

Opportunities in Global Real Estate

Intelligent Real Estate Investments Around the Globe

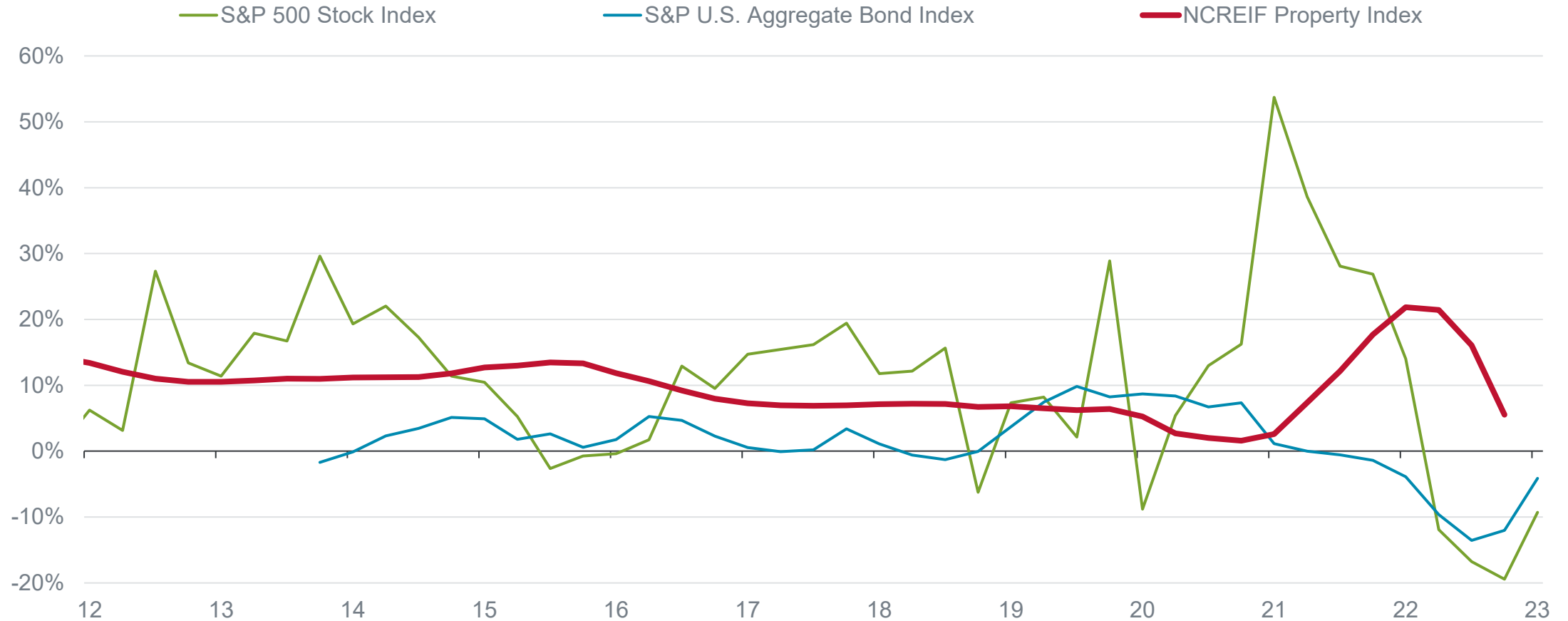
Ryan McCullough
Director of Proprietary Research

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Is Commercial Real Estate A Good Investment Today?

Y/Y Total Returns



Sources: S&P; NCREIF; Hines Research; as of April 2023. The S&P 500 Index is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. The S&P U.S. Aggregate Bond Index is designed to measure the performance of publicly issued U.S. dollar denominated investment-grade debt. The NCREIF Property Index (NPI) is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment.

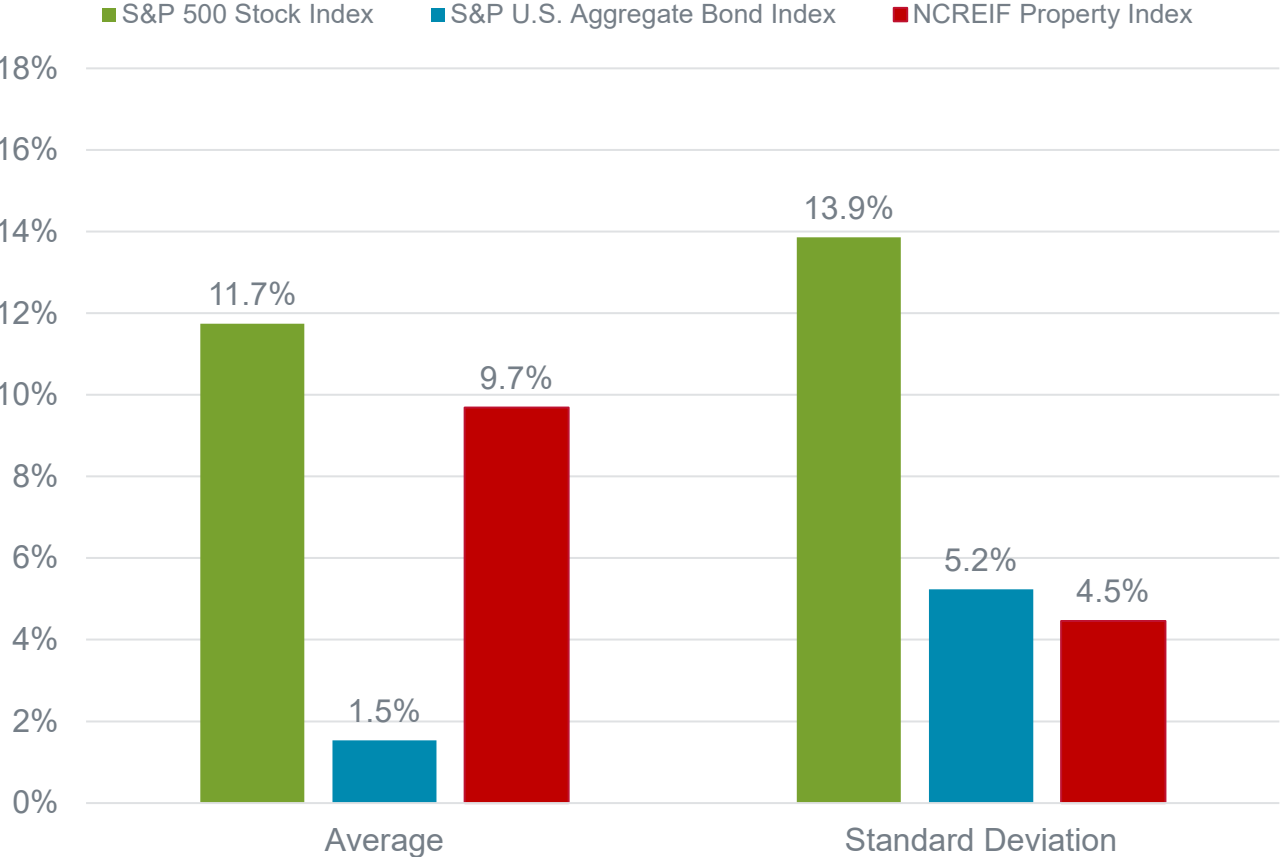
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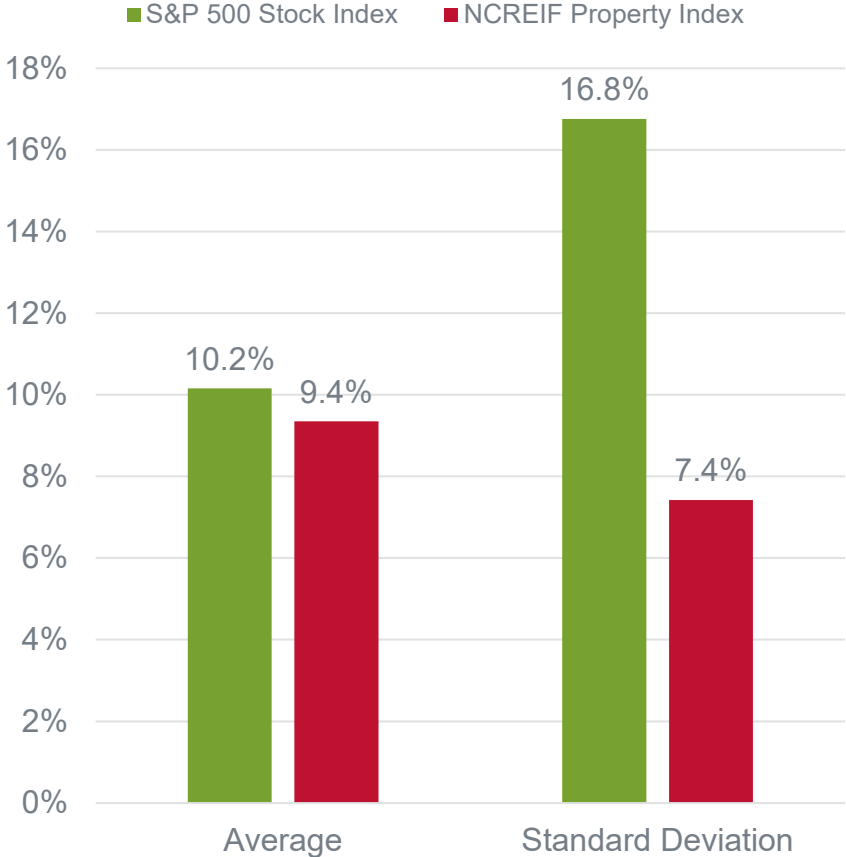
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CRE Trends Toward Stock-Like Returns, Bond-Like Consistency

Annual Total Returns, 2012-22



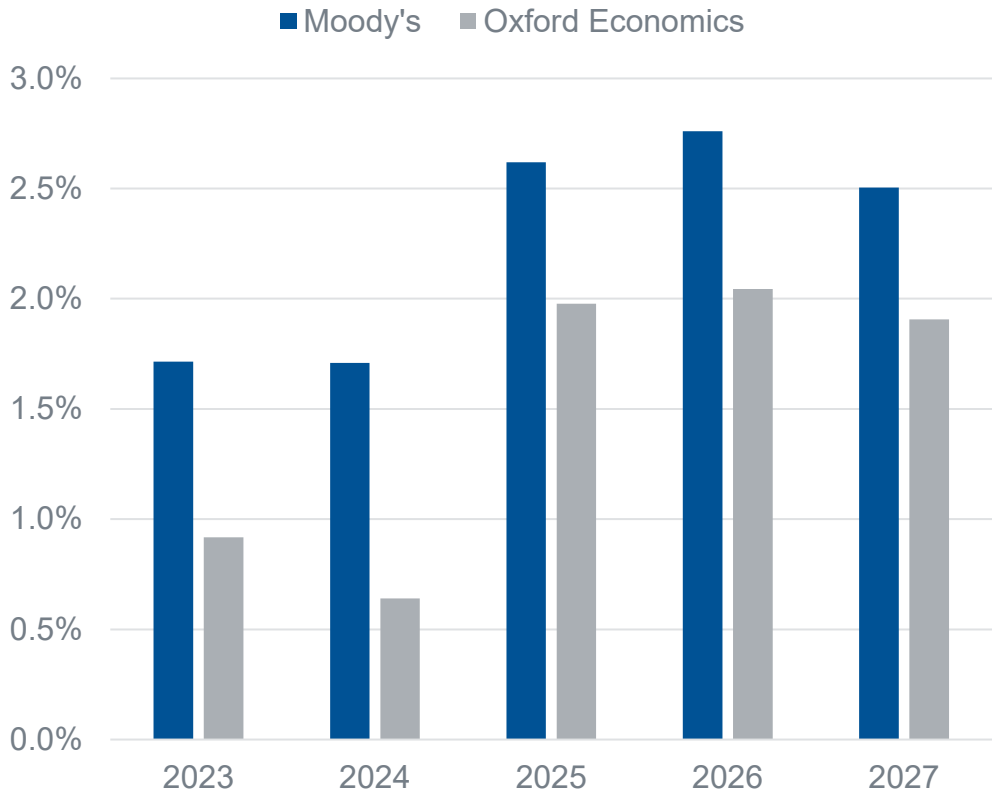
Annual Total Returns, 1979-2022



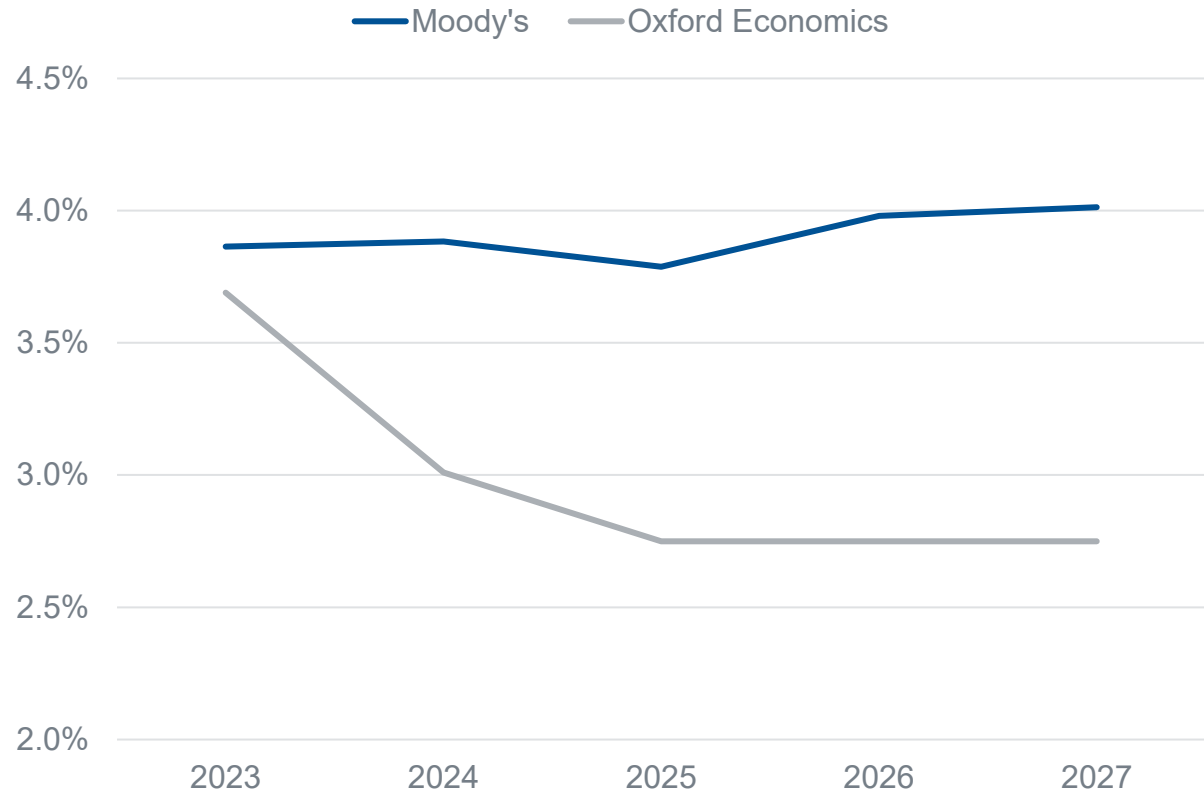
Sources: S&P; NCREIF; Hines Research; as of April 2023. The S&P 500 Index is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. The S&P U.S. Aggregate Bond Index is designed to measure the performance of publicly issued U.S. dollar denominated investment-grade debt. The NCREIF Property Index (NPI) is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment.

Economic Forecast: No Consensus View

GDP Growth

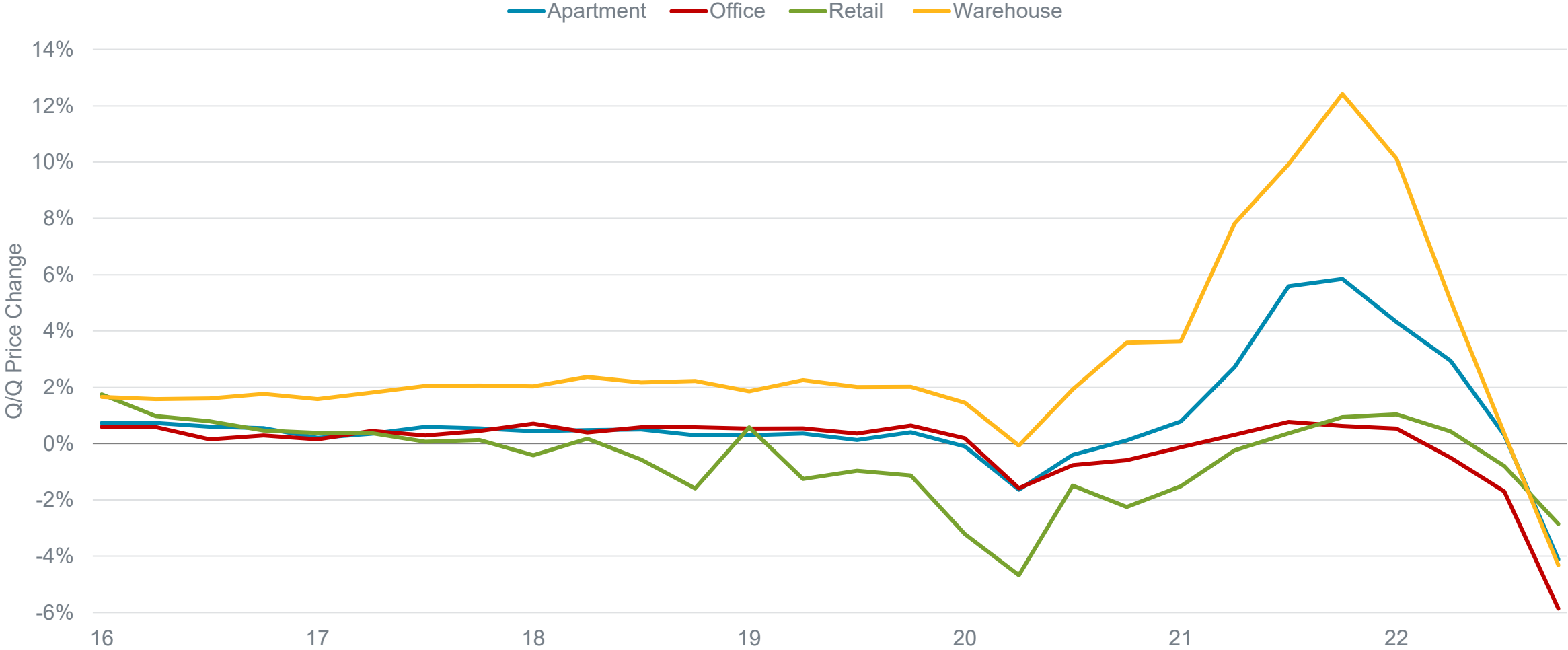


10-Year Treasury Yield



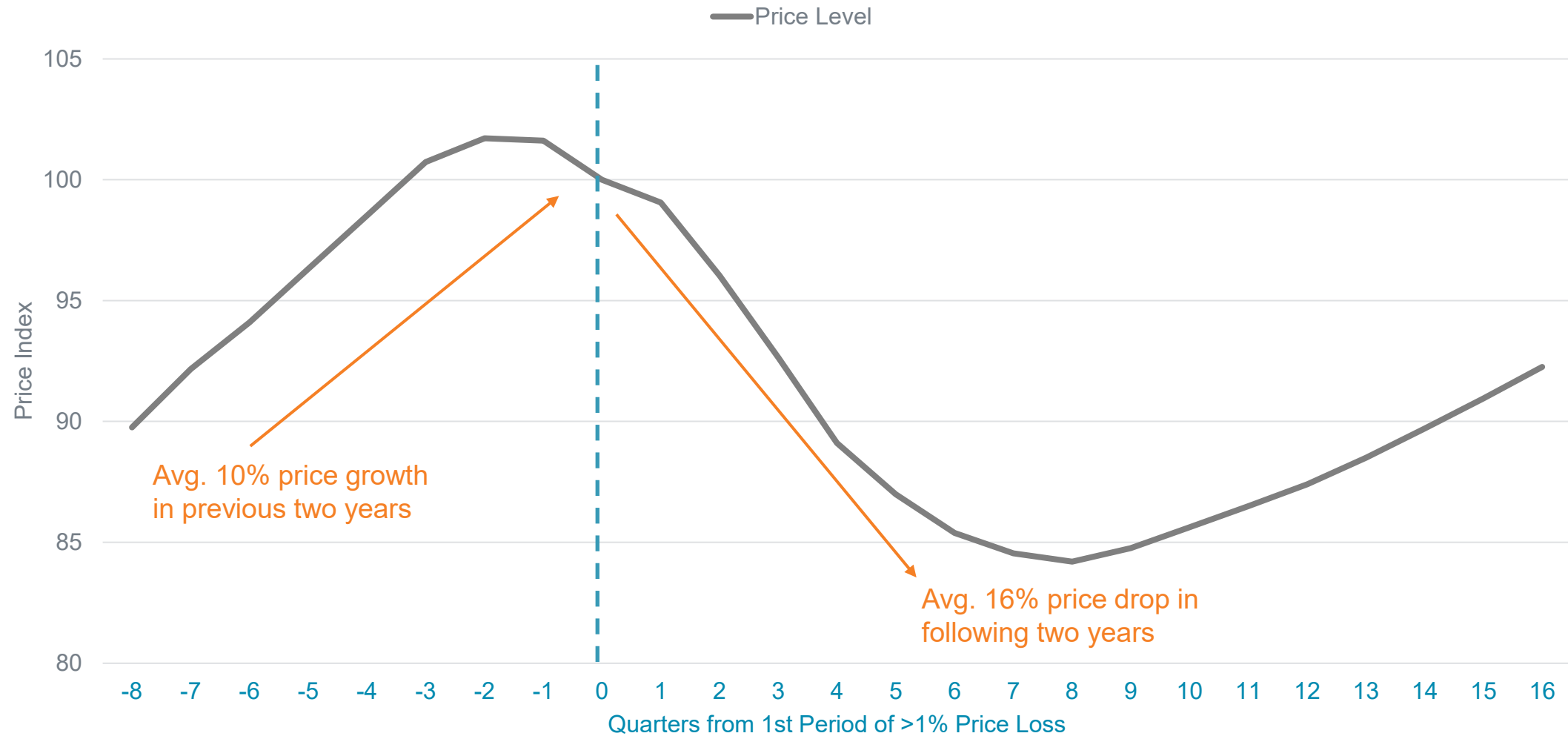
Sources: S&P; NCREIF; Hines Research; as of April 2023. The S&P 500 Index is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S. The S&P U.S. Aggregate Bond Index is designed to measure the performance of publicly issued U.S. dollar denominated investment-grade debt. The NCREIF Property Index (NPI) is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment.

CRE Pricing Is Down Across The Board



Sources: S&P, NCREIF; Hines Research; as of 22Q4

Lessons From The Past: Asset Pricing From The Onset of a Downturn

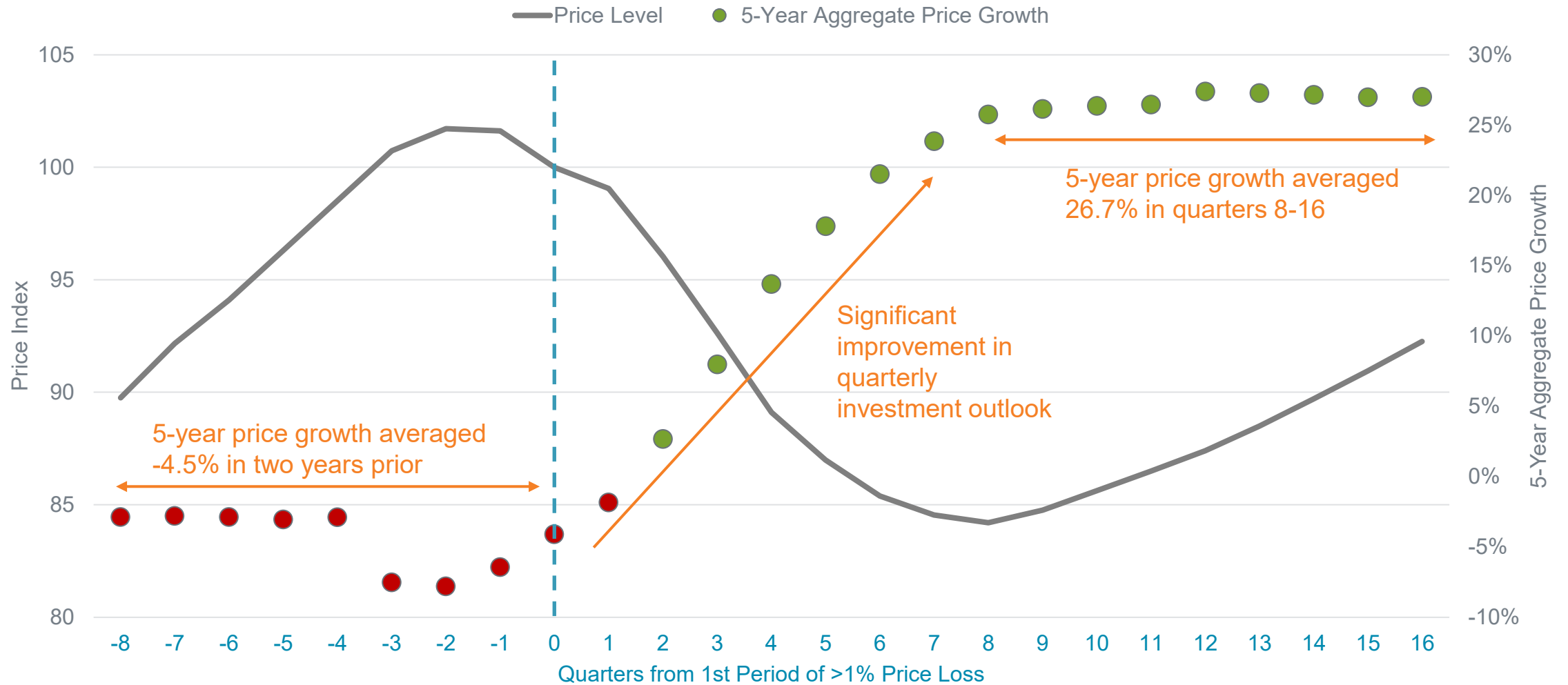


Sources: NCREIF; CoStar; Hines Research; as of 22Q4. Price Level line represents the average price-change trend over the previous three cycles with the zero point representing the first quarter in which NCREIF recognized a 1% quarter-over-quarter pricing decline.

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The Best Time to Deploy Capital is Rapidly Approaching



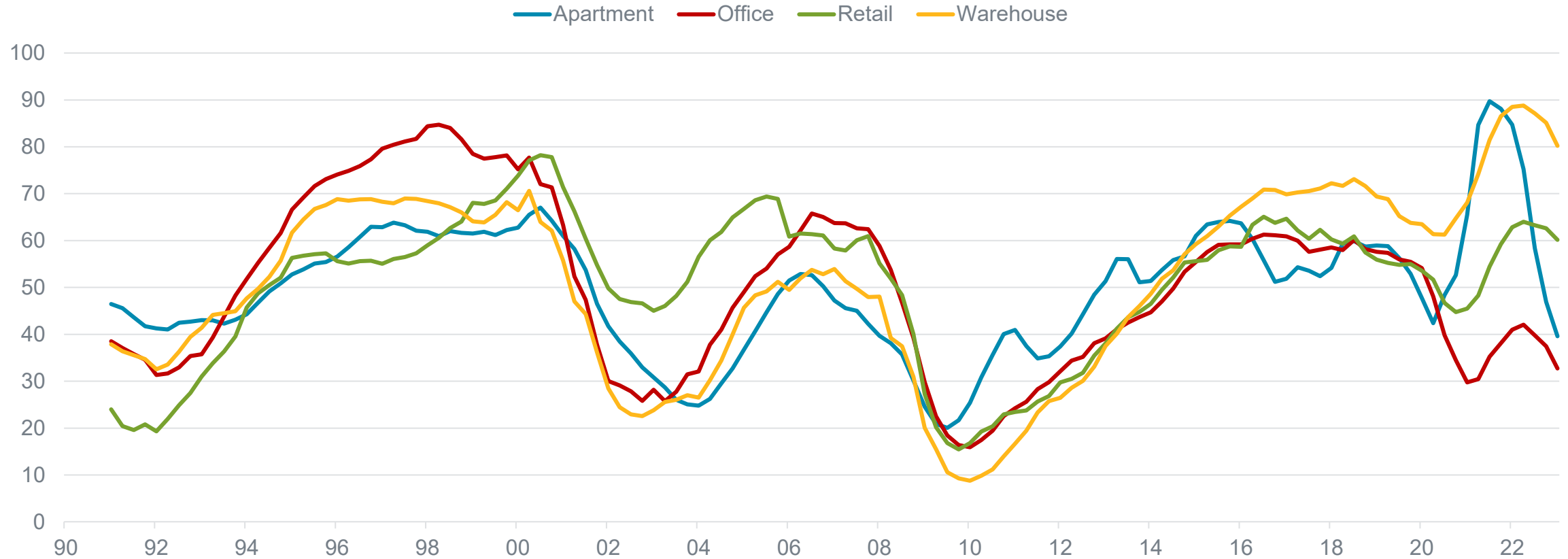
Sources: NCREIF; CoStar; Hines Research; as of 22Q4. Price Level line represents the average price-change trend over the previous three cycles with the zero point representing the first quarter in which NCREIF recognized a 1% quarter-over-quarter pricing decline.

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Apartment Fundamentals Falling Fastest

US Leasing Environment Health Score

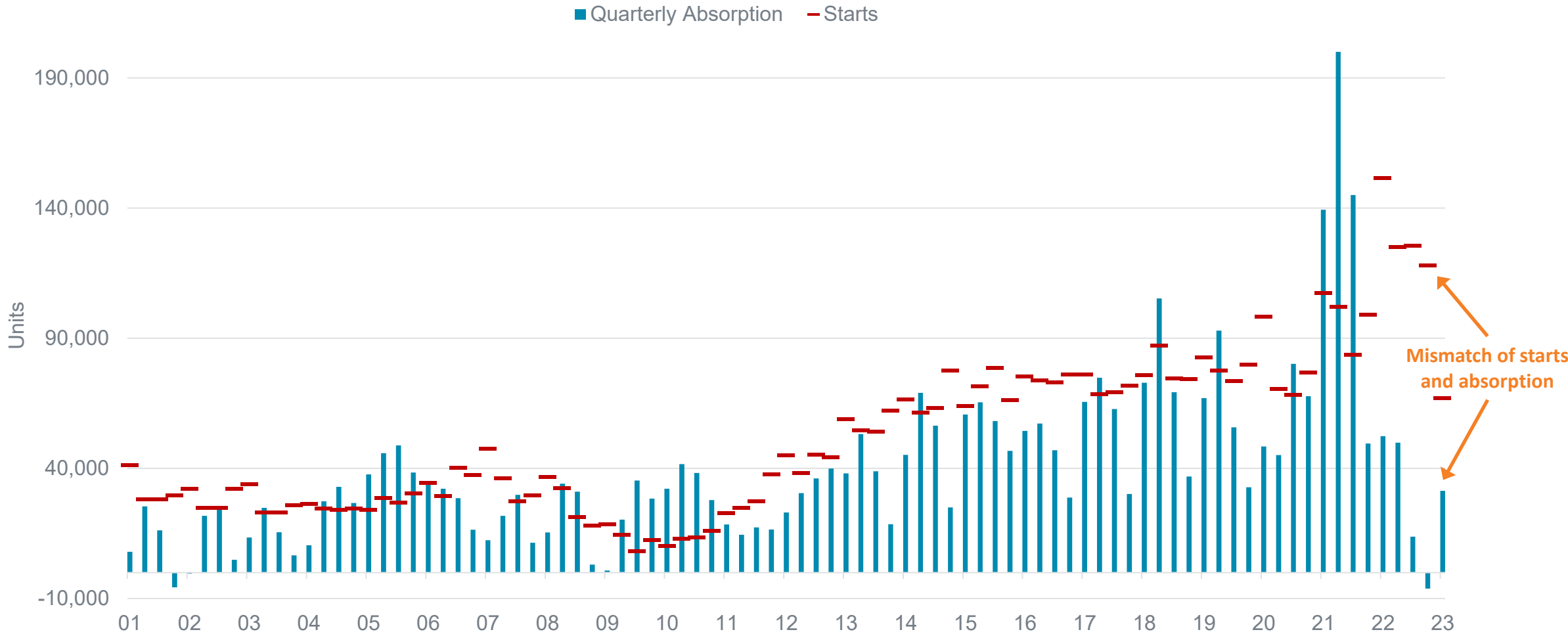


Sources: CoStar; Hines Research; As of 23Q1; The Leasing Environment Health Score combines vacancy, trailing annual rent growth and trailing annual demand growth into a composite score that measures fundamentals health relative the prior environments in the market history.

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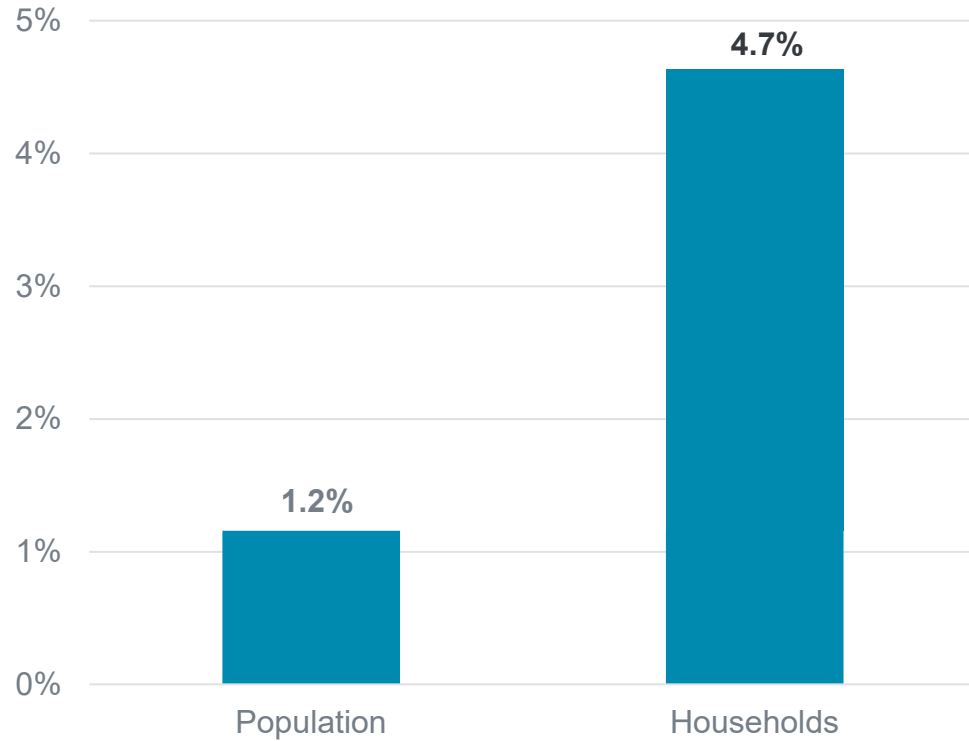
Historic Mismatch Between US Apartment Starts and Absorption



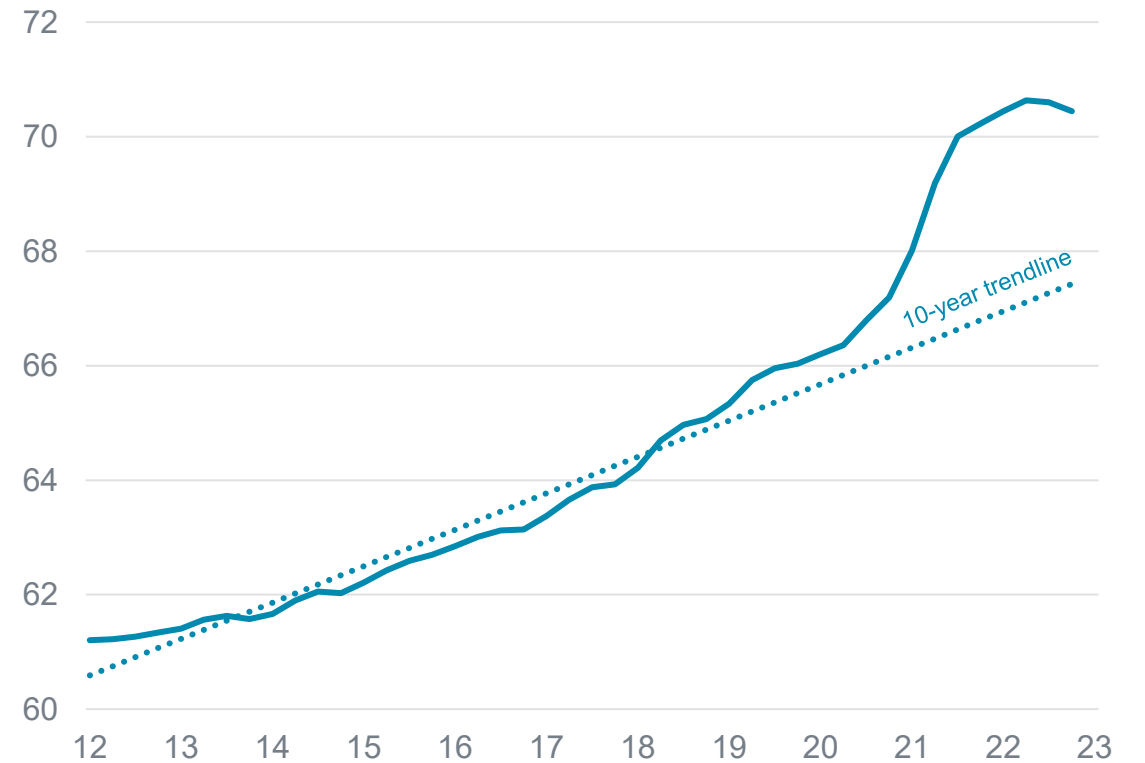
Sources: CoStar; Hines Research; As of 2023Q1.

Apartment Demand is Resetting

2020-21 Demographic Growth, US Metros



Institutional Apartment Demand per 1,000 Residents



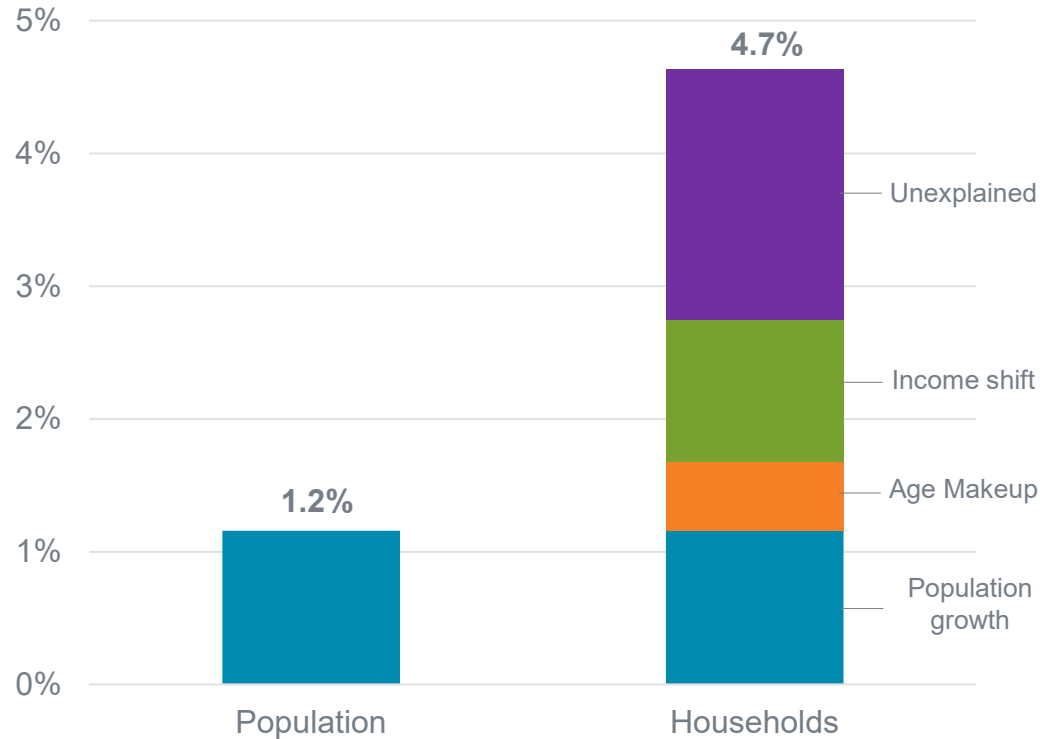
Sources: American Community Survey; CoStar; Hines Research; as of 2023 Q1.

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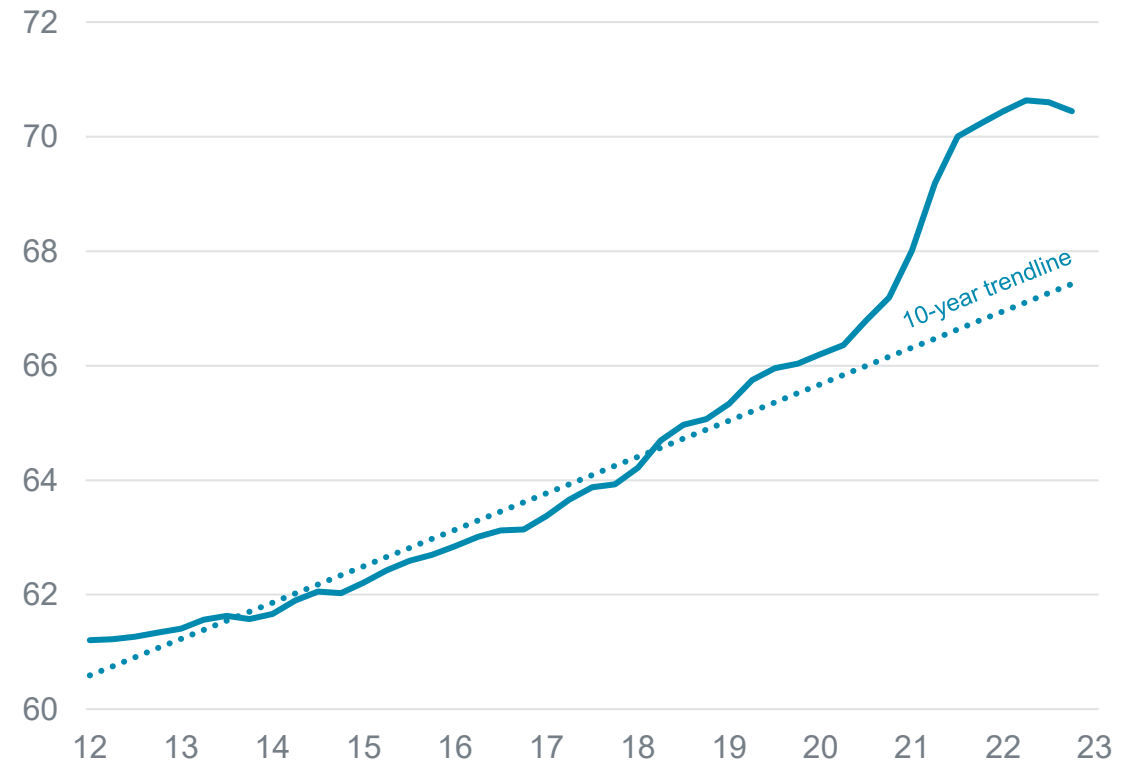
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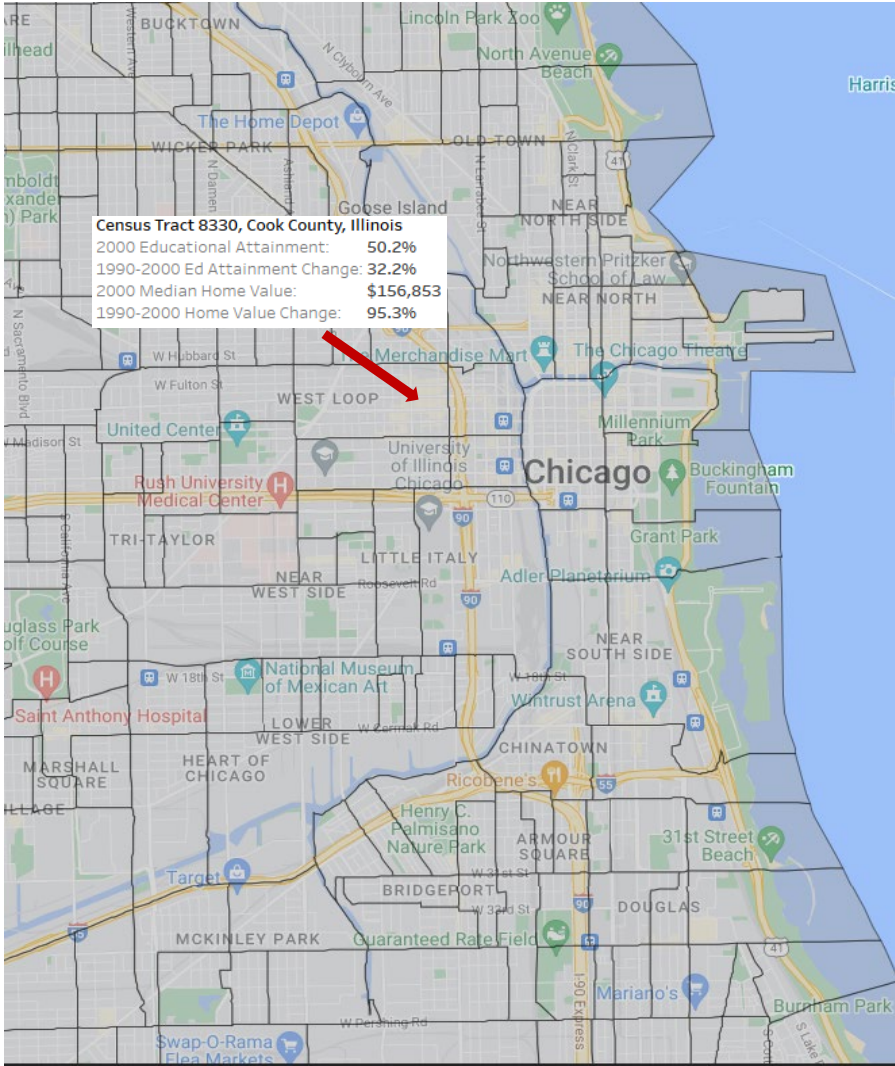


Sources: American Community Survey; CoStar; Hines Research; as of 2023 Q1.

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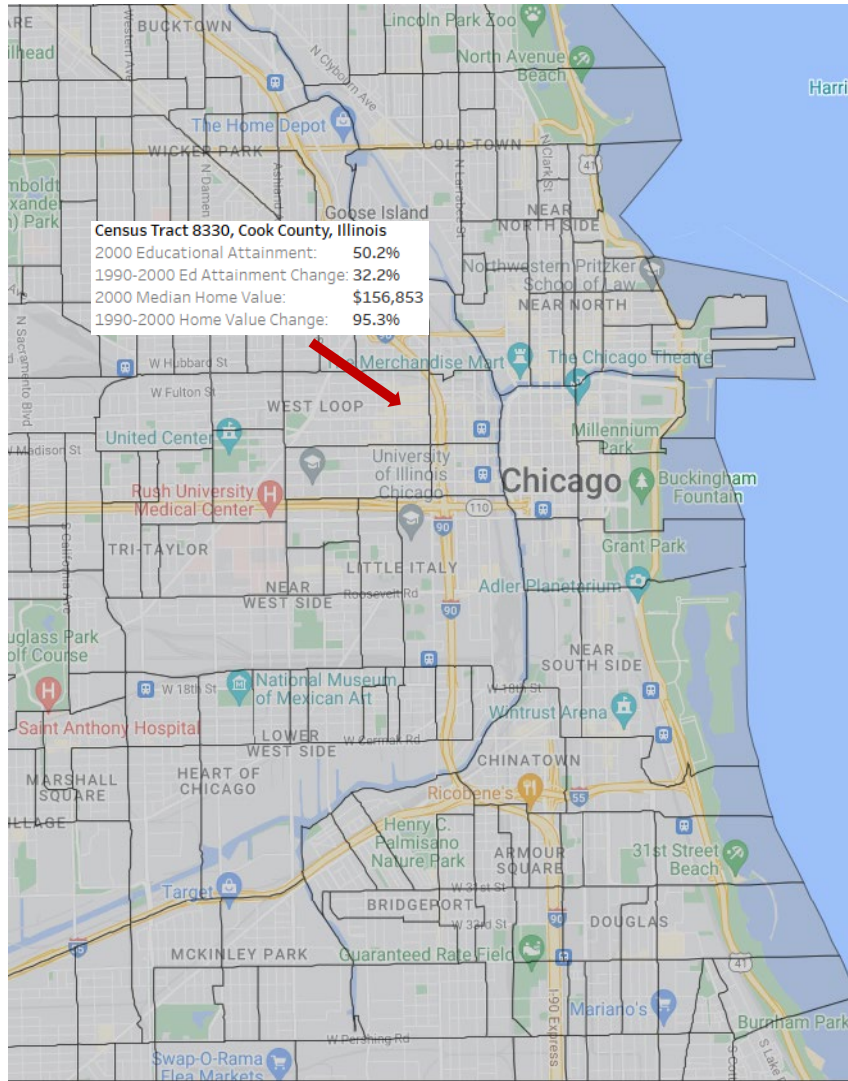
Socioeconomic Transition Creating Urban Opportunities



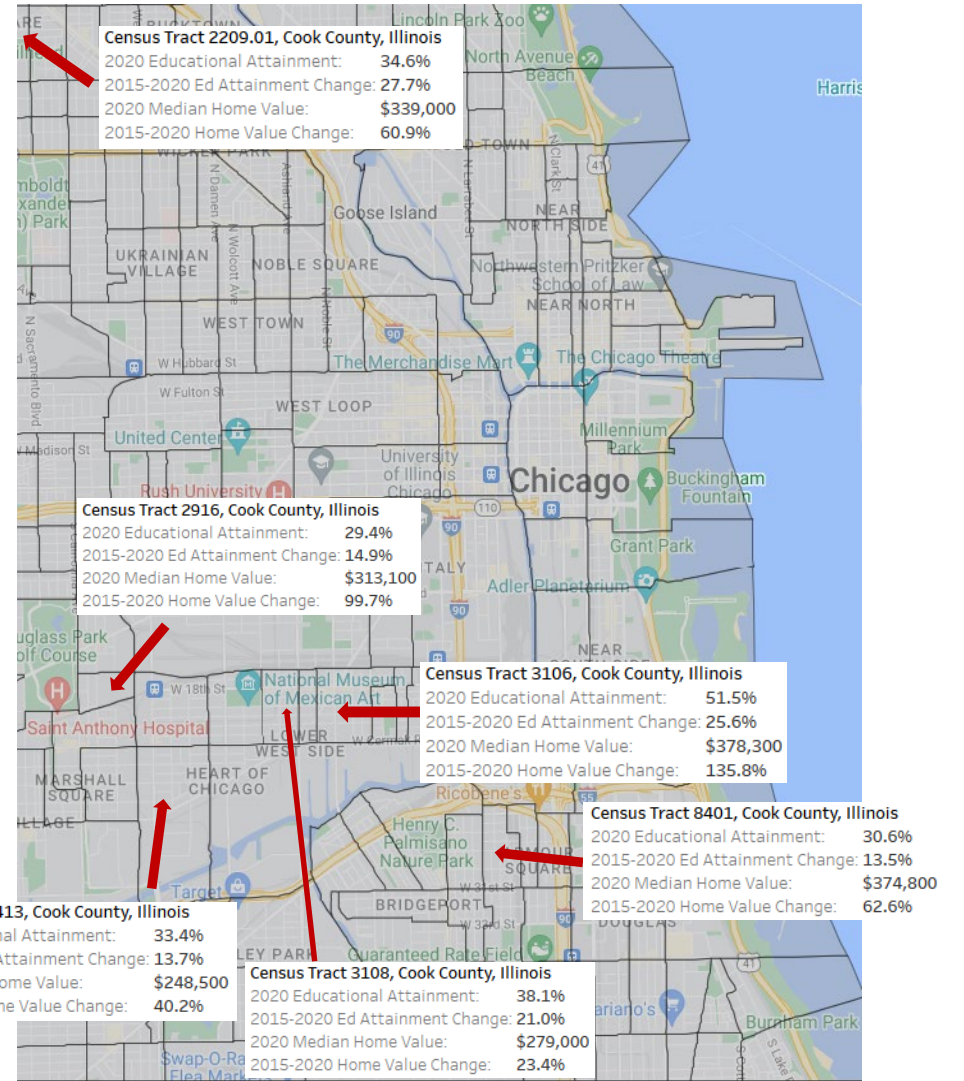
Sources: Census Bureau; American Community Survey; Hines Research; as of Apr 2022.

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Socioeconomic Transition Creating Urban Opportunities



← Dec. 2000



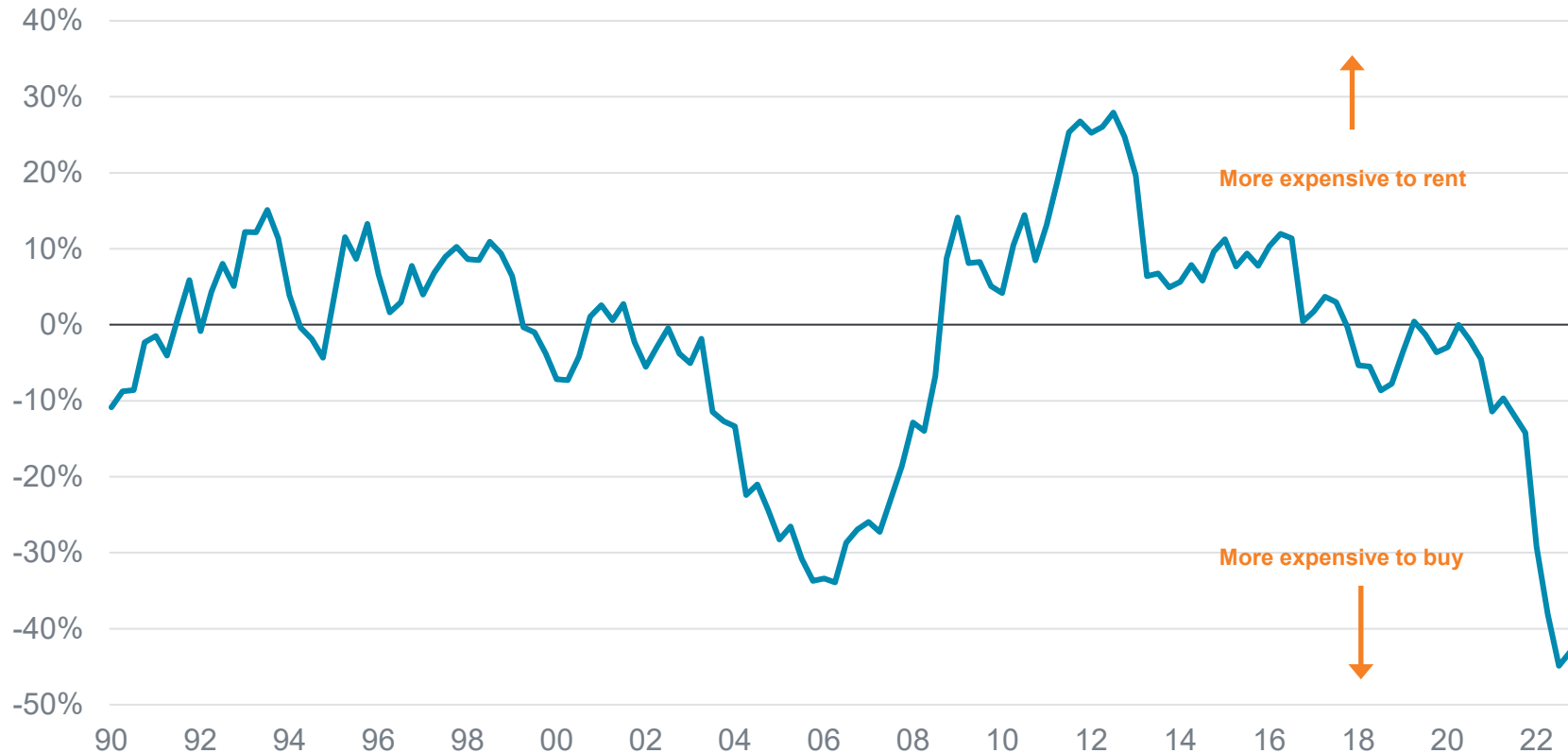
Dec. 2021 →

Sources: Census Bureau; American Community Survey; Hines Research; as of Apr 2022.

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US Market Fundamentals - Apartment | Renting Wins

Household Buy Vs. Rent Cash Flow Differential



- Household economics strongly favor renting versus buying
- Home prices would need to fall 37% OR mortgage rates fall 530 bps OR apartment rents would need to increase 58% to revert to long-term equilibrium

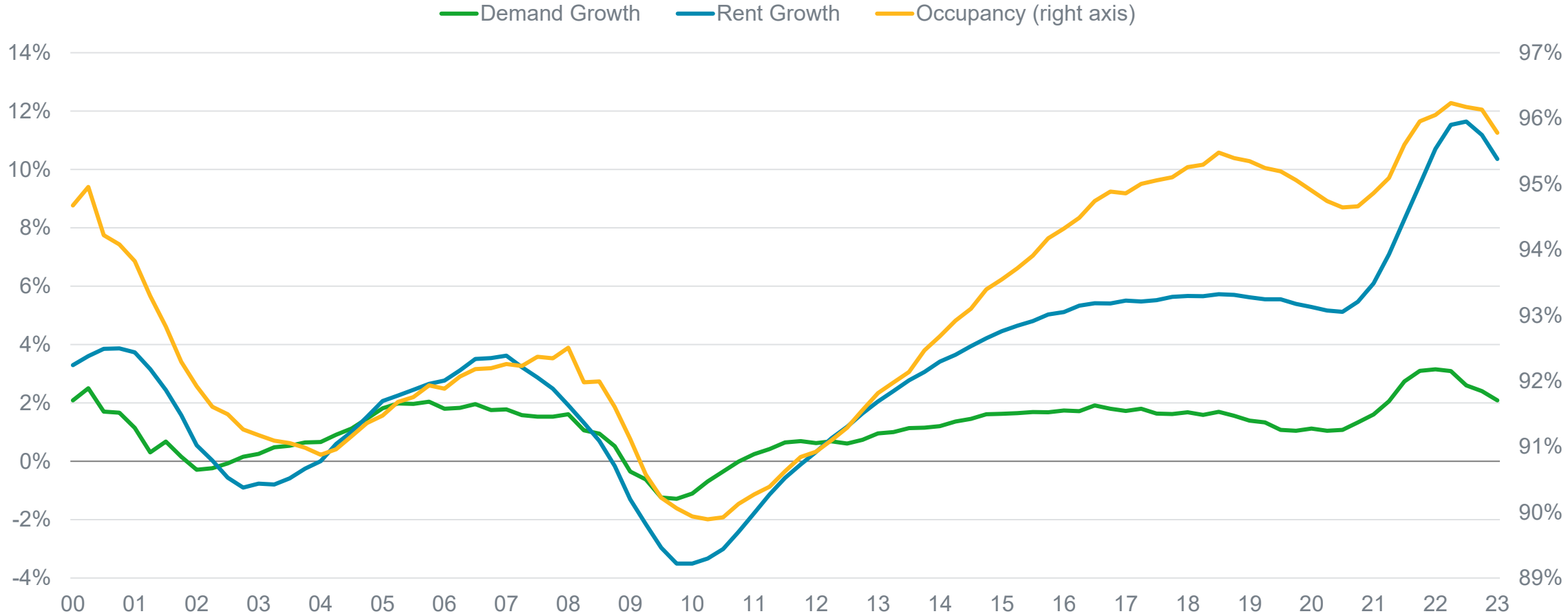
Sources: CoStar; Census Bureau; Zillow; Hines Research; as of Mar 2023. Buy vs. Rent Cash Flow Differential compares out-of-pocket costs of homeownership and renting relative to historic averages. The metric assumes 80% of home purchased financed at the prevailing avg. 30-year fixed-rate mortgage rate, 1.15% property tax rate, 0.42% property insurance rate, and 0.41% capex expenses.

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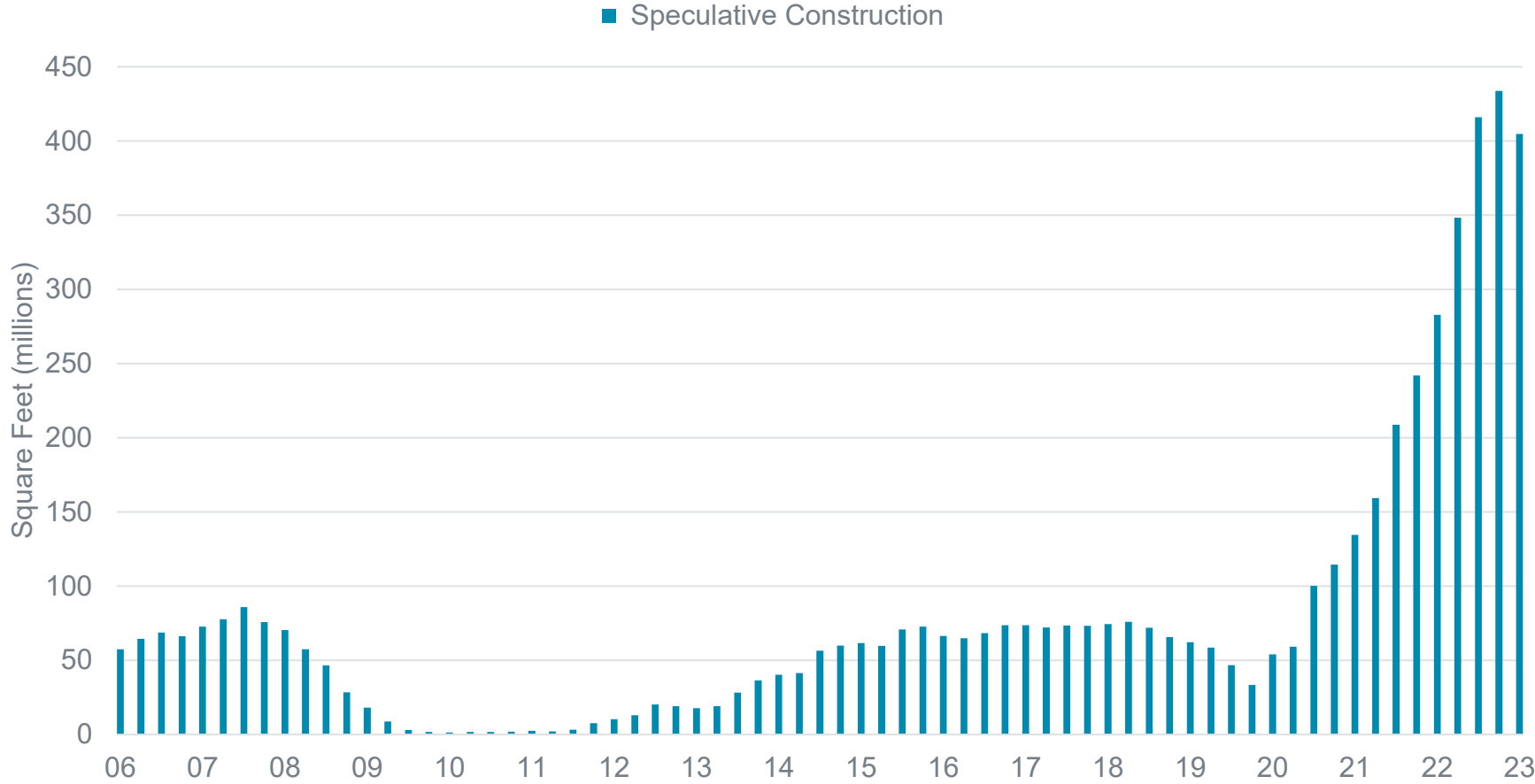
Warehouse Fundamentals Remain Strong – How Much Longer can it Last?

US Warehouse Fundamentals



Sources: CoStar; Hines Research; as of Q1 2023.

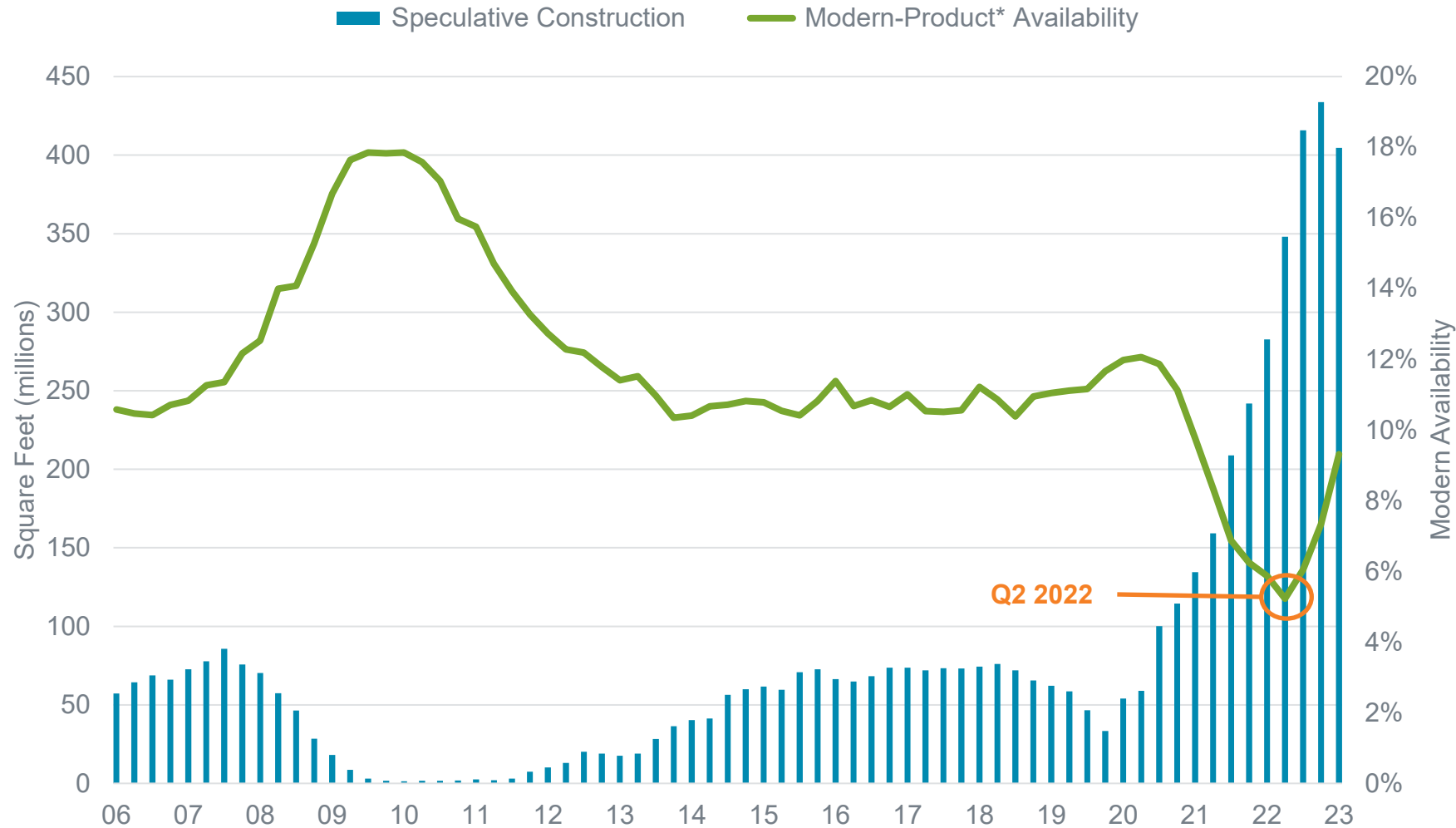
Speculative Development at Unprecedented Level



- The volume of spec construction underway is several multiples above the previous peak
- To some degree, this investment is justified by unprecedented demand – but how do we know when it is too much?

Sources: CoStar; Hines Research; as of Q1 2023.

More Space is Delivering Uncommitted

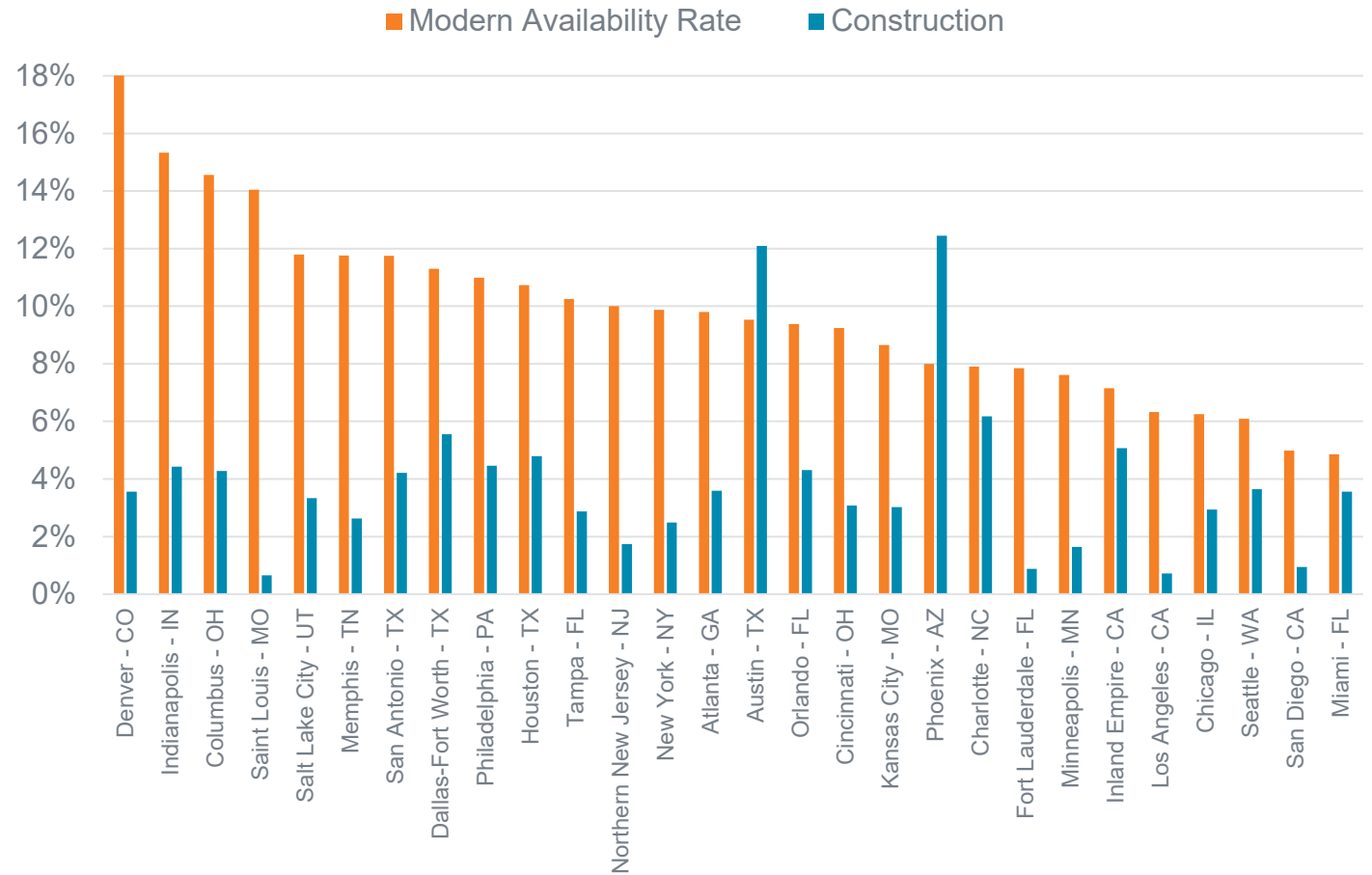
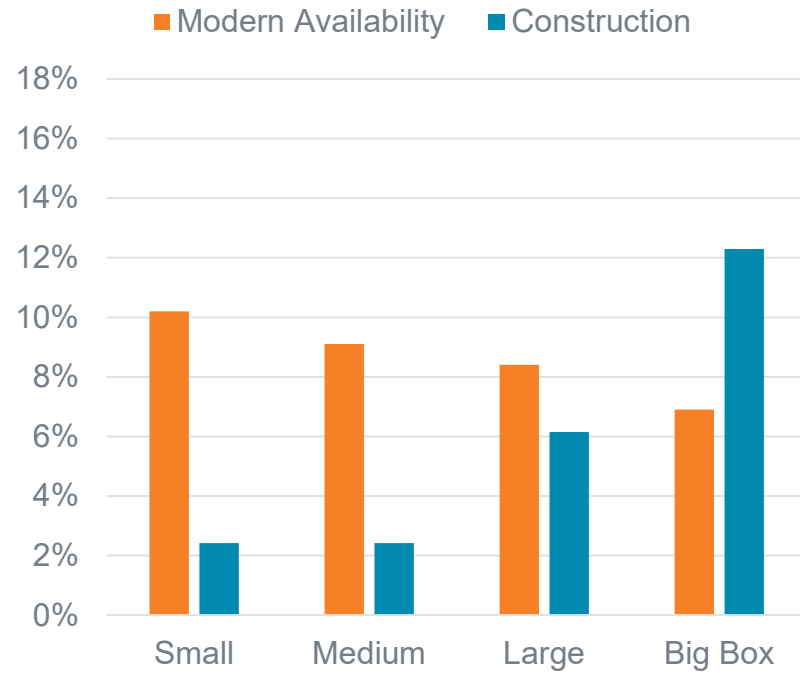


- We are monitoring how much space is ultimately delivered uncommitted
- The modern availability rate remains below long-term average but is rising
- The degree of supply concern varies by market and size range

Sources: CoStar; Hines Research; as of Q1 2023; *Modern product defined as existing properties less than 10 years old.

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Availability Varies by Size and Market

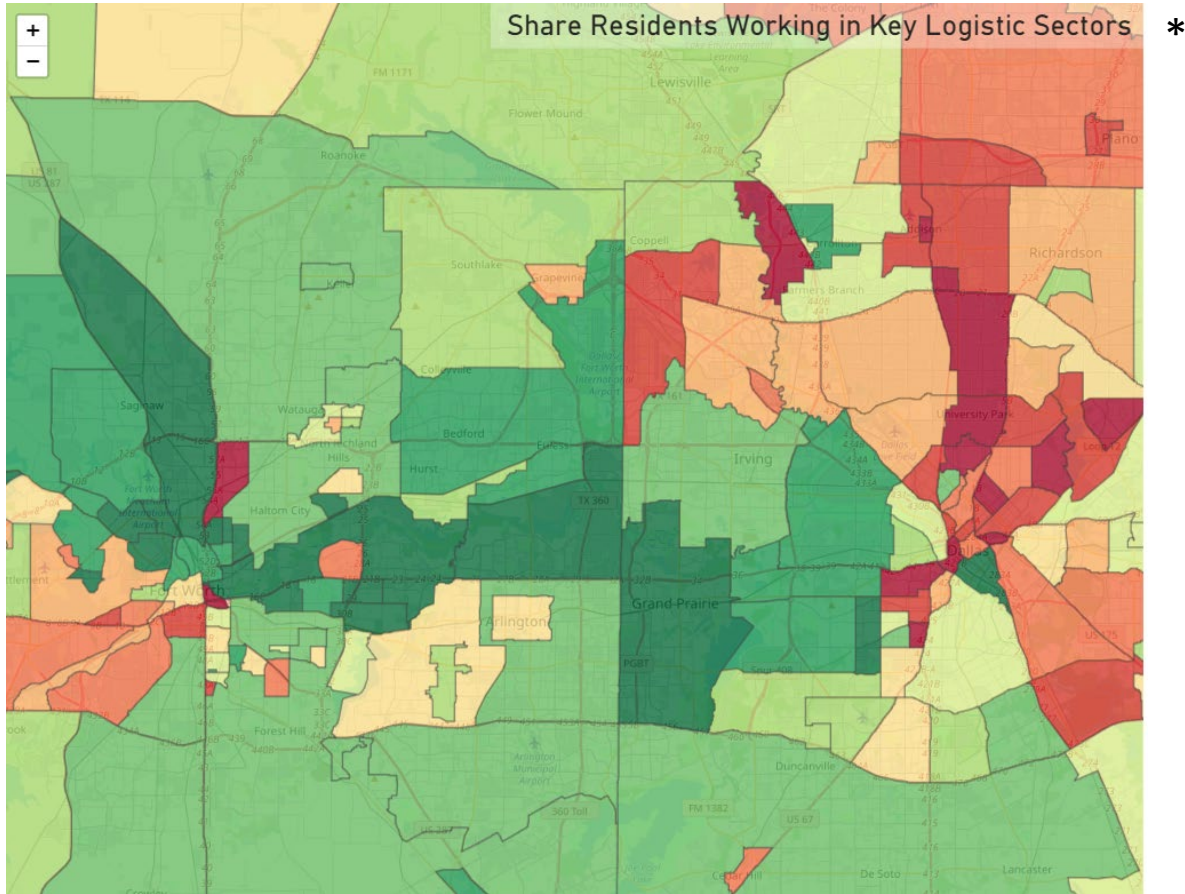


Sources: CoStar; Hines Research; as of Q1 2023; *Modern product defined as existing properties less than 10 years old, "Small" defined as buildings 100-250k SF, "Medium" as buildings 250-500k SF, "Large" as buildings 500k-1m SF, "Big Box" as buildings >1m SF.

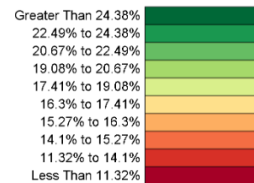
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Access To Labor, Consumer, Has Defined Strategic Value For Warehouses

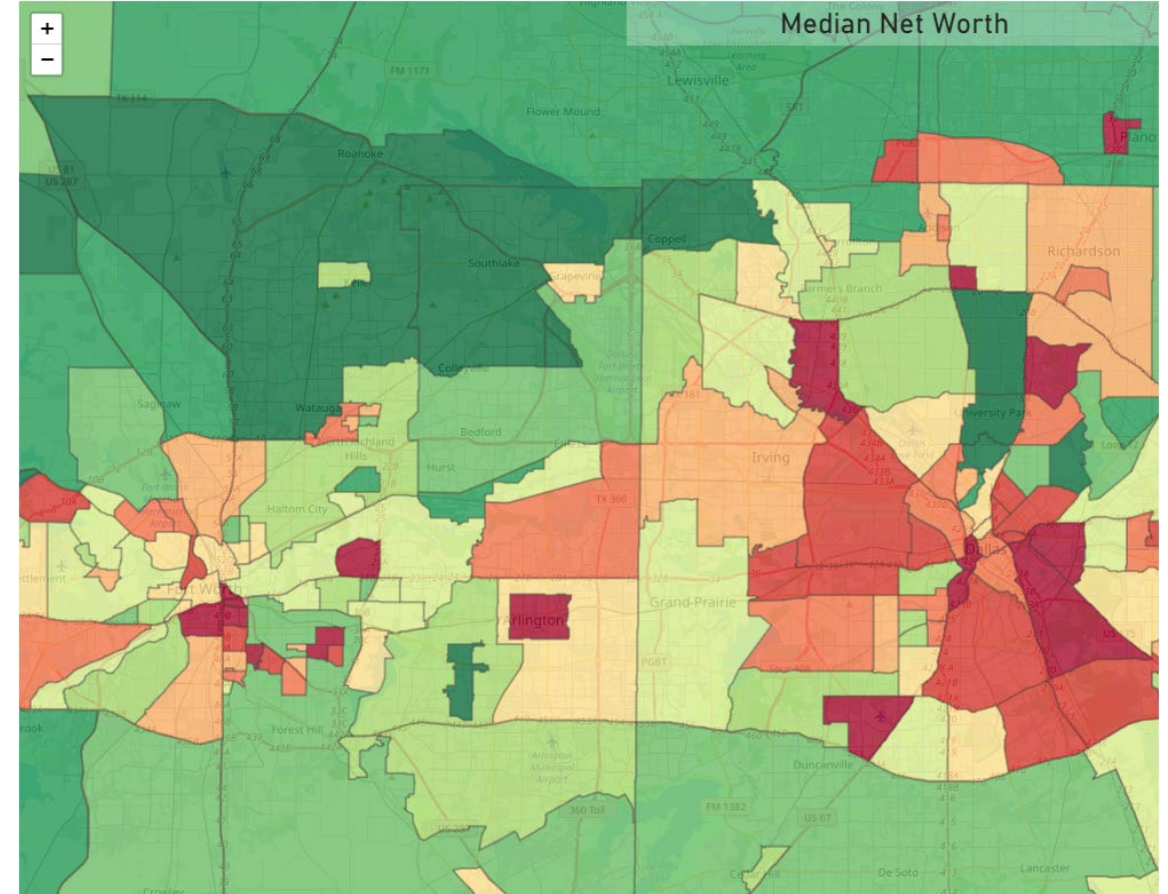


Access to Labor

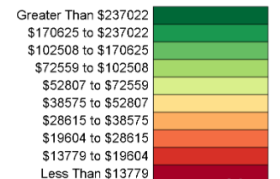


Sources: ESRI; Hines Research; as of 2022Q2
 *Manufacturing, wholesale trade, transportation, and warehousing.

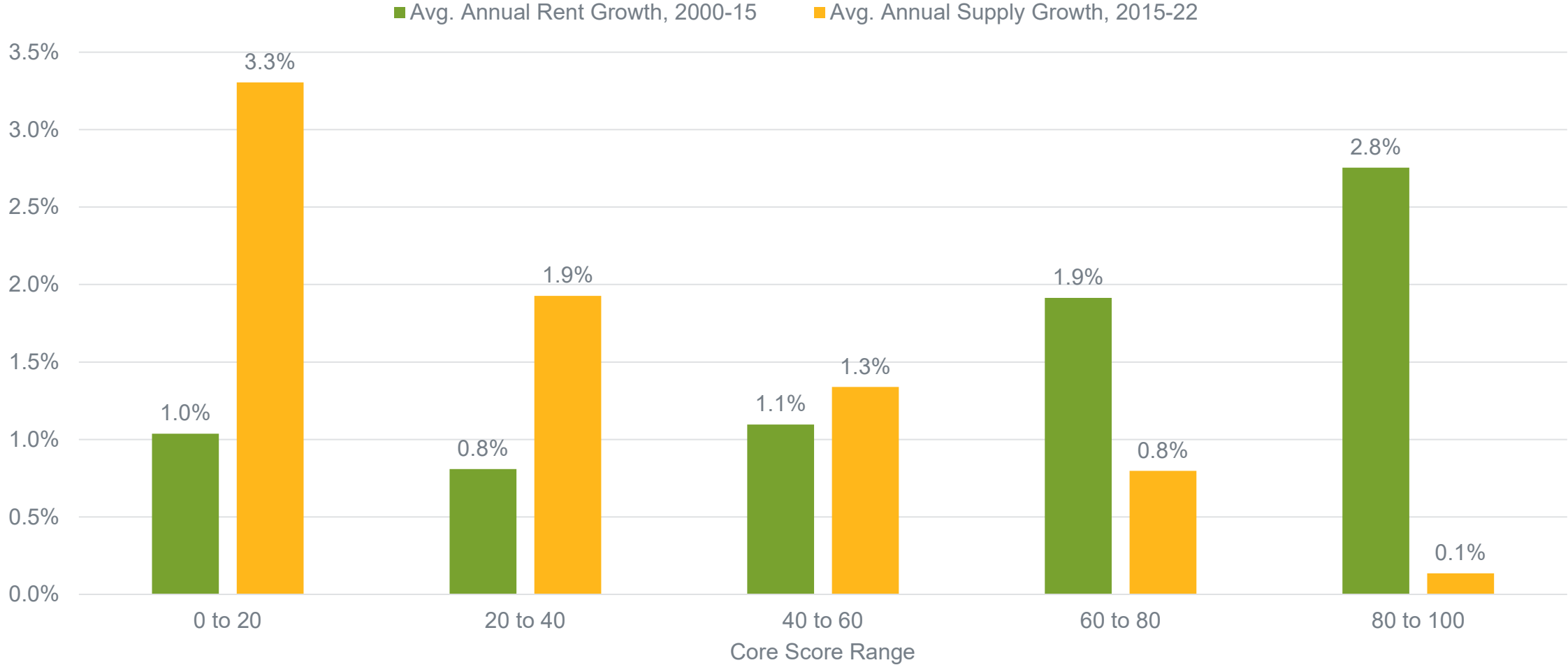
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Access to Consumer



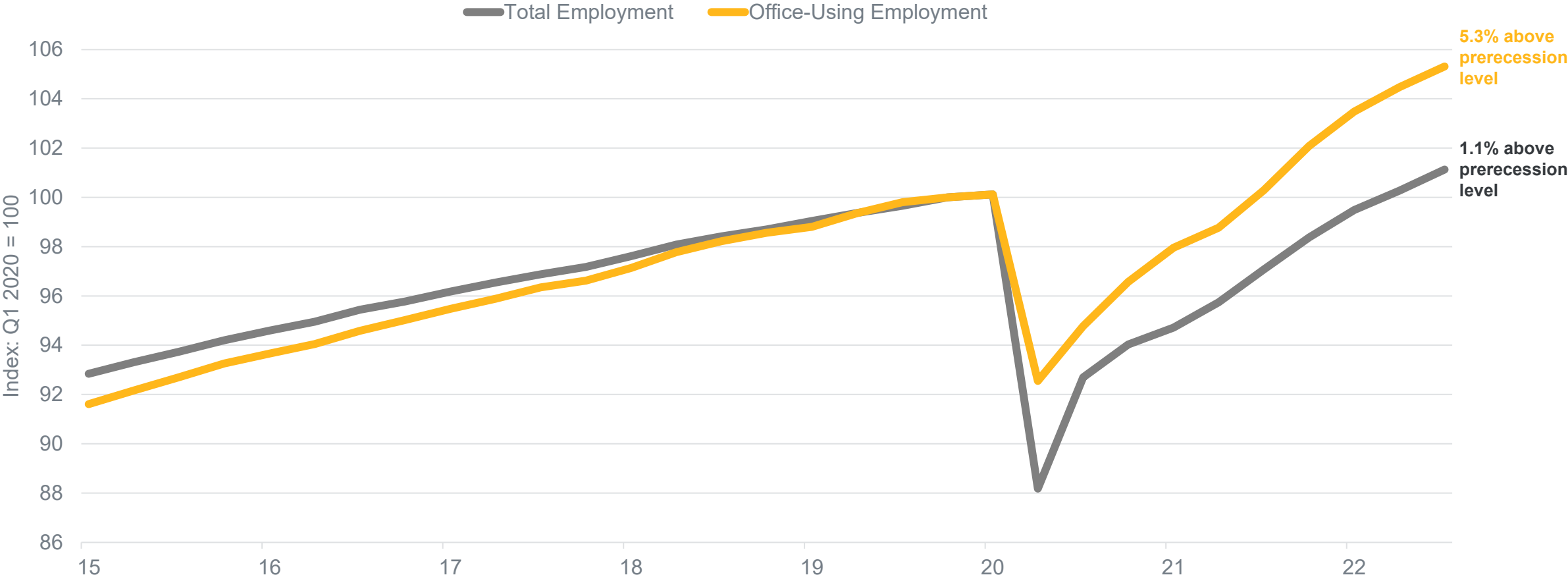
Performing through the Cycle Means Investing in Strategic Locations



Sources: CoStar; NCREIF; Hines Research; as of Q1 2023. Core Score is a proprietary metric that combines various fundamentals, capital markets, demographics indicators to rate a submarket's potential to generate superior long-term total returns.

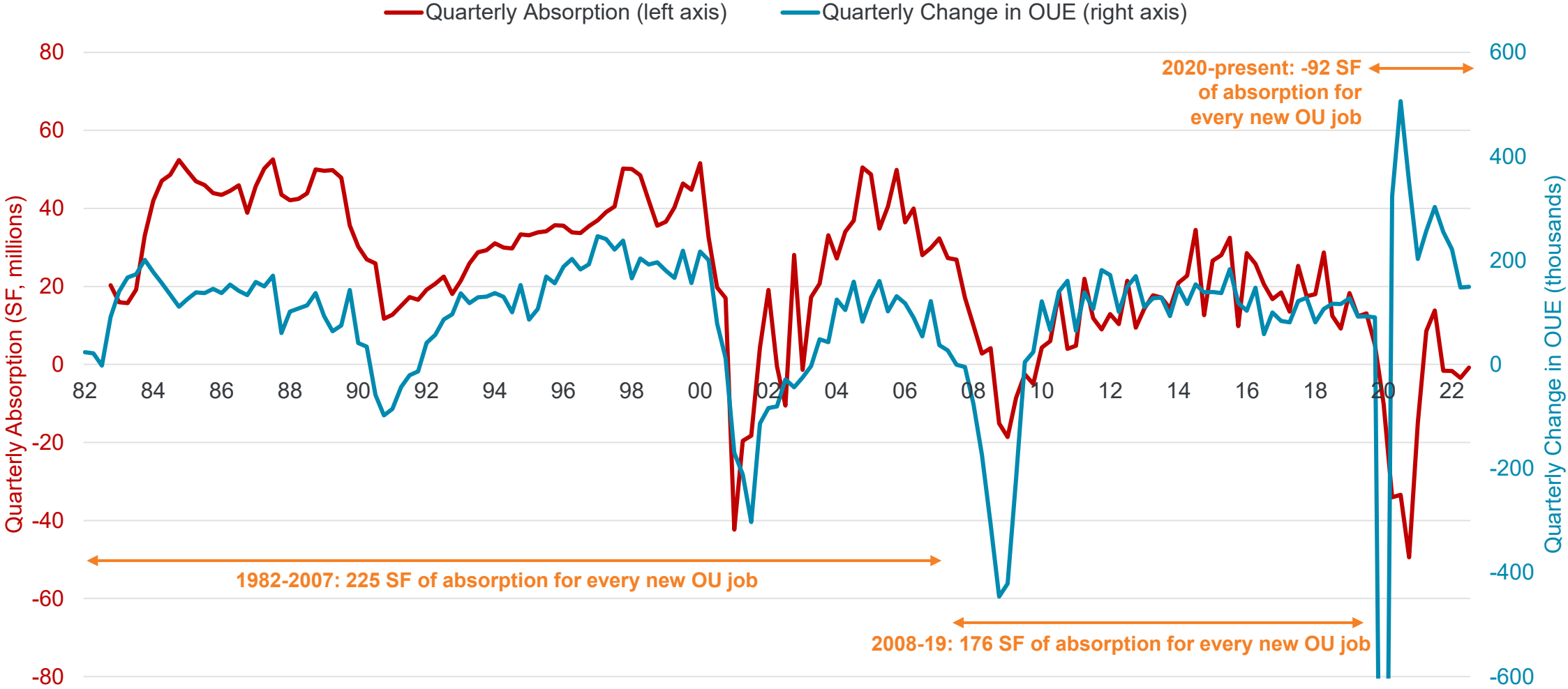
Office Employment is Up, but What Defines Office Employment?

US Employment



Sources: BLS; Moody's; Hines Research; As of 2022Q4.

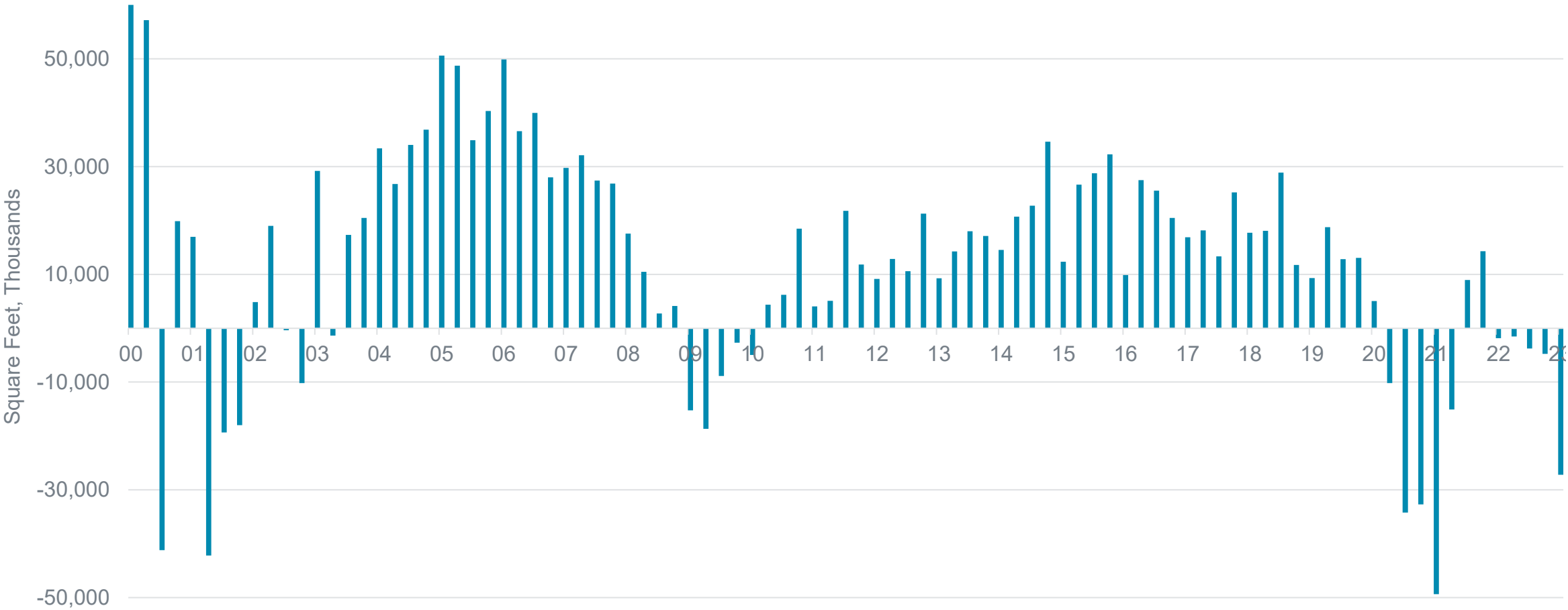
Office Usage has been Getting More Efficient for Years



Sources: BLS; Moody's; CoStar; Hines Research; As of Dec 2022; *OUE stands for Office-using Employment.

Office Markets Entering Double-Dip Recession

US Quarterly Office Absorption

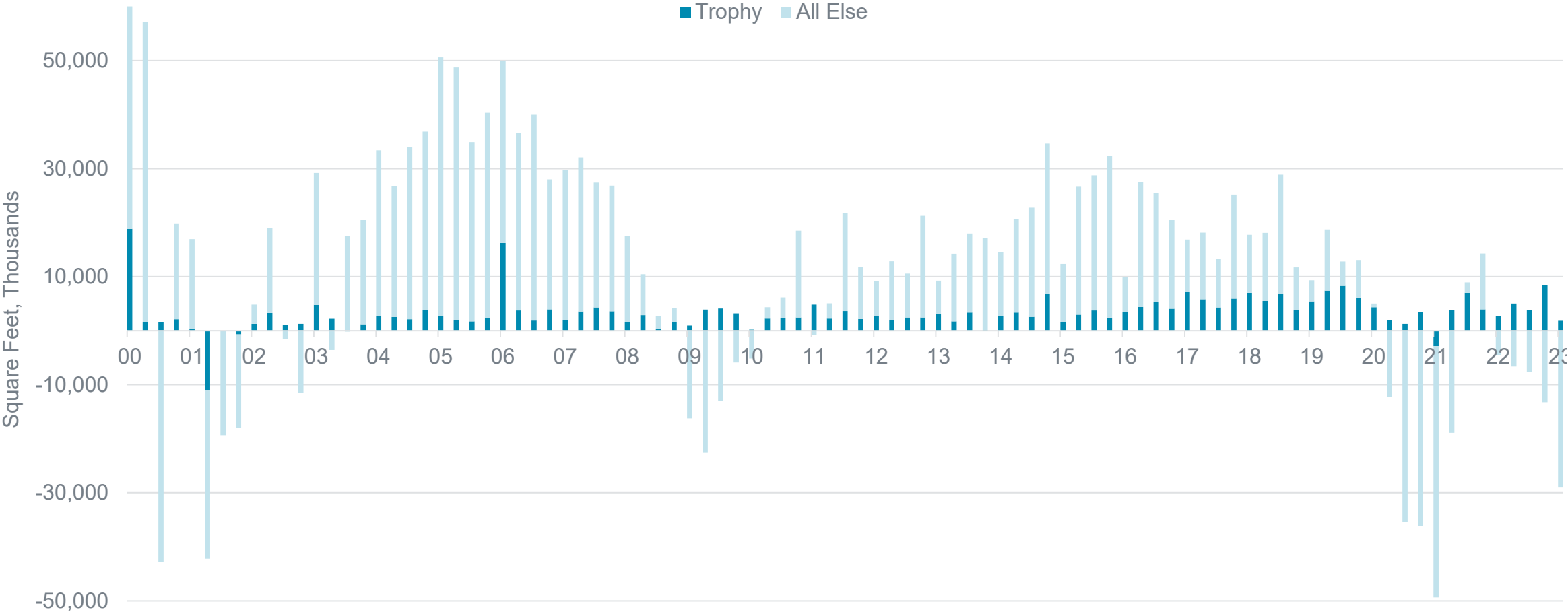


Sources: CoStar; Hines Research; as of Q1 2023.

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But Trophy Office Continues to Attract Demand

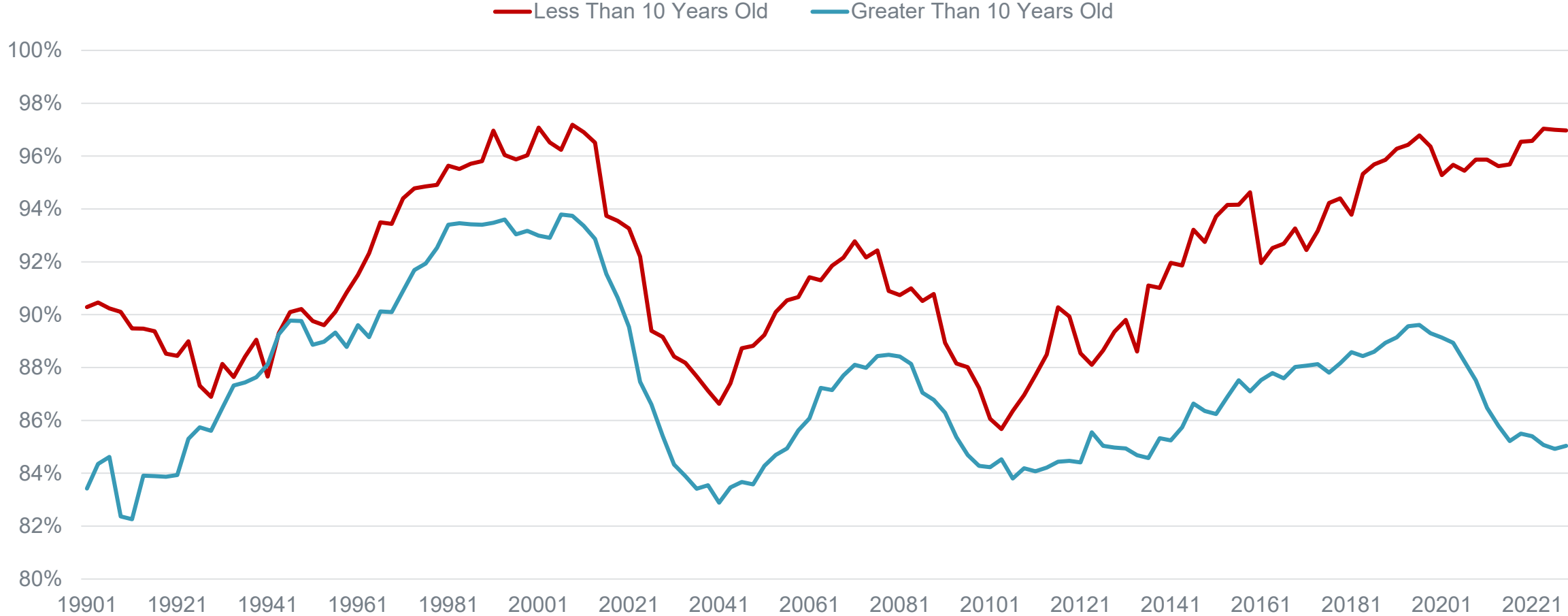
US Quarterly Office Absorption



Sources: CoStar; Hines Research; as of Q1 2023. Trophy office is 5-star office properties in CoStar's proprietary building quality rating framework.

Occupancies in New Buildings Near Record High

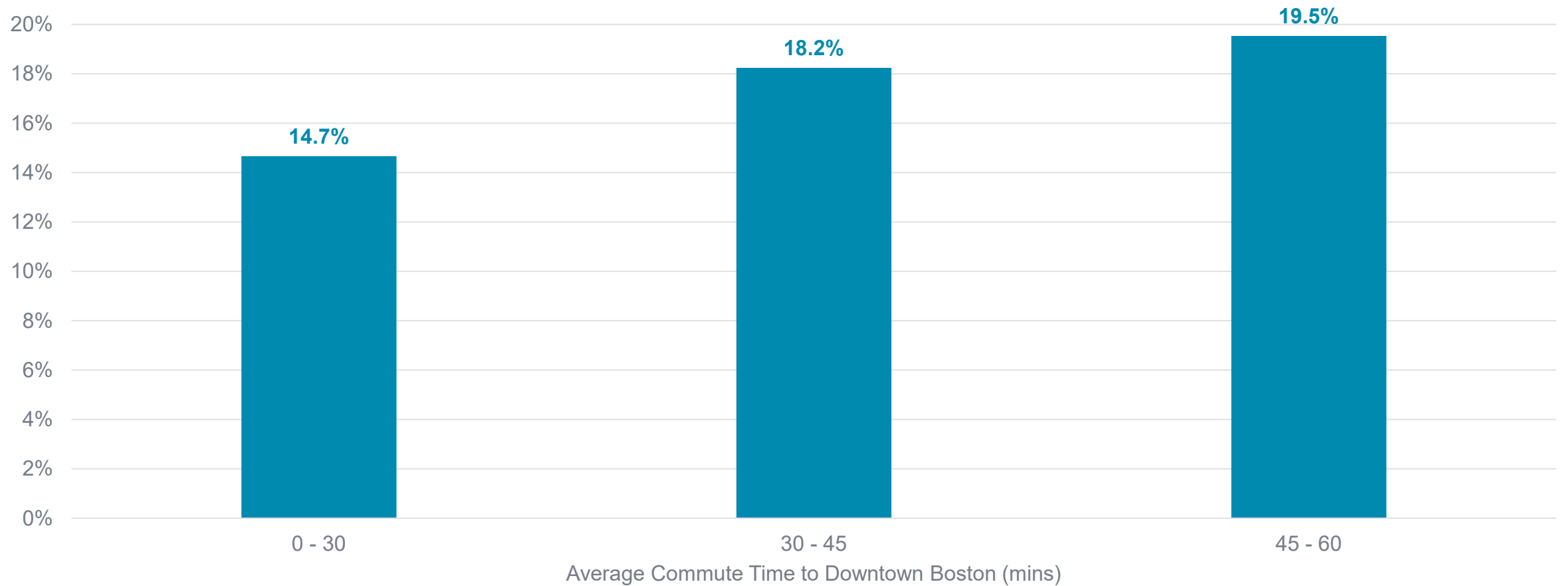
Office Occupancies By Building Age



Sources: NCREIF; Hines Research; as of 2022Q4.

Length of Commute Appears Correlated to Work From Home

Percent of People Working From Home by Commuting Distance



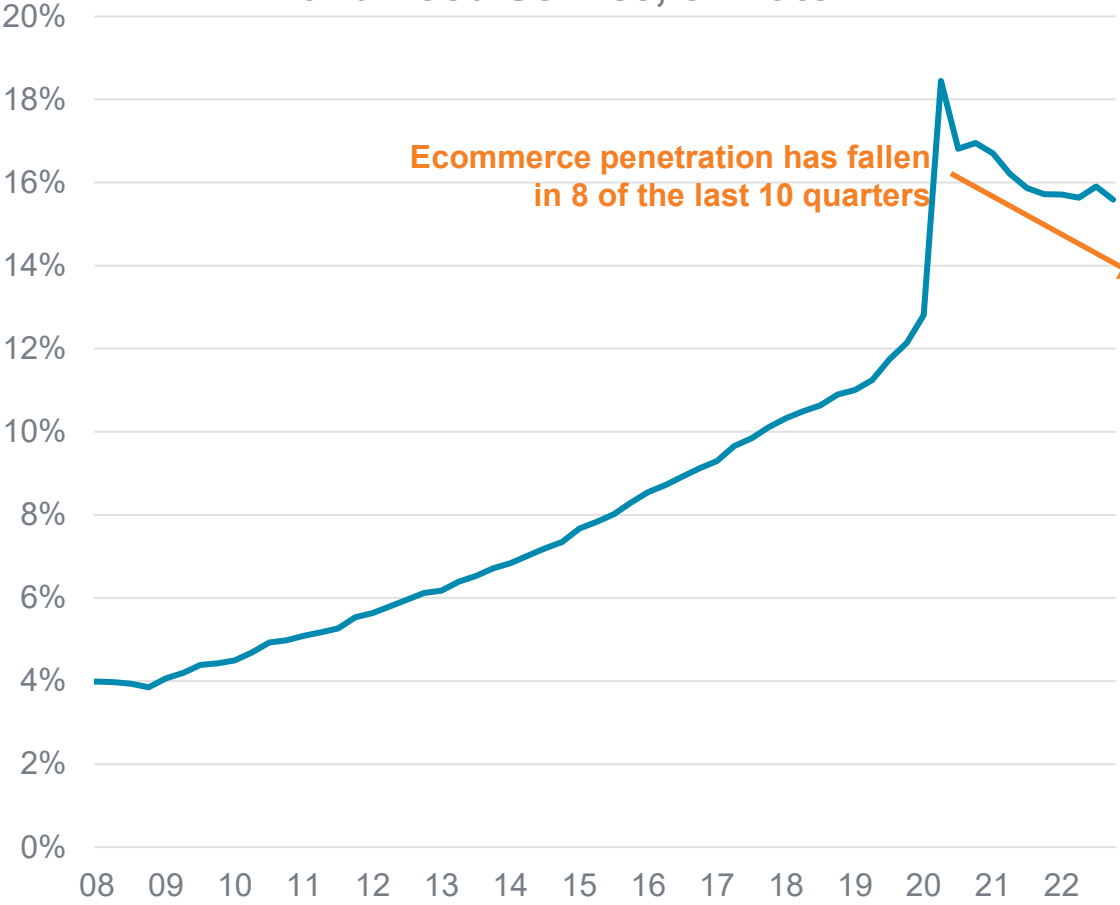
Sources: Replica; Hines Research; as of 2022.

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Spending Patterns have Favored Brick & Mortar Growth

Ecommerce Share of Retail Sales and Food Service, ex Auto



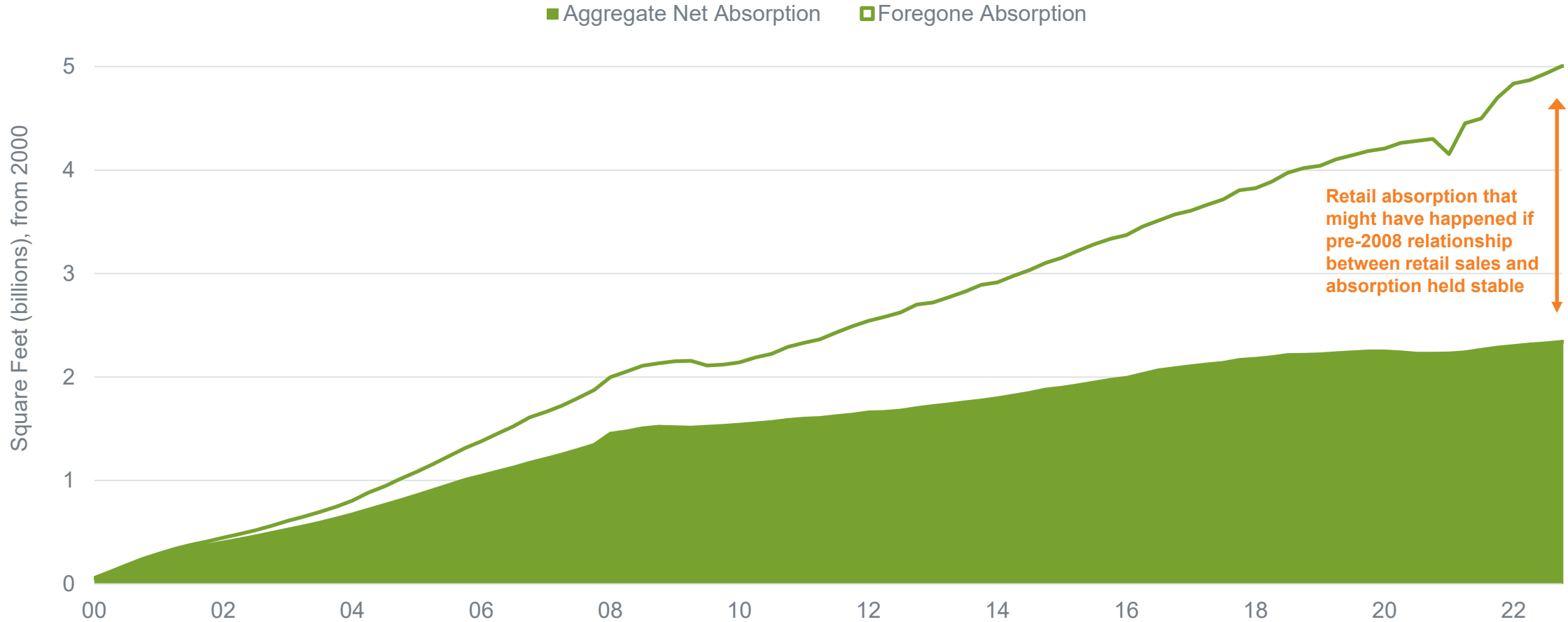
Retail Sales and Food Service Spending, ex Ecommerce, per Occupied Retail SF



Sources: Census Bureau; Hines Research; as of 4Q 2022.

Retail Absorption

Aggregate Net Change In Retail Demand



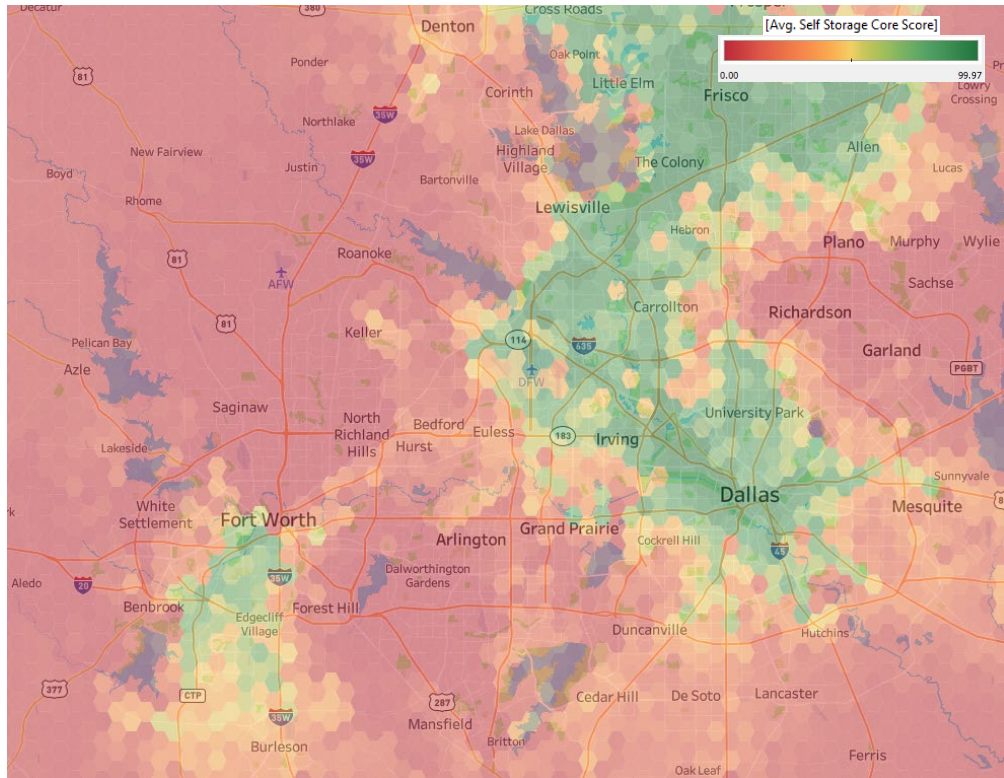
Sources: Census Bureau; CoStar; Hines Research; As of Mar 2023.

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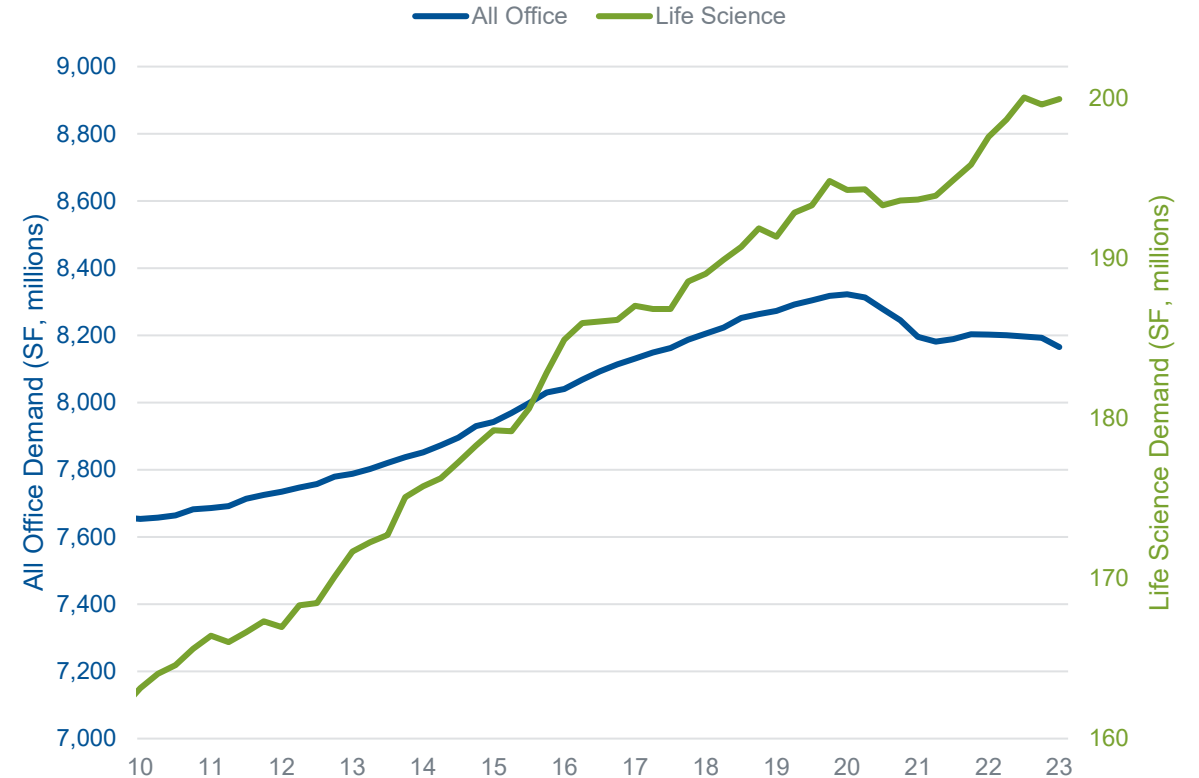
Alternative Sectors Should Provide Potential for Diversification and Growth

Self Storage



Self-storage investment opportunity arising in areas where population growth is exceeding supply

Life Science



Life science represents an area of growth in the otherwise stagnant office markets

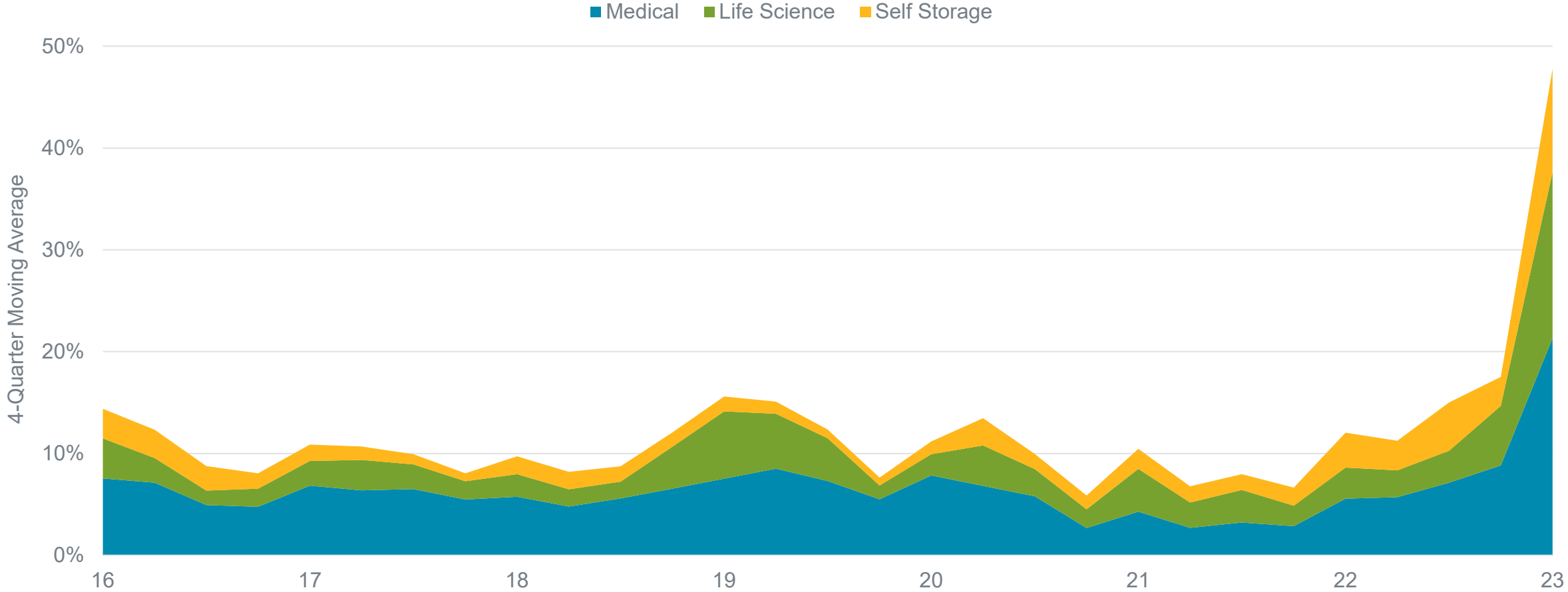
Sources: Census Bureau; ESRI; CoStar; Hines Research; as of 1Q 2023; Self-storage core score is a proprietary metric based on the level of self-storage saturation, population growth, self-storage stock growth, and self-storage construction pipeline with a 15-minute drive time; Life Science demand defined as occupied SF in office buildings with a "Bio-Tech/Lab Space" amenity per CoStar.

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Investment Tailwinds are Driving Alternative Sectors

Share of Total US CRE Investment Volume



Sources: CoStar; Hines Research; as of Apr 2023.

General Risk Considerations

Alternative investments involve a high degree of risk. Your clients should purchase these securities only if they can afford the complete loss of their investment. Risks will vary by investment, but in general risks include, but are not limited to:

- There is not a public market for shares of alternative investments so it will be difficult for your client to sell their shares and, if they are able to sell their shares, they will likely sell them at a substantial discount;
- These offerings may be conducted on a “best efforts” basis and as such, there is a risk that the program will not be able to accomplish its business objectives if substantial funds are not raised in the offering;
- The availability and timing of distributions is uncertain and cannot be assured;
- