

Sustainability Report 2.0

Hines

Contributing to the vibrancy of our cities has always been a part of the Hines legacy.

While Hines is a global company, we understand that real estate is fundamentally a local business. Our regional structure allows us to intimately know the particular climate, culture and economy of each of the 113 cities in which we are currently working around the world. We believe that by raising the standards for green building and operating efficiencies in our properties while energizing urban districts through new development, promoting regional transit, enhancing the public spaces and connections around our buildings, and working with local governments on sustainability at a municipal scale, we can create a positive impact far beyond our buildings.

The world's cities occupy just two percent of the Earth's land, but account for more than two-thirds of energy consumption and 75 percent of carbon emissions. Rapid urbanization around the world is exerting increasing pressure on energy resources as well as fresh water supplies, waste management and public health. But these urban environments, with their concentration of technological innovation, economic and human capital, and density can be part of the solution to reverse the negative impacts on the environment and improve the quality of life for their citizens.

Since our founding in 1957, we have continually sought new ways to maximize the efficiency of our buildings, which was the focus of last year's Sustainability Report. In this year's report, we highlight our efforts to enhance our surrounding communities. Over the coming years, we will continue to build on the sustainability initiatives within our properties as well as for the benefit of the people and places impacted by the built environment. We are as financially strong as ever, and believe that the integration of sustainability at all levels of our organization is central to our continued strength and success.

We know that finding solutions to the complex challenges we face requires us to work in collaboration not only across our organization but also together with our investors, our project partners and design professionals, our tenants and clients, and community leaders. Together, we believe we can work toward a sustainable future, one project and one city at a time.



Jeffrey C. Hines
President
Chief Executive Officer



7 Bryant Park, New York City
In 2012, Hines and its partners, Pacolet Milliken and JPMorgan, broke ground on a new office tower adjacent to one of Midtown's greatest public spaces, Bryant Park. The building design, by Pei, Cobb, Freed & Partners, creates a strong gesture in the skyline. The incisions in the building façade concentrate the design energy at the corner, both to frame a view out to the park from within the building and to create a focal point for the building as seen from the park. A water feature and sitting area at the approach to the entry and the living wall in the lobby further extend the pedestrian experience from the park to the building, offering a respite from the busy streets of New York. 7 Bryant Park is a LEED® Gold Registered building.

Sustainability at Hines encompasses not only our physical assets but also the people and places impacted by the built environment.



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We create value through real estate investments that improve the quality of the built environment.



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We perform our role as an owner and operator of real estate—and as a fiduciary to our clients and partners—with the highest ethical standards and governance in place to be sure these standards are followed.

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Property Management and Engineering page 17

We identify and implement ways to minimize energy consumption, greenhouse gas emissions, water use and waste. We encourage vendors, suppliers and tenants to engage in sustainable practices.

About This Report

Since publishing our inaugural Sustainability Report last year, we have received a large degree of positive feedback within the company, from investors and others in our industry. When we presented the report at our 2012 Investor Roundtable, investment representatives confirmed the value of this form of communication as substantial in reinforcing Hines' leadership in sustainability and commitment to high standards. Employees stated that they valued the exchange of information about Hines' programs and operations, and found it a useful communications tool for multiple stakeholders.

At Hines, we view sustainability as a continuum, and measure our progress toward the end goal of being gentler on the environment and more transparent, inclusive and respectful to the communities in which we operate. We strive to build, acquire, enhance and maintain quality structures that strengthen the viability of communities. We work to exceed our partners' and clients' expectations in order to build long-term partnerships. We develop and implement policies to create meaningful relationships with our employees, so that each exceeds his or her own expectations and builds a long-term career with the company.

We named this report Sustainability 2.0 to mark our progress along this continuum on multiple fronts over the last year. We are particularly excited to spend some extra time in this report describing Hines' contributions to the communities in which we operate. We highlight not only quality and enduring architecture but also the creation of open spaces and the contribution of public art. We hope that this important part of our development activity creates timeless additions to the neighborhoods in which our buildings are located. In 2012 Hines announced and commenced construction of our first net-zero energy office building, LPL Financial at La Jolla

Environmental, social and governance (ESG) reporting should become a general practice to help markets and society make informed and responsible decisions.

Global Reporting Initiative

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Our Employees

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We create a work environment that values a capable, diverse workforce, provides challenging opportunities for employees, rewards performance and is respectful of work/life balance.



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Our Communities

page 29

We enhance and contribute to the communities in which we operate.

Social (S)

Commons, located in San Diego, California, will be the largest commercial net-zero office project for lease in the United States. It uses state-of-the-art fuel cells and biogas to produce no additional greenhouse gas emissions over the course of a year. This is an exciting step for the real estate industry, and we believe it marks a milestone in the move toward the use of more environmentally sound sources of power.

For reporting, we have utilized the Global Reporting Initiative (GRI) G3.1 Guidelines and the Construction and Real Estate Sector Supplement (CRESS). This framework offers a broad range of topics and

principles that we believe strengthen our reporting, presents clear opportunities for future expansion, and serves the greater industry by enhancing consistency and comparability. Please refer to the index at the back of this report for a complete list of GRI indicators covered. Results are as of December 31, 2012, and cover property operations in the U.S. and internationally, unless otherwise noted.

The report is organized in alignment with the key operations of our business: investment; sustainable development; and property management and engineering. In addition, we have included sections on our employees and our communities.

We value feedback from our stakeholders, generally identified as our clients, partners, employees, tenants, communities, members of the professional organizations in which we participate and industry peers. In addition to direct engagement through the surveys, forums and roundtables detailed in this report, we depend on the ongoing input from our stakeholders to help shape and enhance our sustainability priorities and reporting. We invite you to read about our efforts, achievements and objectives—and share your thoughts and ideas—as we move together along the continuum of sustainability.

Gary M. Holtzer
Senior Managing Director
Global Sustainability Officer

Company Profile

2012 YEAR-END SNAPSHOT

Hines was founded by Gerald D. Hines in 1957 as a sole proprietorship. The firm is now Hines Interests Limited Partnership (HILP), 100 percent owned by Gerald D. Hines and Jeffrey C. Hines. Other members of the firm, including officers, may purchase equity shares in the investments for which they are responsible or on which they work. In addition to HILP, the organizational structure has affiliates to enhance Hines' risk management, succession planning, financing and tax planning. Generally speaking, HILP and its affiliates are referred to as "Hines."

Core Competencies

Hines was primarily a developer and owner of core U.S. office properties up until the 1980s. But in the late 1980s and early 1990s, the company proactively expanded the firm's core competencies to include acquisitions of existing properties, international development and real estate investment management services.

Investment Management

Since 1991, Hines has sponsored 42 investment vehicles with over \$22.2 billion in equity for global acquisition and development. In addition, \$5.3 billion of partner capital has been committed to one-off investments.

Each day, more people are coming to terms with the lifecycle impact of their decisions, and they are striking a balance between today's needs and the ability to meet tomorrow's.

Gerald D. Hines

Development

Since its founding in 1957, Hines has developed, or currently has under development, more than 155 million square feet of office space and more than 89 million square feet of non-office space. The firm came to prominence as a developer of landmark office buildings in major cities across the U.S., revolutionizing the industry by introducing signature architecture for multi-tenant office buildings, and setting higher standards for all aspects of building design, operations and management. Today, the firm's development competencies include office, multifamily, retail, warehouse, sports and cultural facilities and large mixed-use projects.

In addition to its development experience, Hines has closed approximately 225 acquisitions since 1992 totaling more than 97 million square feet and more than \$21 billion in value.

Property Management

Hines has managed properties since its inception, establishing operational excellence as a core value. While the firm operates a majority of the properties in which it has an ownership stake, some properties—particularly those in Europe—are managed by third parties. In those cases, standards for service, quality and sustainability performance are prescribed in management agreements. Additionally, Hines provides third-party management services for properties owned by others. Today, the firm manages more than 148 million square feet.

New Markets in 2012

In 2012, Hines acquired two new properties in Brisbane, Australia. These well-located assets in fast-growing submarkets are a great addition to the firm's portfolio and offer the opportunity to diversify by investing in a country with a stable and growing economy. Establishing an office in Sydney expanded Hines' operations to five continents.

COMPANY EVOLUTION¹

1957 Gerald D. Hines opens a one-man office near downtown Houston	1967 97 properties in portfolio 35 employees	1977 207 properties in portfolio 180 employees	1987 373 properties in portfolio 921 employees
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SIGNIFICANT SUSTAINABILITY ACHIEVEMENTS

1961 Gerald Hines addresses the Houston Chapter of ASHRAE and advises that developers must provide high-quality architecture and engineering to the public they serve with a responsibility to the future

1978 Hines engineering begins firm-wide energy tracking and energy management focus

1992 Hines develops its own indoor air guidelines

1996 Hines develops Owens Corning World Headquarters in Ohio using the first application of raised-floor technology in North America

1997 The University of Houston names its School of Architecture in honor of Gerald Hines

1998 Hines joins USGBC to guide and grow the global market for high-performance buildings

1999 28 Hines buildings receive the ENERGY STAR label in the rating system's first year of existence

2000 Hines collaborates with William McDonough to develop a sustainable benchmarking tool for commercial buildings

2001 The EPA names Hines an ENERGY STAR Partner of the Year

2001 The 30-year collaboration between Gerald Hines and architect Philip Johnson is celebrated at the Guggenheim Museum

COUNTRIES

18

CITIES

113

UNDER DEVELOPMENT
IN 2012

47M sf

BILLION IN
CONTROLLED ASSETS

\$24.3

Memberships and Affiliations

Hines has long been a leader in sustainable design and in promoting sustainability programs around the world. The firm partners with multiple institutions to identify best operating practices and cutting-edge technologies in order to stay in the forefront of building operations, including:

ENERGY STAR®

The U.S. Environmental Protection Agency's (EPA) ENERGY STAR program is the leading energy benchmarking and tracking system in the United States for the commercial real estate sector. ENERGY STAR was introduced by the EPA in 1992 as a voluntary, market-based partnership to reduce greenhouse gas emissions and other pollutants associated with energy use. The ENERGY STAR label extended to office buildings that perform in the top 25 percent of the market in 1999.

ULI Greenprint Center for Building Performance

Hines is a founding member of the ULI Greenprint Center for Building Performance (formerly Greenprint Foundation), a worldwide alliance of real estate owners and investors committed to reducing carbon emissions in the commercial building sector. The organization's Greenhouse Carbon Index allows members to measure and benchmark their portfolio's carbon emissions and energy performance.

In 2012, Hines increased the number of properties submitted to Greenprint for benchmarking from 10 to 70.

Urban Land Institute

The Urban Land Institute (ULI) is a nonprofit education and research institute supported by its members. Its mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

U.S. Green Building Council

The Washington, D.C.-based U.S. Green Building Council (USGBC) is a 501(c)(3) nonprofit organization committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings.

International Organizations

Internationally, Hines has been involved with the German Sustainable Building Council, the Russian Green Building Council, the Green Building Council Brasil, the Green Building Council España, the Green Building Council Italia, the Indian Green Building Council, the BRE Environmental Assessment Method program and the Haute Qualité Environnementale program.

Sustainability Awards Received in 2012

Hines' long-term leadership and commitment to energy efficiency and sustainability in the built environment was recognized in 2012 with the following:

- Gerald Hines received Lifetime Achievement honors as part of *Commercial Property Executive's* Executive of the Year 2012 Awards.
- Jeff Hines received honorable mentions in two categories: Executive of the Year and Sustainability Executive of the Year. *Commercial Property Executive's* awards competition continues a tradition begun by its predecessor *Commercial Property News*.
- Hines received top ranking in *Commercial Property Executive* magazine's "Greenest Companies" issue. Hines ranked first out of 25 companies.
- Hines received the 2012 ENERGY STAR Sustained Excellence Award for the fifth time in a row in recognition of continued leadership in protecting the environment through energy efficiency.

