor will also manage interest rate hedging transactions such as interest rate swap, caps, and other interest rate exchange contracts on behalf of the Funds or its portfolio investments. The Advisor generally uses a third party vendor to provide quotes from multiple counterparties. The Advisor will enter into transactions with the broker-dealer, bank, or other counterparty with the intent of seeking "best execution" for the Funds. Such brokers, banks, or other counterparties are generally selected on the basis of price and transaction expertise.

Principal and Cross Transactions

In the rare event that the Advisor effects a principal or a cross transaction, the Advisor will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws, advisory agreements, and the Advisor's policies and procedures. In particular, the Advisor will seek to ensure that the transaction is: (i) pursued in the best interests of all clients involved; (ii) in compliance with the governing documents for each investment vehicle (including any investment guidelines or restrictions for those clients); (iii) entered into only after obtaining any required Advisory Committee or Investor approvals of the transaction's terms and conditions; and (iv) effected at a price that is comparable to the price that could be obtained through an arm's length transaction with a third party and that is otherwise fair to both parties.

Trade Aggregation

HUSPP is currently the only client of the Advisor that may trade in public securities. As described above, trades that are executed in real estate related securities may be placed by third party investment advisers. Given these facts, it is not practicable to aggregate securities transactions between HUSPP and any other investment vehicles. The third party investment advisers are responsible to seek best execution for transactions in publicly traded real estate securities.

Soft Dollars

The third party investment advisers may place trades in publicly traded securities on behalf of HUSPP. The Advisor also receives real estate market data research from real estate brokers. The Advisor also uses the services of those real estate brokers to buy or sell real estate investments for HUSPP. The Advisor does not have any formal soft dollar arrangements to compensate the brokers for the research that is provided. The Advisor also receives real estate-related research and market data from third party service vendors.

Item 13: Review of Accounts

The Advisor's investment professionals are responsible for sourcing, acquiring, managing, and disposing of the Funds's real estate investments. The Advisor's Investment Committee meets on a periodic basis to review and approve potential investment opportunities, as well as disposition strategies for existing investments. The Advisor also has a team of professionals that are responsible for performance monitoring and reporting, risk management, and other business groups that perform services such as legal, compliance, accounting, auditing, financing, hedging, and cash distribution.

Hines' affiliated entities that provide property management services are responsible for overseeing the day-to-day operations and management of real estate assets for which they have been engaged and are in regular contact with the Advisor's investment professionals and members of the Investment Committee regarding the business plans for the assets.

The Funds will furnish to the Limited Partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each Partner's U.S. tax returns, and (iv) a descriptive summary of each real estate portfolio investment quarterly.

Item 14: Client Referrals and Other Compensation

From time to time the Advisor or its affiliates may engage placement agents to introduce prospective investors to a fund. Placement agents are paid fees by a fund or their affiliates to assist in the placement of interests in a fund. The General Partner will bear the cost of any placement agent fees (through an offset against Asset Management Fees) payable to any placement agent in connection with the distribution of Units in the Fund, as described in the Fund Offering Documents. Third-party placement agents in the U.S. will be registered as broker-dealers with the SEC. At this time, neither the General Partner nor the Advisor has engaged the use of any unaffiliated third parties to solicit investors for the Funds.

If an unaffiliated person introduces a client to the Advisor, we may compensate that promoter through direct or indirect compensation in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. The Advisor pays any referral fee to the promoter from our standard investment advisory fee. The promoter will disclose at the time of the solicitation whether they are or are not a current client of the firm; whether they will receive any cash or non-cash compensation for the referral; and a statement that the receipt of compensation for a referral creates a conflict of interest.

Item 15: Custody

In connection with the management of investments for the Funds, the Advisor is deemed to have, custody of the Funds' funds and securities. Rule 206(4)-2 under the Advisers Act (the "Custody Rule") defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities. The Funds will be audited on an annual basis by an independent public accountant in accordance with generally accepted accounting principles and will provide audited financial statements to their Partners within 120 days of its fiscal year-end.

Any certificated privately offered securities that are held by the Adviser in its possession are held in compliance with the SEC's IM Guidance Update released in August 2013.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Funds Governing Documents, and subject to the direction and control of the General Partners of the Funds, the Advisor has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the investments and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

The Advisor manages the investments of the Funds pursuant to the Advisory Agreements. The Advisor is responsible for identifying potential investments, executing real estate investments, structuring, and negotiating financings, asset and portfolio management, executing asset dispositions, financial reporting, regulatory reporting and other compliance matters, investor relations and other administrative functions. The Advisor may contract with affiliated entities or third parties to perform or assist with these functions.

The General Partners will establish an advisory board for the Funds (the “Advisory Board”) composed of at least three Limited Partner and parallel investment entity investor representatives selected by the General Partner (all of whom will be unaffiliated with the General Partner). Members of the Advisory Boards will serve for two-year terms. The Advisory Boards will provide such advice and counsel as is requested by the General Partner in connection with Funds investments, potential conflicts of interest, and other Fund matters. For any transaction requiring consent under the Advisers Act, including consents in connection with conflict transactions or any “assignments” as that term is defined in the Advisers Act, each Limited Partner appoints the relevant Advisory Board as an authorized body to provide such consent on behalf of the Limited Partners.

Item 17: Voting Client Securities

The Advisor’s primary investment management services includes acquiring, holding and disposing physical real estate assets (i.e., buildings and land) on behalf of the Funds. Generally, there are no voting rights or proxies associated with physical real estate asset investments. In the rare event that the Advisor does ever receive a proxy statement that would require it to vote such proxy on behalf of the Funds, the Advisor will vote in the best interests of the Funds. If any material conflict of interest is noted during the proxy voting process, whether arising from any material business, personal or familiar relationship with senior personnel at a company in question or a material arrangement with any such company, the Compliance Department will be notified. In the event of a conflict, the CCO and the Fund Manager will determine the manner in which such proxy should be voted to achieve the best interest of the Funds. The Advisor may also consider utilizing the following options to mitigate the conflict of interest including (i) consultation with a third-party proxy voting service provider for a recommended course of action; (ii) the engagement of a third- party proxy voting service provider to vote the proxy in the best interest of the Funds; or (iii) the engagement of an independent committee to vote the proxy in the best interest of the Funds.

As mentioned above, a Sub-Advisor may execute trades in publicly traded securities on behalf of the Funds. Such Sub-Advisor will be responsible for executing any proxy votes on behalf of the Funds, will have policies and procedures in place to address potential or actual conflicts of interest when executing proxy votes, and will execute proxy votes that are in the best interest of the Funds.

The Funds’ investors may request information from the Advisor about how the Advisor exercises proxy voting authority with respect to securities held by the Funds. The Advisor will provide a copy of our proxy voting policy to any existing or prospective investor upon request by contacting our Chief Compliance Officer at +44 207 292 1916 or email (Fiona.Hipkiss@hines.com).

Item 18: Financial Information

A balance sheet is not required to be provided as the Advisor (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.