1997 455 properties in portfolio
2,700 employees

2007 803 properties in portfolio
3,550 employees

2011 1,192 properties in portfolio
3,224 employees

2012 1,273 properties in portfolio
3,293 employees

2002 Gerald Hines is awarded the ULI J.C. Nichols Prize for Visionaries in Urban Development and uses his honorarium to fund a portion of the ULI/Gerald D. Hines Student Urban Design Competition

2004 Hines becomes the first real estate firm to win ENERGY STAR's Sustained Excellence Award

2005 The Hines-developed 1180 Peachtree Tower is the first high-rise office building in the world to be pre-certified Silver in the LEED Core & Shell rating system

2006 The Hines-developed mixed-use project, Porta Nuova, is the first in Italy to adopt the LEED standard, and the office towers are pre-certified Gold in the LEED Core & Shell rating system

2007 Hines founds the German Sustainable Building Council with other partner organizations

2008 Gerald Hines receives the first-ever Visionary Leadership in Real Estate Development Award from the Harvard Graduate School of Design

2009 Hines unveils HinesGO (GREEN OFFICE) for Tenants program

2010 Hines takes an active role in the start-up of the Greenprint Foundation

2011 Hines appoints a Global Sustainability Officer

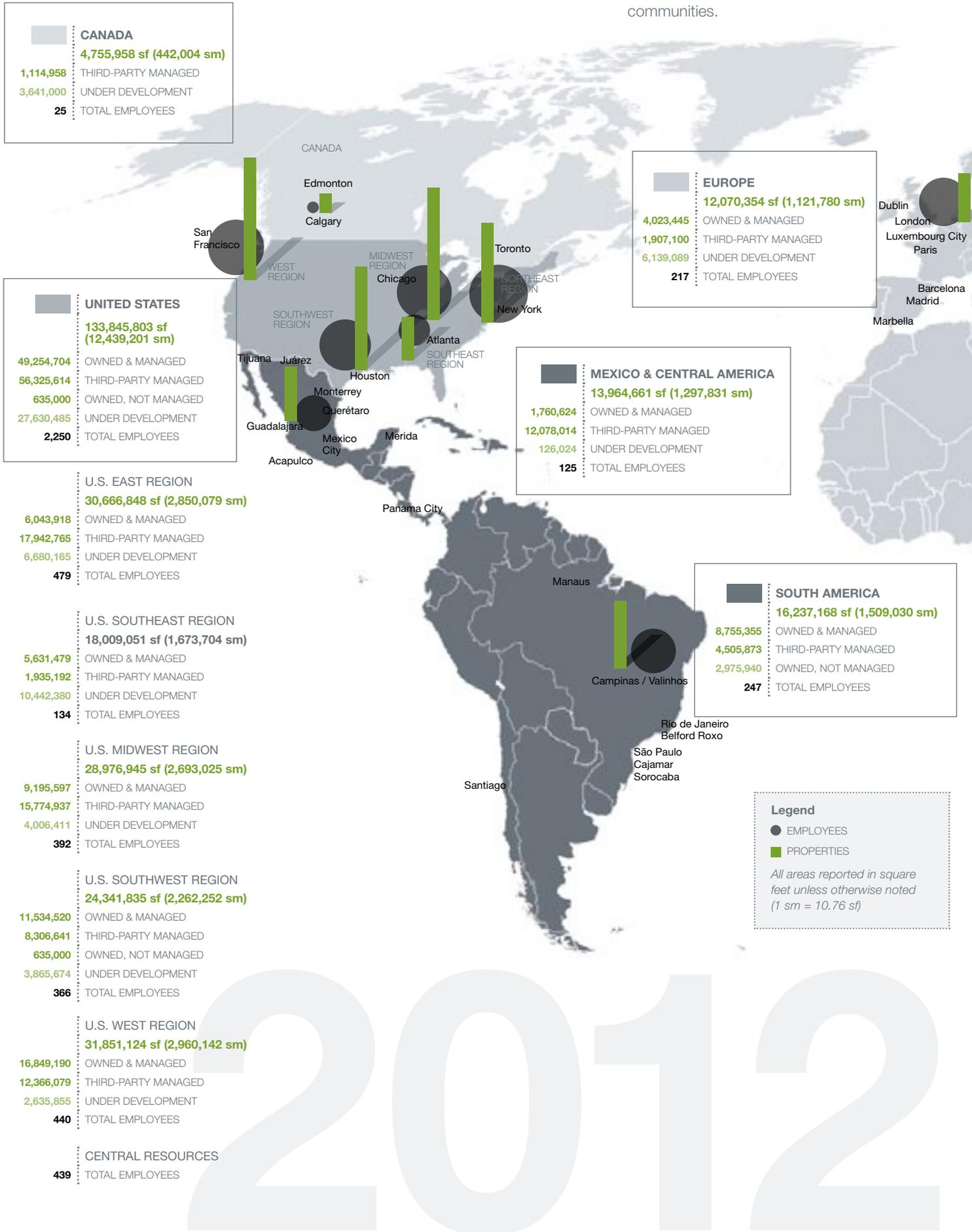
2012 Hines publishes its first Sustainability Report based on the Global Reporting Initiative (GRI) framework

2012 Hines receives the 2012 ENERGY STAR Sustained Excellence Award for the fifth time

2012 Hines announces and commences construction on its first net-zero energy office building

Global Organization

With a presence in 113 cities around the globe, the Hines portfolio consists of 1,273 properties including multi-tenant office buildings, corporate headquarters, mixed-use centers, industrial parks, medical facilities, sports stadiums, and master-planned resort and residential communities.



Hines has offices in 18 countries, with regional offices in Atlanta, Chicago, Houston (headquarters), London, New York and San Francisco. Currently, the firm controls assets valued at approximately \$24.3 billion.

TOTAL PROPERTIES¹

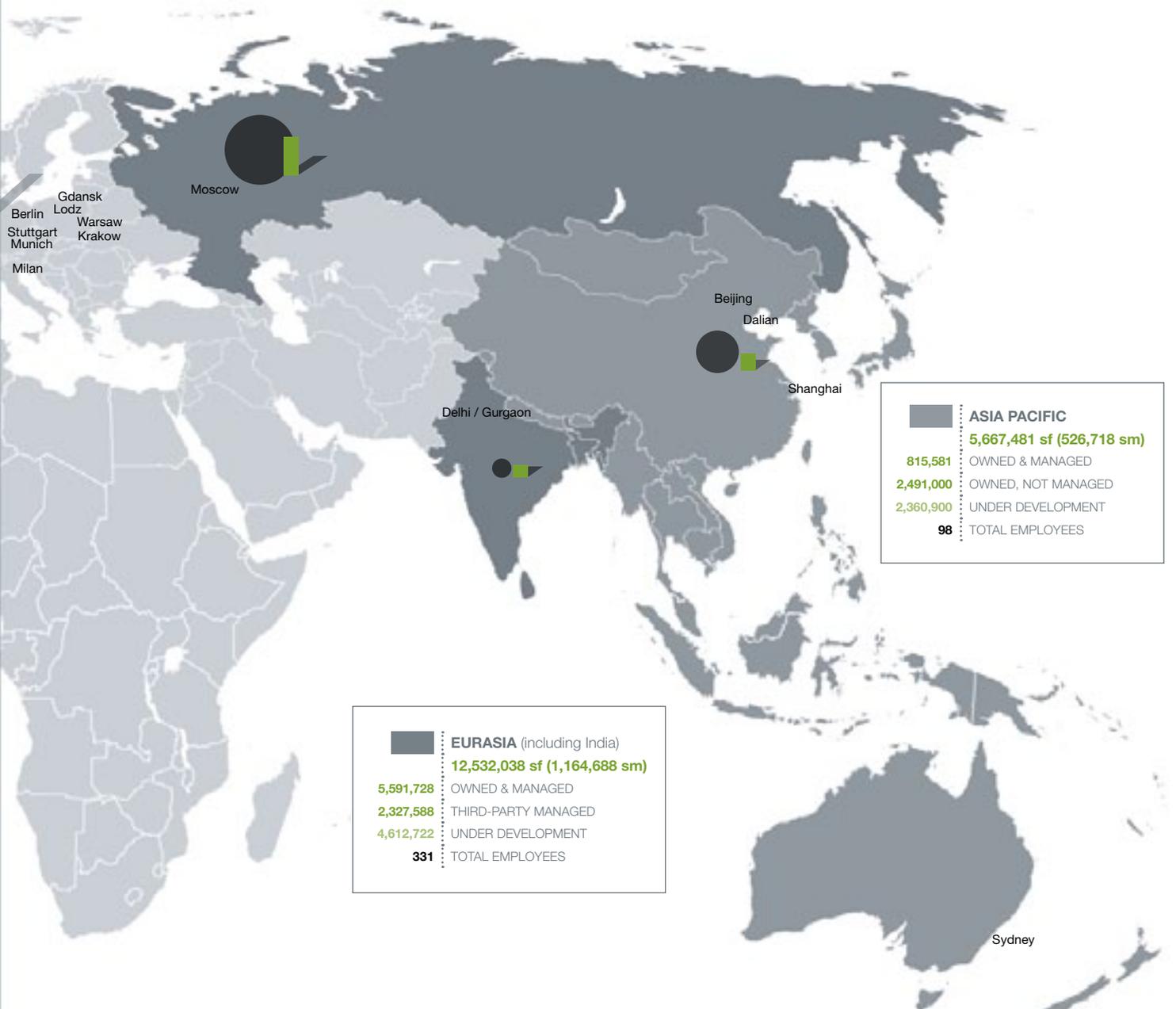
1,273

TOTAL SQUARE FEET OF PROPERTIES

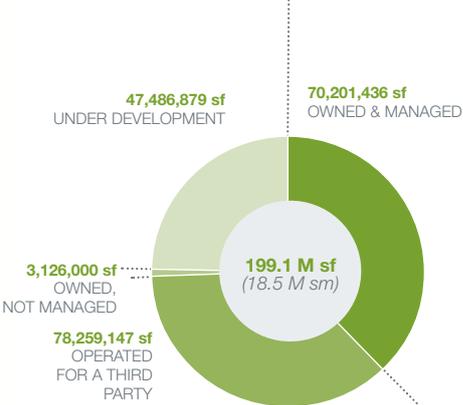
199.1M

TOTAL EMPLOYEES

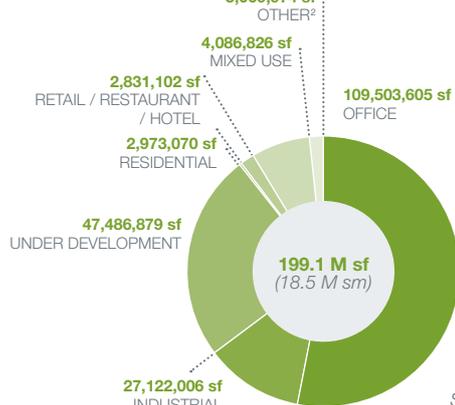
3,293



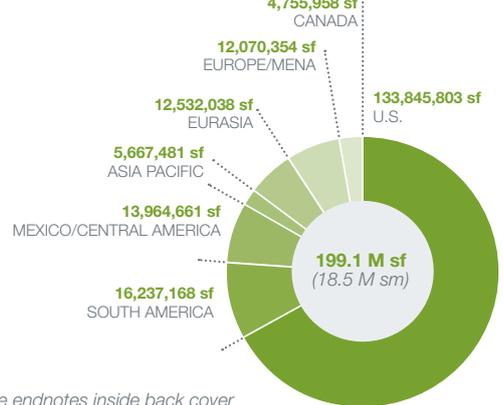
Hines Properties Ownership & Management



Hines Properties by Type



Hines Properties by Region



See endnotes inside back cover



What We Said:

Improve investor reporting and relations by creating an Office of Investments that will seek feedback on new investment strategies and work to create seamless relationships among investment management, capital transactions and property operations.



What We Did:

Established the Office of Investments and managed a smooth transition for new restructuring of management committees. Sought feedback and strengthened relationships by hosting an investor conference in New York (see sidebar p. 10).



What's Next?

In 2013, a new online portal and standard reporting platform will be implemented to improve the timeliness, accessibility and consistency of financial and relevant operational information for investors.



CityCenterDC, Washington, D.C.
Encompassing 10 acres in the heart of the District, CityCenterDC will be a vibrant 2.5 million-square-foot neighborhood development with a mix of condominiums, apartments, offices, public spaces, hotel, restaurants and shops. The 515,000 square feet of office space is pre-certified LEED Gold Core & Shell. There will be inter-building connections via five pedestrian bridges, and landscaped roof terraces for employees. The 458 rental apartments are expected to achieve LEED Silver New Construction certification upon completion.

1 Responsible Investment

NUMBER OF HINES INVESTMENT FUNDS/PROGRAMS SPONSORED SINCE 1991

42

INSTITUTIONAL INVESTOR CLIENTS/PARTNERS

100+

INDIVIDUAL INVESTORS

90K

In early 2012, Hines made two high-level changes to our management structure. First, we established the Office of Investments in order to align all investment management functions with the stated objective of making Hines the best real estate investment manager in the world. Second, we created seven new management committees to help Hines evolve as a company with more input from younger employees. While progress is sometimes time consuming and complex, the changes being undertaken are real and not superficial. We are achieving greater transparency and open dialogue to improve the way Hines operates in the future.

1.1 Governance Structure

At the highest level, primary bodies for governance and decision-making at Hines are the Executive Committee, Audit Committee and Investment Committee. Other committees that oversee critical aspects of the firm's business include the Personnel Committee and the Sustainability Advisory Committee.

Executive Committee

The Hines Executive Committee sets policy for the firm. It is composed of ownership, regional and central leadership, and the firm's Chief Risk Officer.

Management Committees

These committees serve as vehicles for change and communication. They complement the work of existing departments and committees responsible for day-to-day operations at Hines. The Management Committees are: Strategy; Investments & Performance; Finance, Operations & Tenant Relations; Capital Markets; Compensation, HR & Morale; Risk, Sustainability & Corporate Citizenship; and Steering.

Audit Committee

The primary function of the Audit Committee is to serve as an objective and independent party in ensuring compliance with policies and systems of internal control in the areas of finance, accounting, operations, legal compliance and business ethics. Current membership consists of the Central

Governance Structure



Finance and Ownership Representative, Chief Administrative Officer and a Financial Representative (Senior Vice President). The committee meets at least four times annually, more frequently as circumstances dictate.

Investment Committee

The Investment Committee has final authority over all investment decisions. Members are the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer, CEO Capital Markets, CEO Investment Management and Chief Risk Officer. The head of Hines research is also a member of the committee and consults with it on each investment being considered. The fund manager for the asset being considered also has a vote on the Investment Committee for that specific decision. Voting is blind. Any three "no" votes or a single "no" vote from the Chief Risk Officer stops any approval. Where investment approval guidelines specific to an individual fund exist, those guidelines prevail and take precedence over the approval authority stated above.

Personnel Committee

Responsible for setting and maintaining the Code of Conduct and other employee policies, the Personnel Committee also sets guidelines for employee compensation.

Sustainability Advisory Committee

Formed in 2008 (initially called the Sustainability Task Force), this committee provides guidance in the form of strategic

sustainability goals, recommendations and policies for approval by the Executive Committee and subsequent adoption across the firm. It is composed of the Hines' Global Sustainability Officer and representatives of various Hines business units and regions.

Investment Review Group (IRG)

The purpose of the Investment Review Group is to bring more discipline and organization to Hines' relationship with investors. Before their presentation to investors, the IRG will review and approve all funds, strategic offerings and programmatic joint ventures. The IRG is the final decision-making body and resolves disagreements involving what is presented to investors; works closely with the CEO of Capital Markets on terms and structuring; and is the deciding body for performance-related compensation issues.

Research at Hines

Hines established a proprietary research department to focus on how global market forces influence investments and returns. The Research Department combines micro- and macroeconomic analysis and real-time information from Hines' local offices to analyze trends and generate models that enable Hines teams to make informed, data-driven decisions.

Hines Global Real Estate Roundtable 2012 New York, April 19-20



Hines hosted its 11th Real Estate Roundtable in New York, gathering together investors from around the world. The purpose of the conference was to enhance communications with investment partners and learn from individual investors and fund representatives what their priorities were for investing and reporting. Hines also debuted its first Sustainability Report at the 2012 conference.

116 attendees

47 investor organizations represented

\$850 billion in assets under management represented

2012 Hines Officers Conference “Quest for the Best”

More than 230 Hines leaders from around the world gathered in Houston for the 2012 Officers Conference, entitled “Quest for the Best,” to discuss Hines’ vision to become the best real estate investor, developer and manager in the world. Guest speaker Jim Collins, author of *Good to Great*, acknowledged the Hines culture and the quality of its workforce as key contributors to past and future successes of the organization. Officers are responsible for integrating the insights from the conference in their representative regions and business units and working together toward this bold vision.

Hines Regions

Hines’ decentralized regional structure puts decision-making closer to the real estate. Regional CEOs who are members of the firm’s Executive Committee, direct the activities of regional organizations that source and execute investments and oversee regional development and operations. They work in strong collaboration with central resources, and investment fund and separate account management teams. Investment decisions for properties within a fund, or a separate account, are made at the fund level.

For each property, a senior regional staff member is appointed to serve as a “single point of responsibility” in the execution of the business. Experience has shown that this structure maximizes accountability and streamlines decision-making.

1.2 Hines Policies

Hines policies are divided into three categories: 1) Hines U.S. Policies coordinated through the Personnel Committee and issued by Human Resources; 2) Regional and International Policies issued by the appropriate Regional CEO; and 3) Department Policies issued by the respective department heads. Department and regional policies may not conflict with or contradict company policies.

Environmental Policy

The Hines Environmental Policy states that employees should use reasonable efforts to accomplish the following:

- Conduct business in accordance with applicable environmental laws and governmental directives
- Minimize potential environmental liability arising from the ownership, development and management of land and property
- Address the environment responsibly
- Create and manage guidelines in appropriate environmental areas, including but not limited to the following: asbestos, hazardous materials, indoor air quality, refrigerant management and underground storage tanks
- Strive to reduce the volume of commercial solid waste at Hines facilities, while promoting cost-effective waste recycling and reuse

- Communicate the organizational commitment to environmental stewardship throughout the company

The policy further defines the roles and responsibilities of regional management, employees and corporate risk management to ensure development, communication and implementation of the controls, standards and procedures necessary to achieve compliance with Hines’ international regions have adapted the environmental policy to best address local contexts.

Summaries of the policies listed below can be found on our [supplements page](#):

- [Code of Business Conduct](#)
- [Conflicts of Interest Policy](#)
- [Political Contributions Policy](#)
- [Corruption Policy](#)
- [OFAC Compliance Policy](#)

1.3 Risk Management

The successful implementation of policies and environmental and operational standards by Hines employees and contractors is fundamental to a risk management program that eliminates or minimizes risk in order to protect ownership, investors and related entities from financial and physical loss.

The central resources risk management team supports regions by overseeing these functions: risk exposure identification and analysis; insurance procurement and administration; contractual risk transfer review and negotiating; litigation management; claims management; and loss prevention and control coordination.

1.4 Investor Engagement

Hines engages investors for feedback through a variety of channels. Investor surveys are conducted periodically via telephone interviews by a third party. Hines hosts an investor roundtable every 18 months, bringing together investors from around the world to share ideas and inform Hines practices. See sidebar on the Hines Global Real Estate Roundtable 2012.

Hines is committed to performing its role as an owner and operator of real estate, and as a fiduciary to our clients and partners, with the highest ethical standards. We strive to create value through real estate investments that improve the quality of the built environment and enhance the communities in which we operate. While doing so, we engage our tenants, partners, suppliers and employees in sustainable practices to improve asset performance, conserve energy and reduce greenhouse gas emissions.

Hines' Responsible Investment Statement

1.5 Investment Management

Hines' investment partners and clients include major public and private pension funds, government investment authorities, insurance companies, financial institutions, endowments and individual investors.

Hines-managed investments generally fit in the following classifications:

- "Separate accounts" consist of one investor plus Hines. These funds can be either open ended or have a clear end date
- "Commingled funds" include multiple investors, with an investment strategy or mandate, and can be open or closed ended
- One-off investments typically target a property or project with a primary investment partner, where Hines has identified a strategic opportunity
- Hines also pursues independent investment projects financed by the firm, provided this strategy creates no conflict with existing discretionary funds or separate accounts

Within each type of fund, or separate account, Hines is typically designated as the managing general partner, and all other investors are limited partners, reserving certain decision-making and approval rights as established in each fund's partnership agreement.

Hines manages regulated funds in Luxembourg and has a regulated fund management company in Italy. Both of these initiatives are regulated by the respective national regulator. Hines is also regulated by FINRA for fund raising in the United States and by the FSA for fund raising in Europe. Currently, Hines is evaluating the introduction of the Alternative Investment Fund Managers Directive and has formed a steering committee and project team to ensure compliance with it upon its adoption into law in 2013. A subsidiary of Hines is registered as an investment adviser with the U.S. Securities and Exchange Commission and provides investment advisory services to certain of Hines' private real estate funds.

Investing in Residential Properties

Since its formation almost two years ago, Hines' Multifamily Division has moved quickly toward its goal of expanding the firm's residential development activity throughout the U.S. In 2012, 14 new construction projects totaling 5,000 units were in various stages of development in 12 U.S. cities, leveraging Hines' local knowledge and presence in these markets. Five of these projects are targeting green building certifications.

In addition to the strategic diversification benefits of multifamily offerings in the Hines portfolio, residential developments contribute to a city's increased density, walkability and transit options, bringing housing closer to jobs for enhanced quality of life and resource efficiency. Residential specialists in each Hines region work to identify and seize opportunities that will continue to bring the Hines standard to multifamily development, tapping into the rich resources and expertise existing within the firm to deliver projects that will be distinguished in their respective market areas.



Dock Street, Minneapolis, Minnesota

Construction began in September 2012 on Dock Street, Hines' first residential project in Minneapolis. The six-story, 185-unit development will include 3,000 square feet of retail space and a two-level parking garage. Dock Street is the first ground-up, private development in the transit-oriented Interchange/Ballpark District. The pedestrian, bicycle and transit-friendly project will add to the vibrancy of the North Loop neighborhood.



@1377, Atlanta, Georgia

Hines is developing @1377, a 215-unit, four-story residence located in Brookhaven, one of the city's most established and affluent neighborhoods. The 3.3-acre project site is on Dresden Drive, a popular street containing a mix of upscale residential, office and retail space. @1377 is in walking distance to the Brookhaven MARTA Station, several local restaurants, shops and an urban grocer, and is in close proximity to the major employment centers of Buckhead and Central Perimeter.

Hines REIT / Global REIT

Hines sponsors two publicly offered investment programs. Classified as "real estate investment trusts" for U.S. federal income tax purposes, Hines REIT and Hines Global REIT are separate legal entities and are subject to regulation by the U.S. Securities and Exchange Commission.

Financial Reporting

Hines, as an investment manager, seeks to achieve superior rates of return on its investments, providing complete, timely and accurate financial and operational information. For each fund or investment

project, Hines and its clients agree in the documents that govern the relationship to reporting standards and requirements.

As a private investment firm, Hines continues to evaluate the benefits of voluntary adoption of standardized financial and non-financial reporting frameworks for efficiency, comparability and transparency. Such frameworks include INREV (the European Association for Investors in Non-listed Real Estate Vehicles) and the Global Reporting Initiative. Hines seeks ongoing feedback from its stakeholders to help inform the completeness and effectiveness of its reporting.



What We Said:

Continue to prioritize research to support the creation of a commercially viable net-zero energy (NZE) project that can be broadly implemented at market rents.



What We Did:

Completed feasibility studies and began construction on Hines' first net-zero energy office project, in San Diego, California (see p. 14).



What's Next?

In 2013, Hines will deploy a digital assessment tool for Hines project and property managers to determine the viability of net-zero energy solutions for new and existing properties. Hines will assess an existing urban property to understand the potential of implementing net-zero.



One Horizon Center, Gurgaon, India
Hines chose Gurgaon for its first project in India because of the growing demand for high-quality commercial office space from multinational companies expanding into this market. One Horizon Center is built to the Hines standard for quality and sustainability, including high ceilings and column-free space, low-emissivity dual-pane glass façade, optimized natural lighting and advanced air handling units. The project was recognized as the best commercial high-rise office building in India by the International Property Awards and is among the first projects in the country that has achieved LEED Gold certification, establishing a new benchmark in sustainable office development in India.

2 Sustainable Development

SQUARE FEET UNDER DEVELOPMENT

47.5M

NUMBER OF GREEN CERTIFIED BUILDINGS IN 2012

412

TOTAL NUMBER OF HINES LEED® ACCREDITED PROFESSIONALS

88

As one of the world's largest private real estate developers, Hines has had the opportunity to pioneer many sustainable building practices. Today, Hines continues to evaluate and deploy new technologies, using its experience to reduce or eliminate cost premiums of "green" construction, while operating equipment at maximum efficiency to achieve payback on capital expenditures.

2.1 Green Rated Buildings

Hines actively pursues green building standards and certifications that are appropriate for the project type and in line with investor interests. Prominent international rating systems include: LEED, U.S.; ENERGY STAR, U.S.; BREEAM, UK; and HQE, France.

2.2 International Building Councils

Hines participates in national building councils in key markets. Hines' involvement with the U.S. Green Building Council began in 2001 with a chairperson role on the LEED Core & Shell Committee. Hines was a founding member of the German Sustainable Building Council

(DGNB) and the Russian Green Building Council, and is active in the Green Building Council Brasil, the Green Building Council España, the Green Building Council Italia and the Indian Green Building Council.

New Sustainability Certifications in 2012

LEED Platinum

- Eighth Avenue Place, Calgary

LEED Gold

- 2345 Grand, Kansas City
- 21271 and 21281 Burbank Boulevard, Los Angeles
- Carillon, Charlotte
- Porta Nuova Garibaldi, Milan

LEED Silver

- Atlanta Financial Center, Atlanta
- One Jackson Square, New York City
- Union Pacific Center, Omaha

LEED Certified

- 522 Fifth Avenue, New York City

HQE

- Newside, La Garenne Colombes

BREEAM

- 280 High Holborn, London

Hines Conceptual Construction

Hines' new development and recommissioned projects are able to achieve exceptional efficiency due in large part to the depth of knowledge and 314 years of collective experience of the Conceptual Construction group spanning five and a half decades. Composed of 14 team members based in Houston, this group supports development teams across all regions as they coordinate and direct all aspects of the design process, contractor and sub-contractor bidding and negotiations.

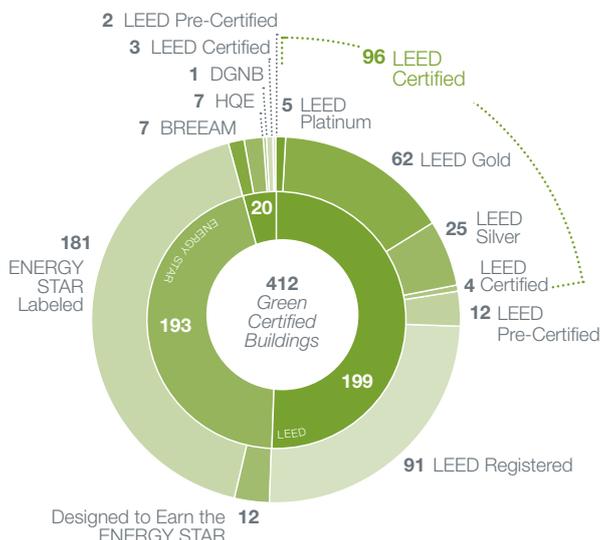
Areas of expertise, research and innovation include new construction systems design as well as constructability, testing, commissioning and operational efficiency. Many manufacturers work with Hines to evaluate and test new prototypes, and Hines often provides operating feedback on equipment back to the manufacturers. The Conceptual Construction group partners with the world's finest architects, engineers and designers to provide the highest level of sustainable design, and has joined with academic collaborators in forward-looking research and in educating the next generation.

Through the outstanding leadership of this team, Hines has made tremendous advancements in putting new building strategies and technologies into practice, and has used its experience to raise standards across the industry and throughout the world.

Green Building Certifications

International and U.S.

There are a total of 412 buildings with green certifications in the Hines portfolio.



NZE

Net-Zero Energy LPL Financial at La Jolla Commons, San Diego, California, U.S.

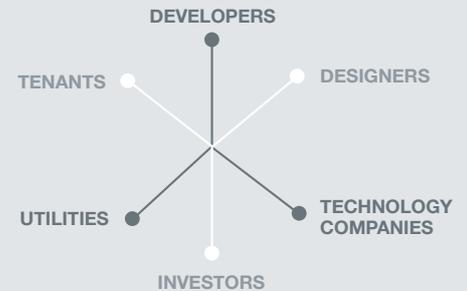
Hines began construction in April 2012 on a 13-story, 415,000-square-foot building at La Jolla Commons in San Diego that will become the largest net-zero energy (NZE) and carbon-neutral office building developed for lease in the U.S. The new NZE tower will join the first La Jolla Commons office tower, which was the most sustainable office project in the region when it was built in 2008. Hines is committed to the continual evolution of sustainable design and energy technologies to minimize energy use and carbon emissions in its properties, and believes that NZE is the next step in this evolution. Regulatory agencies will likely be requiring it and tenants will be demanding it in the future.



Projected Savings

\$3M Net savings over 15-year lease term
2,500 Metric tons of CO₂ avoided annually

The challenge in achieving NZE in many locations across the country is the ability to sell power back to the grid. San Diego Gas and Electric is one of the utilities that allows full net metering, which helped make this project feasible. Working together with utilities and new energy technology companies is the critical nexus for innovation in NZE buildings. Hines is helping lead the way by exploring new opportunities for collaboration in locations across the country.



The LPL Financial at La Jolla Commons Development Team

- Hines**
Developer
- J.P. Morgan Asset Management**
Equity Partner
- AECOM**
Architecture
- WSP Flack + Kurtz**
Engineering
- Bloom Energy**
Fuel Cells
- LPL Financial**
Tenant
- San Diego Gas & Electric**
Utility

LPL Financial at La Jolla Commons is one further step in our objective to put new building strategies and technologies into practice in an economically viable way, using our experience to continually reset our own standards of quality.

Jeffrey C. Hines

LPL Financial at La Jolla Commons will achieve carbon neutrality on an annual basis through a combination of high-performance building design, directed biogas and on-site fuel cells that will generate more electricity annually than the building and tenant will use.



1. Minimize Energy Consumption

The first step to achieve NZE is to minimize energy needs through high-efficiency building design and systems. At LPL Financial at La Jolla Commons, an under-floor air system will require 50 percent less energy for air circulation than conventional HVAC systems. The building uses insulated double-paned glass with a low-emissivity coating to lower energy needs for cooling.



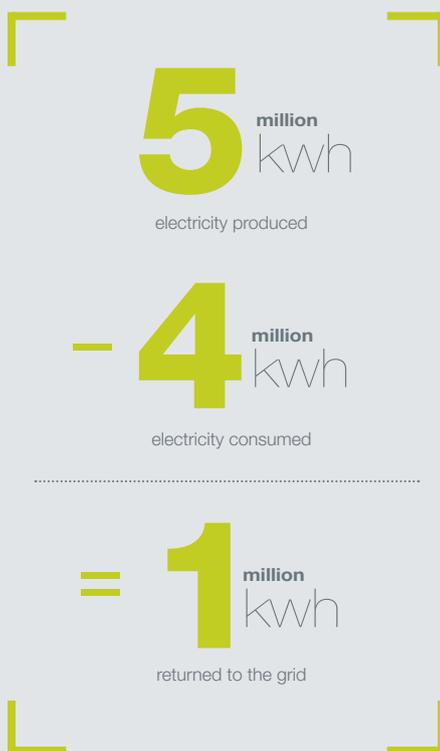
2. Directed Biogas

Methane gas will be captured from wastewater treatment facilities, placed into the national natural gas pipeline system and used as input into the fuel cell system. This system will contribute to California's ambitious goal of deriving a third of its electricity from renewable sources by 2020.



3. On-site Electricity Generation

Fuel cells sourced from Bloom Energy will generate approximately 5.0 million kWh of electricity annually, more than what the building will consume. The fuel cells convert the methane gas into electricity in a non-combustion carbon-neutral process. Surplus energy will be exported back to the utility grid for use by local San Diego consumers.



What's Next?

Hines is developing a proprietary tool for assessing the viability of NZE for individual buildings across its entire portfolio. Currently under development and due for release in late 2013, the assessment tool will allow project and property managers at Hines to determine whether NZE is achievable for both existing buildings and new construction. Inputs will include information about the building design and material, annual energy consumption, opportunities to add solar, fuel cells or cogeneration facilities on site, and local utility metering policies.

Hines is simultaneously exploring the possibility of converting an existing building in Washington, D.C., to NZE by applying lessons learned from LPL Financial at La Jolla Commons. Columbia Square, a 601,003-square-foot office building built in 1987, presents several challenges to attaining net-zero energy, that will be factored into the assessment:

- The current density of the site and stringent height limits in Washington, D.C., present space constraints for locating the fuel cells needed to produce energy on site
- The local utility does not currently allow for full net metering
- Washington, D.C.'s climate is considerably less benevolent than San Diego, California, requiring more energy for heating and cooling



Columbia Square, an existing Hines building in Washington, D.C., is being evaluated for NZE.



What We Said:

Implement company-wide waste tracking tools and standards. Initiate bimonthly communications to tenants highlighting sustainability programs and best practices. Host global conference for Hines engineers.



What We Did:

Successfully initiated waste tracking for Hines properties (see p.18). Produced bimonthly “Sustainability Tips” emails for tenants (p. 20). Convened 132 Hines engineering managers in Albuquerque, New Mexico (p. 21).



What's Next?

Expand the upcoming tenant survey to include more questions related to sustainability to help Hines benchmark against the industry. Hold a conference for Hines property managers to share best practices for on-site property management around the world.

Sony Center, Berlin

Hines upgraded to more sustainable MEP systems at Sony Center, after the original installations from 2000 reached the end of their economic lifecycle. The most visible example of the retrofits is the roof lighting, where gas discharge projection lights were replaced with a Philips LED lighting system. This new system produces energy savings of 80 percent and significantly reduces operating costs. The project is expected to obtain Bronze or Silver sustainability certification next year, based on the German DGNB City Quarter system. Hines serves as the asset manager for Sony Center.



3 Property Management and Engineering

SQUARE FEET UNDER MANAGEMENT

148.5M

NUMBER OF PROPERTY MANAGERS

127

NUMBER OF ENGINEERING EMPLOYEES

968

Hines approaches property and facility management from an owner’s perspective, recognizing that investment in efficiency, superior service and operational excellence are long-term endeavors that deliver long-term returns. Hines’ responsibility to tenants is to provide an efficient, comfortable and productive workplace for their employees and businesses.

3.1 Managing at the Property Level

A multitude of factors contribute to building performance: local climate, regulatory context, building history and tenant requirements. Accordingly, Hines property managers and engineers are charged with the greatest responsibility at the property level. Property managers are responsible for the daily operation of the property including tenant relations, lease administration, on-site accounting, security, cleaning and other contract services. Engineers are responsible for management and maintenance of all building systems and infrastructure.

Properties are supported by the Hines Central Operations and Engineering Services department and the Operations Management Committee.

Central Operations and Engineering Services (COES)

COES supports Hines’ onsite management teams by providing standards guidelines and periodic assessments of property administration; risk administration; personnel management; contract services; mechanical physical facilities, preventive maintenance; energy management; equipment efficiency; water treatment; and personnel development. A summary of COES standards can be found on our [supplements page](#).

Operations Management Committee (OMC)

The OMC serves as an interface between property-level management and executive leadership, providing problem solving and guidance on issues, standards and best practices that can benefit multiple properties or regions.

Recommissioning Existing Buildings

Of global building stock projected for 2030, 75 percent already exists. That means existing buildings provide some of the greatest opportunities to reduce resource consumption and greenhouse gas emissions, as well as operating costs. Whether a recent acquisition, owned by Hines for many years, or managed for a third party, buildings that undergo recommissioning are benchmarked by Hines engineering teams, before and after construction, to demonstrate cost savings and environmental benefits. Below is one example of how these transformations can yield significant results.



1200 Nineteenth Street Washington, D.C.

1200 Nineteenth Street was facing a possible vacancy of 85 percent and outstanding capital expenditure requirements when Hines acquired the property in 2003 as a part of the Hines U.S. Core Office Fund. A full redesign of this 245,000-square-foot building in Washington, D.C., added 93,000 square feet and transformed the property into a Class A asset that earned an ENERGY STAR score of 99 and LEED Platinum certification. Upgrades included replacing the exterior with a high-efficiency curtain wall, updating all HVAC to state-of-the-art high-efficiency systems and installing an intensive green roof system. Hines recycled 3,900 tons of

construction waste (88 percent of total) in the process. After the completion of the project, lease rates increased by 80 percent.

Highlights:

88% construction waste recycled

39% annual savings from increased efficiency in building systems

99 ENERGY STAR Score (out of 100)

80% increase in rents after building redevelopment



Hines and ENERGY STAR

The U.S. Environmental Protection Agency's ENERGY STAR program

includes an energy performance rating system for commercial buildings. An online "Portfolio Manager" calculates a rating on a scale of 1-100. Buildings that score a 75 or greater may qualify for the ENERGY STAR label. Hines benchmarks 181 buildings—representing 73,747,502 million square feet—using Portfolio Manager. 12 new properties earned the ENERGY STAR label in 2012, which brings Hines' total to more than 252 properties that have earned the ENERGY STAR label. Hines also received the 2012 ENERGY STAR Sustained Excellence Award for the 5th year in a row.

Hines' ENERGY STAR strategy and initiatives are led by the ENERGY STAR Management Group (ESMG) consisting of engineering leaders from Hines' central headquarters and every U.S. Hines business region. The ESGM team collaborates with EPA representatives regularly (in person and via conference calls) to learn about the latest EPA program initiatives. On multiple occasions, Hines' ESGM representatives have partnered with the EPA on new initiatives by providing review and feedback.

Hines continues to find tremendous value in aligning with the ENERGY STAR brand. More and more investors, tenants and owners ask about ENERGY STAR and the firm's track record in the program. Some state and municipal governments are now requiring energy performance disclosure, and ENERGY STAR is one of the most market-ready and convenient compliance tools available.

Comparison of Hines buildings to national average³:

27.7% more energy efficient

\$1.64 energy cost savings per sq. ft. per year

\$125M total portfolio savings per year

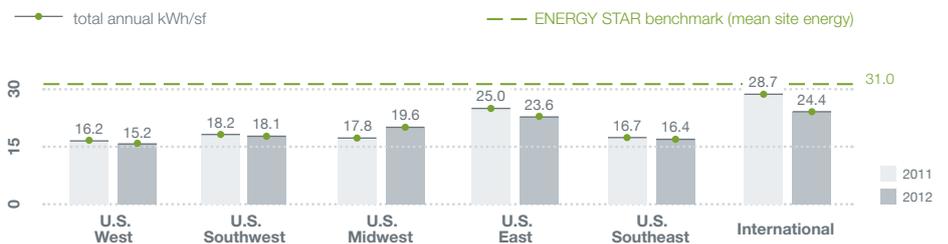
818,739 metric tons annual reduction in CO₂e

Energy, Water and Waste Tracking⁴

Tracking energy and water intensity allows Hines to benchmark performance by building, by region, or over time. The intensity metric divides total consumption by total area in square feet for a normalized figure that is useful for comparisons. Many factors influence energy and water intensity including weather, technology, tenant activity and economic trends.

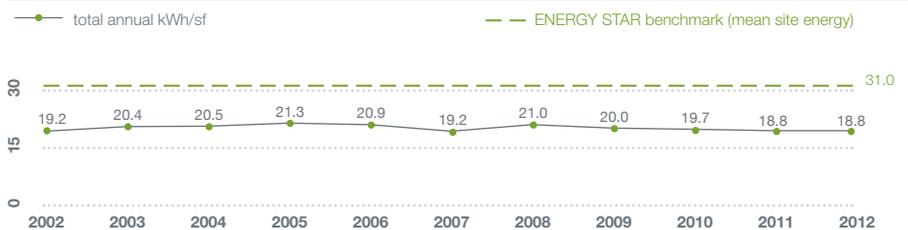
2012 Building Energy Intensity by Region

Energy intensity for properties that represent predominately office space with total building energy data



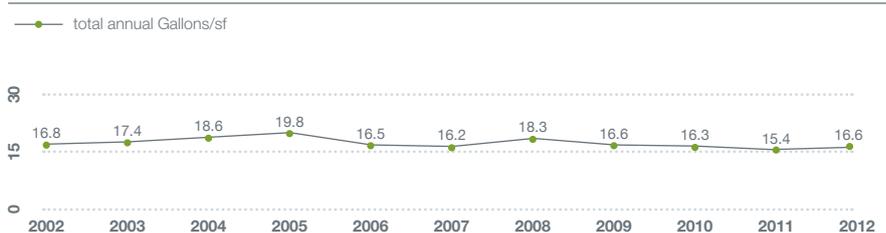
U.S. Building Energy Intensity 2002 – 2012

Historical energy intensity for properties that represent predominately office space with total building energy data



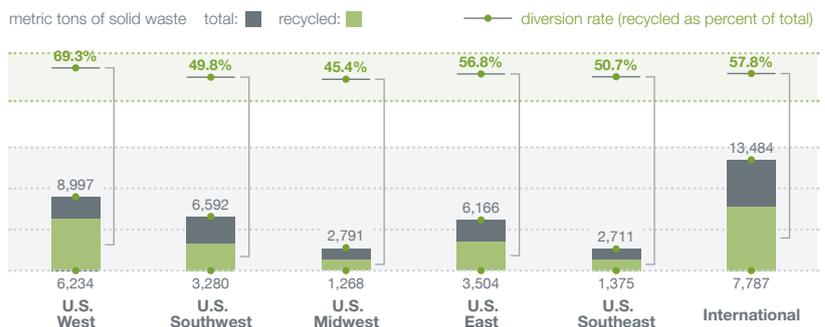
U.S. Building Water Intensity 2002 – 2012

Historical water intensity for properties that represent predominately office space with total building water data



2012 Solid Waste and Recycling by Region

Recycling and waste for properties that represent predominately office space that could provide data in metric tons



3.2 Energy Management

Hines engineers track energy consumption at Hines-managed properties. Energy management and conservation practices occur daily, as engineers balance equipment to demand loads based on weather, time of day and tenant activity. Utility meter tracking and reporting serves as a benchmarking tool for month-to-month, year-to-year and property-to-property comparisons. Hines does not set blanket reduction mandates; optimum efficiency is continually achieved by rigorous assessment and identification of strategic infrastructure improvements.

Energy Control and Optimization System (ECOS)

The energy consumption of Hines-managed buildings has been tracked since 1957. Today, using a proprietary Web-based application called ECOS, engineers input property information, certifications, monthly utilities cost and consumption totals, degree days and average occupancy. Automated analytics tools permit evaluation of data integrity and trends by property, region or company-wide.

3.3 Water Tracking and Initiatives

Water consumption and costs, derived from utility bills, are tracked in ECOS by building engineers. As Hines has leveraged green building standards, water consumption from occupant use has decreased. Hines continues to evaluate lifecycle water savings and costs of restroom retrofits in existing buildings.

3.4 Solid Waste Tracking

In 2012, Hines added tracking of waste and recycling to ECOS and began establishing standards for this tracking. Hines has identified the challenge of quantifying total waste reduction and diversion rates when the waste industry has not standardized reporting in either weight or volume.

3.5 Engineering Audits

As a routine part of the annual planning process, Hines-managed properties are required to outline steps to achieve energy performance improvements. Corporate engineering employees perform engineering assessments, evaluating

energy-use profiles, operating practices and energy reduction programs. Results are captured in a report that is presented to the property team, the regional operations executive and the asset manager. Each audit report also specifies responsible parties and target dates for completing improvements.

3.6 Greenhouse Gas (GHG) Emissions

Hines recognizes that as property owners and managers in over one hundred cities worldwide, it can contribute to the carbon reduction goals of municipalities and tenants.

Directly, Hines focuses on energy-efficient operation of its buildings. By rigorously tracking energy consumption and refrigerants, Hines can account for GHG emissions. At present, Hines does not find that conversion of energy consumption into carbon equivalents adds meaning to help the company manage buildings more effectively. Most Hines properties do not currently utilize electricity from renewable sources, except where provided in the standard grid power mix from local utilities.

Indirectly, adherence to the LEED, ENERGY STAR and other international sustainability certificates inherently reduces the carbon impact of new developments and building lifecycles. Additionally, the HinesGO (GREEN OFFICE) for Tenants program provides practical GHG reduction-yielding tools for tenants.

Refrigerants

Unavoidable leakage of refrigerant GHG emissions from cooling systems is tracked and reported monthly by building engineers at all U.S. properties. By testing and maintaining systems in peak condition, engineers work to avoid these emissions to the greatest extent possible in existing buildings.

3.7 Hines GREEN OFFICE Program

In 2008, Hines initiated HinesGO (Hines GREEN OFFICE) as an internal program to measure and reward sustainable practices within all Hines offices worldwide. On Earth Day 2009, Hines' GREEN OFFICE for Tenants program was presented to Hines tenants around the world as an opportunity to voluntarily

Savings in Waste

101 California

*San Francisco, California
1.2 million square feet*

When the local waste hauler established percentage rate reductions based upon quality and quantity of recyclable items to achieve the city and state mandated waste diversion rates, the 101 California team analyzed the cost of no-waste diversion versus the cost of diversion at various tiered percentage reductions. It was determined that by adding an individual to sort every bag of waste into landfill, recyclable and compostable material, a waste diversion rate of more than 85 percent could be achieved. The addition of this one position to the janitorial staff has resulted in annual savings of more than 53 percent.

Highlights:

85% diversion of recyclable and compostable material from the landfill

53% reduction in waste hauling charges

\$150K annual savings

\$0.12 per square foot reduction in operating expenses

4X waste sorter position pays for itself four times over



Hines GREEN OFFICE

HinesGO Scorecard

Leaf Credits are earned by implementing specific strategies or improvements in six categories. A minimum of 70 Leaf Credits qualifies an office for the GREEN OFFICE designation.



950 tenants have achieved GREEN OFFICE ratings

4% increase in participation from 2011

42.23 million of leased square feet of GREEN OFFICE tenants

43% of total occupied space firm-wide

participate. HinesGO materials have been translated from English to Spanish, Portuguese and Russian. The response has been overwhelmingly positive with 950 tenants, in four countries, achieving the designation to date. They represent almost 42 million square feet of occupied space, which is almost half of the total area of properties in those countries; 100 percent of Hines offices are certified in the program.

3.8 Hines GREEN RETAIL Program

Building on the success of the Hines GREEN OFFICE program, in 2012, a Hines property management team in Seattle developed and launched a new program for retail tenants in any Hines owned or managed property worldwide. Similar to HinesGO, the retail program awards a plaque and designation to tenants who attain 70 Leaf Credits in seven categories: Energy and Water Efficiency; People and Atmosphere; Travel, Commuting and Transportation; Reduce, Reuse and Recycle; Cleaning; Remodeling

and Construction; and LEED. Hines sees great potential in the sustainable benefits that broad adoption of this program can bring, and recognized the program's creators with a 2012 Harris Award for Sustainable Innovation (see p. 25).

3.9 Green Parking Initiatives

Through its involvement with the Green Parking Council and the International Parking Institute's (IPI) Sustainability Committee, Hines is taking a leadership role in developing sustainable programs for garages. The Green Parking Council compiled a list of standards for sustainability in 2012 in garage construction and management as well as certification programs for garages and personnel. These were published in the second quarter of 2013, and a few properties in the West region are currently participating in the pilot program. Hines has a seat on the board of directors of the Council. Hines also participated in writing and reviewing IPI's Framework on Sustainability for Parking Design,

Sustainability Tips

GreenOffice

- Lighting:** Turn off lights when you leave your office.
- Recycling:** Recycle paper, plastic, and metal.

GreenHome

- Energy:** Turn off lights and electronics when you leave the room.
- Water:** Turn off the faucet when brushing your teeth.

Did You Know?

A typical office uses 100,000 gallons of water per year. That's more than 100 million water drops!

Hines

As a part of Hines' effort to promote sustainability throughout their communities, Hines shares sustainability tips for reducing energy, water and waste in the home and office, and reducing environmental impacts from travel. These fliers are distributed to Hines tenants periodically throughout the year.

Management and Operations, published in January 2012.

Throughout the regions, Electric Vehicle (EV) charging stations are being installed; and Hines has implemented automated cashiers in some building lobbies to remove visitor transactions from drive lanes, eliminating vehicle idle times at the cashier booth to reduce emissions.

3.10 Contractor and Vendor Policies

Security and cleaning services are provided by third-party contractors in Hines-operated properties. Hines expects all of its service contractors to comply with applicable laws relating to payment of wages and benefits, worker health and safety, interacting with labor organizations and other workplace laws. U.S. security, cleaning and other contracts include clauses for insurance, liability, non-discrimination, confidentiality and Office of Foreign Asset Control (OFAC). Respecting labor union relations, Hines is committed to a position of neutrality, guided by the interests of its partners, investors, clients and tenants.

3.11 Tenant Manuals

Hines communicates property-specific procedures in tenant manuals, distributed in print and, increasingly, in digital formats. In addition to basic property management resources, security and emergency response instructions are included for medical, fire, earthquake, terrorism and other emergencies where applicable. Tenants are also oriented to heating, cooling and ventilation systems, and other automated systems, to ensure a balance of comfort and efficiency.

3.12 Tenant Surveys

Hines commissions a third party to conduct tenant surveys every other year. The next survey will be completed in 2013 and will be updated with additional sustainability-related questions to understand how tenants value green certification designations and building operations, which sustainable practices they are most interested in for their buildings, if they participate or would like to participate in the Hines GREEN OFFICE program, and how they rank their overall satisfaction with Hines' sustainability practices.

Continuous Improvement in Engineering

One-third of Hines' professional staff is involved in the day-to-day technical operation of real estate around the world. This cadre of technical experts is focused on optimizing energy efficiency in a wide range of climates, cultures and building types with a goal to find new technologies, best practices and innovations that improve overall building performance. There are many initiatives at the corporate, regional and property level at Hines that are aimed at sharing information and best practices as a part of a firm-wide goal of continuous improvement. Following are a few examples.



2012 Engineering Conference

In September, 132 engineering managers from Hines' offices around the world gathered in Albuquerque, New Mexico, for two days to exchange successful business practices developed by Hines employees and discuss ways to improve the products and services the firm delivers to clients, tenants, properties and employees. Topics of presentations included:

- Role of Engineering in Meeting Property Business Objectives
- Hines' LEED Volume Certification Program
- Responding to IAQ Concerns
- EPA Portfolio Manager Upgrade
- Hines Electrical Safety Program for NFPA 70E
- Condition-Based Maintenance for Centrifugal Chillers

Best Practices

Every year Hines has administered a formal Best Practices program to promote innovation by operations professionals, known as the Best Practices in Operations & Engineering (BPOE) Employee Recognition Program. A Best Practice for Operations & Engineering is defined as

a documented tactic, strategy, process, new technique or technology that produces superior performance and is readily adaptable to other Hines offices of properties. Ideas are submitted to a committee, evaluated and approved if they meet standards for efficiency, value, applicability, creativity and quality. The BPOE Employee Recognition Program has a total of 136 BPOEs and added three individual and one team award in 2012.

ENERGY STAR Score Improvement Challenge

In 2012, the East Region green team implemented the first annual East Region ENERGY STAR Score Improvement Challenge. The purpose of this challenge is to identify the property that increases its overall ENERGY STAR score as a percentage of its initial score over a 12-month period.

Measuring and Benchmarking

All Hines buildings are compared across a number of quantitative metrics as well as against industry and geographical norms to provide feedback on competitive performance as part of Hines' goals for continual improvement.

What We Said:

Provide opportunities for younger employees to participate and be more connected to the management of the firm by the formation of seven new management committees that report to the Executive Committee.

What We Did:

Appointed 61 new committee members that represent the next generation of leadership at Hines. Delivered presentations on sustainability at Hines to 146 new employees at management orientation training programs (p. 24).

What's Next?

Initiate training programs to advance the next generation of leadership at Hines including online courses for all employees on "Valuing Generational Differences" and webinars for supervisors on "Managing Generational Differences."

Next Generation of Leadership

A cornerstone of Hines' strength as an organization is the engagement of employees at all levels. It is the responsibility of the most tenured members of the Hines organization to pass the firm's strong culture on to the next generation of leadership just as it is our newest associates' responsibility to ensure that the firm fully understands the needs of the next generation of stakeholders. Every management committee at Hines was seeded with young leadership representatives in 2012.

Left to right: Claire Cormier Thielke, Director – Investment Management, Houston, Texas; Paul White, Director – Investment Management, London, UK; Daniel Chang, Director – Asset Management, London, UK



4 Our Employees

TOTAL NUMBER OF EMPLOYEES

3,293

NUMBER OF NEW EMPLOYEES IN 2012

514

AVERAGE TENURE OF EMPLOYEES (YEARS)

7.72

The Hines employee is the greatest example of the Hines standard. The firm focuses on nurturing the expertise of employees, so that they can best utilize their strengths to make meaningful contributions both inside and outside the organization.

4.1 Employee Tenure

Hines is an entrepreneurial organization with an excellent record of attracting, motivating and rewarding its employees, resulting in remarkable personnel stability. The 13 most senior leaders at Hines have an average tenure of 34 years, 67 senior vice presidents and senior managing directors have an average tenure of 21 years, and 156 vice presidents, managing directors and international officers have an average tenure of 15 years. Overall employee tenure is 7.72 years.

4.2 Local Hiring

As Hines has expanded internationally, local hiring has been paramount to its success; of more than 1,047 international employees, fewer than one percent are expatriates. And of 18 international country heads in areas of significant operations, 50 percent are native to the country they represent.

In new markets, seasoned Hines leaders work to identify and train local talent, embedding the essence of Hines' values and processes, then entrusting these new leaders to manage the business locally. As a result, Hines is a diverse, international team with deep local knowledge and a management structure that allows for global cooperation and sharing.

4.3 Equal Employment Opportunity

It is Hines' policy to ensure equal employment opportunity to everyone. Hines does not discriminate against any employee or applicant because of race, color, religion, gender, national origin, age or sexual orientation, or any other status protected by state or federal laws. Hines also does not discriminate in employment against qualified individuals with disabilities.

4.4 Workplace Harassment Prevention

Hines' policy prohibits workplace harassment of any sort. Hines is committed to maintaining a work environment free of inappropriate and disrespectful behavior that might interfere with an employee's work performance or the professional environment at Hines.

4.5 Whistleblower Policy

Employees are encouraged to contact EthicsPoint, a third-party vendor, to report matters such as questionable accounting, falsification of company records, fraud, privacy issues, theft or any other unethical behavior. Reporting individuals remain anonymous and reports submitted via EthicsPoint are confidential.

Non-Retaliation Policy

This program is intended to enable employees to raise serious concerns within the company. Therefore, no employee will be terminated or otherwise retaliated against for submitting a complaint if the employee acts lawfully and believes that the complaint involves a violation of applicable law or company policy.

4.6 Employee Evaluations

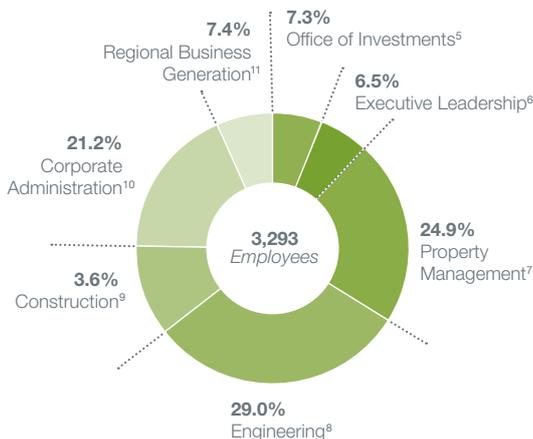
Most employee evaluations and compensation reviews occur annually. Employees typically receive a written evaluation that indicates the employee's performance during the preceding calendar year.

Hines Employees by Location

● Central ● U.S. ● International



Hines Employees by Function



See endnotes inside back cover

4.7 myWellness Program

In 2011, Hines initiated the myWellness program in the U.S., with goals to increase personal health awareness, encourage healthy behaviors and increase preventive care. The program offers free screenings and consultations, rebate incentives and medical coverage discounts for healthy behaviors.

2012 myWellness Program Results

867 employees participated

19% increase in participation in 2012

\$155K wellness incentives paid

96% satisfaction among screening participants

51% learned something new about their health

60% made a lifestyle change as a result of participation

Program enhancements in 2012 include:

- Expanded health screenings to 17 total on-site events
- Offered all employees and their spouses or partners, regardless of health plan participation, a free health screening
- Expanded the \$100 Premium Rebate Program to include Annual Physical or Well Woman Exam, Condition/Disease Management Program completion and Healthy Pregnancy Program completion
- Offered monthly wellness webinars that focus on health education on topics such as diabetes, raising healthy children and nutrition
- Implemented Weight Watchers discount program and Weight Watchers at Work pilot group
- Expanded myWellness intranet site to include healthy recipes, nutrition tips and pre-recorded wellness education webinars

Beginning February 2013, Hines is offering employees and their spouses or domestic partners the opportunity to engage with *Vitality*, a company that

provides the tools and motivation to make life changes for better health. *Vitality* takes a personalized, interactive approach and considers each employee's current overall health, lifestyle and health risk factors to help establish and achieve individual wellness goals. *Vitality* will take the place of the myWellness program at Hines.

4.8 Tobacco Cessation Program

Employees and covered dependents are eligible to receive tobacco cessation benefits offered through their medical health carrier. Members enrolled in one of the Hines Medical, Behavioral & Vision Plans are eligible for prescribed tobacco cessation medications.

4.9 WageWorks Commuter Benefit

This benefit gives employees the option of purchasing transit passes and pre-paid parking with pre-tax dollars by payroll deduction.

4.10 Training and Career Advancement

Hines develops training based on specific job functions to educate employees about Hines' properties, processes and policies, as well as its unique and valued culture.

Training programs include:

- Property Management Training
- Engineering Training
- Accountant Required Training
- Real Estate Education
- Management/Leadership Development

A few specific programs include:

Hines has an Energy Management Training (EMT) program. The learning objectives of the EMT course require operating professionals of all levels to demonstrate understanding and ability in seven areas of core competency: 1) energy fundamentals; 2) analyzing utility bills and rate structures; 3) measuring energy consumption; 4) managing building operations; 5) conserving energy; 6) developing an energy management plan; and 7) taking advantage of energy-efficient technology and initiatives.

LEED Accredited Professional (AP) employees at Hines have free access to the Green Building Research Institute's continuing education series to help them maintain their LEED professional credentials. There are currently 88 LEED AP employees at Hines.

Hines Management Orientation Program

Hines hosts a Management Orientation Program (MOP) every year, organized by Hines' Human Resources Training Department. The conference gives attendees a better understanding of the Hines culture, provides professional development opportunities and creates a venue to network with other Hines employees. Sustainability sessions, led by Global Sustainability Officer Gary Holtzer, were added to the MOP agenda starting in 2011. For the last two years, interest from MOP participants in sustainability required two sessions at each conference. The 2012 conference was held October 1-3 in Houston and was attended by 146 management employees from around the world.

4.11 Education

Reimbursement Program

Hines is committed to investing in the future of its employees as its most valuable asset. The Hines Education Reimbursement Program reimburses employees up to a maximum of \$4,000 per year for courses that apply toward a degree. In 2012, approximately 51 employees participated with a total reimbursement of \$113,288 in tuition, class fees and books.

4.12 Industry Engagement

An important part of the sustainability goals at Hines is to exchange ideas, tools and information with others in the real estate industry. In addition to memberships in industry organizations and actively working on committees related to sustainability, the Global Sustainability Officer and other Hines employees are engaged in a variety of outreach efforts at a national and local level. Some of the 2012 highlights include:

- Contributing a chapter to the *Sustainable Investment in Real Estate* publication.

Titled *Green Office: helping tenants and landlords benefit from sustainable practices*, the chapter covers benefits of green office programs and ways to implement them in a variety of properties and situations

- A participating panelist in a session on *Sustainable Investments: Equity and Debt* sponsored by the Golden Gate Chapter of Lambda Alpha International
- A presentation on an *Owner's Perspective on Sustainability* to Gensler, a global architecture, planning and consulting firm
- A presentation on the *Net-Zero Building Challenge* to investors at the Global Real Estate Roundtable sponsored by Hines
- A presentation on the two-year LEED application process for the Union Pacific Headquarters building in Omaha, Nebraska, during a Global Environmental Management Initiative (GEMI) member meeting
- A participating panelist in a session discussing *The Future of Urban Development* at the national conference of the Society of Marketing Professionals
- The keynote address at the Green Parking Council board of directors meeting in San Francisco about the trends in sustainability and their effect on real estate and parking
- A participating panelist in the roundtable discussion *Ahead of the curve: leading-edge real estate development*, during ULI's Economic Forecast Conference in Houston

4.13 Employee Survey Methodology and Results

Hines commissions a third party to conduct periodic employee surveys. The next employee survey will be completed in 2013. Results are benchmarked to the most recent previous survey and to the survey provider's normative database of global research. Survey results guide managers at all levels in improving work environments and expectations for members of their teams as well as helping to increase the tenure of employees.

Harris Awards for Sustainable Innovation

Named after John Harris, the late Executive Vice President of Conceptual Construction, this employee incentive program was designed to promote and recognize innovative ideas, tools and processes. In 2012, 34 applications were received from all levels of the firm worldwide. The top two winning ideas are featured below.

IDEA Snow and Ice Mitigation System

\$20,000 Platinum Level Winner

Submitted by: John Frank, Paul Stout, Jonathan Brazier, Katie Faucher, Erin Royer, Samidha Thakral, Avi Tesciuba and Teddi Sholter – from Canada and the Midwest Region

The Snow and Ice Mitigation System, implemented at Eighth Avenue Place in Calgary, mitigates the risk of injury from falling ice and snow. Domestic water is heated through heat exchangers, then gravity fed to the exterior surfaces and the curtain wall of the building at a very low flow rate to eliminate the potential for large accumulations of snow or ice on the building's sloped surfaces. The system is very carefully integrated into

the exterior wall design. This is a brilliant solution to a very difficult problem and will be used again on similar projects in cold climates.

IDEA Hines Green Retail

\$1,000 Silver Award

Submitted by: Jeff Jeremiah and Sean Murphy of the West Region

Hines^{GR} GREEN RETAIL

This innovative idea is based on the success of the Hines GREEN OFFICE program and was piloted at Fourth & Madison, in Seattle, with a diverse group of seven retail tenants. The program allows property management personnel an opportunity to engage retail tenants in a discussion about sustainability, evaluating their retail operations, educating them about operational and behavioral modifications, and providing them with a Green Retail Tenant Guide to achieve status as a Sustainable Green Retail Tenant within Hines properties.

Eighth Avenue Place, Calgary, Canada



Employee Highlights for Sustainability Achievements

Behind the success of each property are committed leaders across the firm who carry the vision for sustainability and expertly implement the highest standards for efficiency. Here are just a few of the faces of sustainability within Hines.

1. THOMAS SARNI

Engineering Manager, East Region

Thomas has worked on a number of high-profile projects and is currently the engineering manager at 1251 Avenue of the Americas. 1251 is registered under the LEED for Existing Buildings: Operations and Maintenance program (EBOM) and is close to securing LEED Silver certification. Over the past year, 16 energy conservation measures have been implemented, which offered a substantial reduction in energy usage. Since joining Hines in 2001, Thomas has worked on a number of high-profile projects including the 1.2 million-square-foot 1251 Avenue of the Americas and One Jackson Square, a 60,000-square-foot, 11-story, 30-unit luxury condominium.

2. TYLER STEELE

Property Manager, East Region, LEED AP BD+C

Tyler is currently a property manager within the Morgan Stanley portfolio, located in Columbus, Ohio. The location Tyler manages is the only LEED certified (and EBOM registered) property in the 1,200-acre, town-center concept, mixed-use surrounding development. Since 2005, Tyler has been a regional leader focused on market transformation with groups such as the USGBC, where he currently serves as the board chair of the USGBC Central Ohio Chapter. He is a Harris Awards Committee member and a member of the East Region Green Team that reviews regional sustainability efforts, and is involved with establishing the committee that will oversee the upcoming East Region ENERGY STAR competition.

3. DAVID PICONE

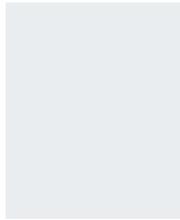
Senior Manager, Central

David worked on the initial design and creation of ECOS with Corporate Engineering and IT, and has since added the waste diversion procedures to further enhance the capture and easy reporting of more types of sustainable data.

4. LORIANN DUFFY

General Property Manager, Midwest Region

Loriann led the process to obtain LEED Platinum certification at 300 North LaSalle in Chicago, which included implementing river-water intakes for condenser water, which eliminate the need for potable water for cooling and irrigation systems; a green roof to reduce the heat island effect; and light switches with motion detectors.



5. ALINA TALBOTT

Assistant Property Manager, West Region

Alina is currently the assistant property manager at Petco Park, the 42,000-seat home of the major league baseball team the San Diego Padres. Here, she led greening efforts and received public adulation for her initiatives and success.

6. ROBB BOSSLEY

Engineering Manager, Midwest Region

Robb is currently an engineering manager at AEGON Center and is responsible for inspiring and leading the firm to adopt and develop the Web-based energy management system ECOS now utilized by all Hines properties. He has supported the Louisville Kilowatt Crackdown program and has also provided valuable support to the LEED certification efforts at AEGON Center in Louisville.

7. SEAN MURPHY

Engineering Manager, West Region, LEED AP O+M

Sean is currently an engineering manager at the 1.2 million-square-foot Bank of America Fifth Avenue Plaza in Seattle, and he assisted in the LEED Gold certification of the property. Sean represents the West Region on the Hines ECOS Committee, and assisted with ECOS development and initial rollout to the firm. He was also the co-developer of the Hines GREEN RETAIL Program and received a 2012 Harris Award for these efforts.

8. HAL KERSH

Lead Engineer, Southwest Region

Hal worked with the controls and mechanical vendors to properly commission the HVAC system on BG Group Place. He provided training for the vendors and developed a matrix of key system indicators that ensured a successful effort.

9. MICHAEL TYLER

Engineering Manager, Southeast Region

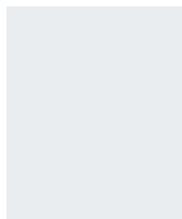
Michael's participation in the Energy Star Management Group (ESMG), ECOS Energy Management System and LEED Volume Certification committees provides valuable support for the Southeast Region's sustainability initiatives. He continually works with LEED consultants to aid Midwest/Southeast properties pursuing LEED certification. Michael has directed several significant projects at multiple properties to greatly reduce utility consumption in the constant pursuit of high-performing green buildings.

10. HUANG SHUYU

Regional Engineering Manager, Asia Pacific
Huang, an engineering manager at Hyundai Motor Tower, has spearheaded a major energy efficiency, cost savings and carbon reduction project at the property in Beijing. Changing the building's chillers and boilers from diesel to natural gas will save the Hines/Hyundai partnership approximately \$700,000 per year, while reducing overall carbon emissions and cleaning up Beijing's air.

11. GUILHERME RAMOS

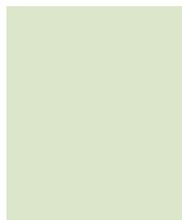
Assistant Property Manager, South America
Guilherme is leading two LEED EBOM processes at Coca-Cola properties in Rio de Janeiro. The certifications will be issued in the second quarter of 2013, which will be the first LEED EBOM process for a Hines-managed property in Brazil, and it's also among the first LEED EBOM projects in the country. Guilherme also provides support for LEED certification processes at other Brazilian properties.



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**12. FABRICE DOUULENS**

Construction Manager, Europe
Fabrice managed the construction process and helped obtain the environmental certifications for Newside, a new 19,000-square-meter office building near Paris. The multiple certificates obtained include the very first new office building in France with a LEED Platinum certification, as well as a low energy BBC rating and a BREEAM certification.

13. KATHERINE BROOKS

General Property Manager, Southeast Region
Katherine led the process to achieve LEED Gold certification at One Overton Park, incorporating sustainable features such as green cleaning, a revised waste reduction and recycling program that includes quarterly e-cycling, water efficient fixtures, and landscaping. She also supports her teammates in their sustainable endeavors and serves as a resource to those earning or maintaining the LEED AP designation.



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15. CARRIE POND

Corporate Communications Manager, Central
Carrie is a manager in Corporate Communications with a primary focus on Hines' sustainability efforts. Working closely with the Global Sustainability Officer, Carrie creates materials that support the regional and international teams in spreading the word about the importance of sustainability to Hines and the real estate industry. Carrie plays a critical role in the publication of the Sustainability Report, Sustainability Tips email blast and sustainability press releases.

16. JEFF KNIGHT

Operations Engineer, Southwest Region
Jeff adds value every day as a steward for energy-efficient operations. Jeff successfully reduced chiller operational hours without impacting tenant comfort and trains his colleagues in ECOS implementation across the Greenspoint complex as well as at other Hines properties.

17. BEATE REINARTZ

Senior Construction Manager, Europe
Beate is spearheading the pilot project for one of the first DGNB in-use certificates with the HECF-owned Campus E asset. She is also an active member of the DGNB committee that is defining and determining the process through the experience at Campus E. Beate is a founding member of the DGNB, and is a member of The Royal Institution of Chartered Surveyors, The Association for Real Estate Research and The German Association for Project Management.

18. STEVE MURPHY

Senior Engineering Manager, LEED AP, Europe
Steve is primarily focused on effective testing, commissioning and start up of the mixed-use Porta Nova Project in Milan, Italy. Steve also supports regional asset management teams to ensure sustainable operating strategies are implemented. In this capacity, he was instrumental in helping the Hines UK team and local third-party property managers to significantly reduce the utility consumption of the Brindleyplace assets.



What We Said:

Promote and encourage greater participation in the newly established myCommunity program that allows any Hines employee to contribute back to their community for one day per year with compensation.



What We Did:

Employees continued to participate in the myCommunity program, with 608 volunteer hours in 2012 (p. 30).



What's Next?

In 2013, the firm will increase participation in the myCommunity program by 20 percent.

Transbay Tower and City Park, San Francisco, CA

Transbay Tower, a 1.3 million-square-foot, 61-story icon designed by Pelli Clarke Pelli Architects, is slated to be the tallest on the West Coast at a height of 1,070 feet. The tower is adjacent to the Transbay Transit Center, a visionary transportation and housing project that is transforming downtown San Francisco and the San Francisco Bay Area's regional transportation system by creating a "Grand Central Station of the West Coast" in the heart of a new transit-friendly neighborhood. City Park, a 5.4-acre public park on the rooftop of the transit center, is funded by the development of Transbay Tower. The San Francisco Planning Commission granted final planning approval for the tower in October 2012, and construction is already under way on the transit center and park. The tower will become one of the skyline's defining landmarks as well as an extremely desirable and sustainable workplace. Hines is co-developing the project with Boston Properties.



5 Our Communities

10-YEAR HIGHLIGHTS FOR ULI/GERALD D. HINES STUDENT DESIGN COMPETITION

TOTAL NUMBER OF PARTICIPATING STUDENTS

4,705

TOTAL PARTICIPATING TEAMS

939

SCHOOLS REPRESENTED FROM U.S. AND CANADA

100

Since its founding in 1957, Hines has been committed to making contributions beyond our buildings to improve infrastructure and provide services for broad public benefit. Fundamental to Hines' lasting legacy is enhancing the quality of the built environment and the quality of life in the communities in which we work. Passing along this tradition to the next generation of professionals who will steward the built environment is a high priority of the Hines family and the Hines firm.

5.1 myCommunity Program

This internal, voluntary program provides Hines employees an opportunity to give back to their communities through a variety of philanthropic activities. Each employee may spend one day per year without loss of pay or vacation time while performing volunteer work for a charity of their choice. In 2012, 57 people participated in this program with a total of 608 volunteer hours.

5.2 Investing in Education

The growth of urban areas will be shaped by the next generation of urban designers, architects, planners, developers, engineers and other land use experts. Hines is setting the standard in sustainability by investing in tomorrow's leaders in the built environment. The primary educational institutions and programs Hines currently supports include:

- Endowment of the Gerald D. Hines College of Architecture at the University of Houston
- Contribution to Purdue University's Sustainable Buildings Technology Lab
- Funding for the establishment of the Gerald D. Hines Visiting Fellowship in Development at the School of Real Estate and Planning, Henley Business School, University of Reading, in London
- Funding to KIPP, an alternative primary and secondary school program for underserved students in Houston
- Sponsorship of the ULI/Gerald D. Hines Student Urban Design Competition since 2003

2012 ULI/Gerald D. Hines Student Urban Design Competition

Successful real estate development and design in the 21st century requires intensive collaboration across disciplines and sectors. In this competition, students have the chance to form multidisciplinary teams with other students in the United States or Canada to tackle a real land use challenge in a U.S. city. Over the first 10 years of this annual competition, 939 teams with 4,705 students have participated, representing more than 100 schools from the U.S. and Canada.

In 2012, 140 teams from 65 schools submitted entries. The participating student teams were challenged with creating a scheme for the best use of approximately 16.3 acres owned by the United States Postal Service (USPS) in downtown Houston. The competition focused on the USPS property since it is considered by many stakeholders to be a key site to reconnect the theater district, the historic district and the greater downtown to Buffalo Bayou.

A joint team of students representing the University of Colorado and Harvard University won the \$50,000 top prize in the competition with a long-term redevelopment plan for a new downtown Houston district. The winning team's plan for "Bayou Commons" was designed to be downtown Houston's first residential district celebrating cultural diversity and an urban lifestyle.

1. 300 North La Salle River Front Park
2. JPMorgan Chase Building
3. River Point Plaza
4. Waterwall Park

5.3 Public Spaces

Hines has an enduring reputation for developing landmark office and mixed-use projects of significant scale and architectural stature. Creating equally significant public spaces is an important part of development projects, which benefits not only the tenants and residents of Hines properties but also the community as a whole. Included in this section are representative samples of public plazas, parks and art that are integral to the fabric of the communities in which they are located.

300 North LaSalle, Chicago, Illinois

Located on the north bank of the Chicago River, this 57-story, 1.3-million-square-foot tower was designed by Pickard Chilton Architects. Completed in 2009, 300 North LaSalle continues the extraordinary tradition of Chicago architecture with a half-acre waterfront garden off the lobby with direct access to the river's edge.

JPMorgan Chase Building, San Francisco, California

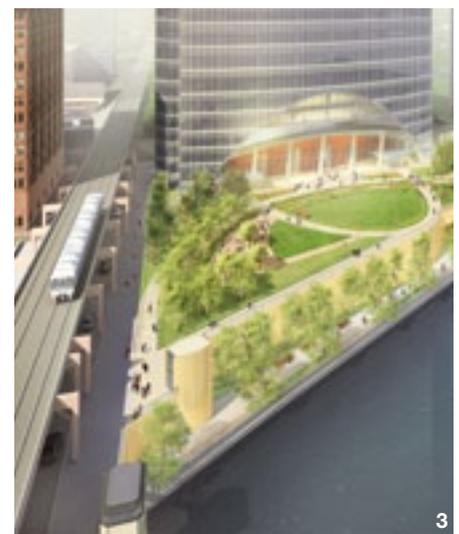
Designed by Cesar Pelli & Associates, this 667,782-square-foot building is the West Coast headquarters for JPMorgan Chase & Co. The street-level plaza is a one-third-acre urban park that features a kinetic stainless steel sculpture by artist, George Rickey.

River Point, Chicago, Illinois

River Point will be a state-of-the-art 45-story office tower located in Chicago's West Loop district. Adjacent to the 900,000-square-foot building designed by Pickard Chilton Architects will be a 1.5-acre public park and river walk, landscaped with native trees and seating areas, with access to the Chicago River and Wacker Drive.

Waterwall Park, Houston, Texas

The 2.77-acre Gerald D. Hines Waterwall Park features a 64-foot semicircular architectural fountain surrounded by oak trees. Built by Hines in 1983, Waterwall Park was originally privately owned and was made public in 2008 when it was acquired by the City of Houston. It remains the community centerpiece for Uptown Houston.



5. Diagonal Mar, Barcelona, Spain
6. Hofstatt, Munich, Germany
7. Metropolitan, Warsaw, Poland
8. Piazza Gae Aulenti, Milan, Italy



5

Diagonal Mar, Barcelona, Spain

Diagonal Mar is a mixed-use center overlooking the Mediterranean with five residential towers, three office buildings, three hotels, a convention center, and a regional shopping and entertainment center. A 41-acre public park lies at the center, which is the third largest park in Barcelona.

Hofstatt, Munich, Germany

Hines completed the much anticipated mixed-use center in the old town area of Munich, Germany, in early 2013 after assuming the development management position for the redevelopment project in 2009. Following a major redesign, construction and leasing effort, including renovation of four existing buildings and development of three new buildings designed by Marcel Meili and Markus Peter Architekten, Hines opened Hofstatt with 95 percent occupancy rate in the retail center. Because of the development's size and its prime location in the center of the city, Hofstatt is one of the most significant new public spaces in Munich.



6



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Metropolitan, Warsaw, Poland

Metropolitan is a mixed-use center located on the historic Pilsudski Square in Warsaw and one of Poland's most progressive developments. The 164-foot diameter courtyard makes the buildings permeable to the public realm by providing pedestrian access across the site, places to gather at cafés and restaurants along the edges, and a dramatic water feature at its center, surrounded by a ring of lighted trees that illuminate the space for nighttime dining and other activities.

Piazza Gae Aulenti, Milan, Italy

This 161,400-square-foot public space is a magnificent new square in the center of Porta Nuova Garibaldi, a mixed-use development north of Milan's city center. Designed by Cesar Pelli together with Italian landscape designer Land, the new circular piazza sits at the base of the property's office and residential towers, providing a public space for residents and workers at Porta Nuova as well as a pedestrian thruway to the nearby city park and local shopping district.



8

Global Reporting Initiative (GRI)

Hines presents this as a self-declared “C” level report, having met the basic requirements of the GRI framework.

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Hines Executive Leadership

Gerald D. Hines

Founder and Chairman

Jeffrey C. Hines

President and Chief Executive Officer

C. Hastings (Hasty) Johnson

Vice Chairman and Chief Investment Officer

Charles M. Baughn

Chief Financial Officer

Christopher D. Hughes

*CEO - Capital Markets Group
and East Region*

Colin P. Shepherd

CEO - Investment Management

Thomas D. Owens

*Senior Managing Director
and Chief Risk Officer*

James C. Buie, Jr.

*CEO - West Region, Asia Pacific
and Australia*

Mark A. Cover

*CEO - Southwest Region and
Mexico/Central America*

E. Staman Ogilvie

CEO - Eurasia Region

C. Kevin Shannahan

*CEO - Midwest & Southeast Regions
and South America*

Michael J.G. Topham

*CEO - Europe/Middle East Region
including North Africa*

Hines is committed to keeping its stakeholders informed on an annual basis about the firm's sustainability efforts and performance worldwide. We invite your feedback, questions and suggestions to help us continue improving our sustainability performance and reporting.

sustainability@hines.com

Map Notes

- "Under Development" includes projects that are in the design phase and projects on which Hines has broken ground
- "Managed" means either property managed or asset managed, or both
- "Owned" properties are properties where a Hines entity has some portion of ownership

Endnotes

1. The firm's historical and current portfolio of projects that are under way, completed, and acquired and managed for third parties
2. Includes flex tech, land and data centers
3. ENERGY STAR numbers from the firm's 2013 ENERGY STAR Partner of the Year application, as evidenced by the Energy Performance Report from Portfolio Manager, cover data from August 31, 2011 through August 31, 2012.
4. Energy and water intensity data represents approximately 92 million square feet of predominantly office space in Hines' U.S. and international locations. Only properties with reliable complete building data (base building and tenant) have been included. This information is being presented in comparison to the U.S. EPA's ENERGY STAR mean site energy, which is based on the U.S. Department of Energy's currently published Commercial Building Energy Consumption Survey (CBECS).

Recycling and waste data represents approximately 49 million square feet of predominately office space in Hines' U.S. and international locations. Only properties that could provide reliable data in metric tons have been included.

In a dynamic real estate portfolio, energy and water intensities will vary depending on many factors including, but not limited to weather, occupancy, tenant consumption patterns and occupant densities. Additionally, acquisitions and dispositions, characteristic of an active real estate company, may cause intensity factors to fluctuate until proper energy and water management controls are implemented on-site.
5. Office of Investments: Includes all fund management employees, fund accountants and support employees in the Office of Investments departments
6. Executive Leadership: Includes all officers (EVPs, SVPs, VPs, SMDs and MDs)
7. Property Management: Includes all property management employees, property accountants and support employees
8. Engineering: Includes all engineering and engineering management employees
9. Construction: Includes all construction employees
10. Corporate Administration: Includes all Central employees (excluding fund and fund accounting), corporate accounting, other corporate administration and support employees
11. Regional Business Generation (RBG): Includes all directors, marketing/leasing and support employees (employees in project, leasing, or marketing in the Hines Reporting department)

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The Hines standard represents the global real estate benchmark for value creation, integrity, services and quality for all clients.

All Hines products and services are of the highest standard as appropriate for the mission.

The Hines employee is the greatest example of the Hines standard and the company's most valuable asset.

We will continually strive to be the industry leader in sustainability and the premier real estate company in the world.

Hines' Guiding Principles

Hines

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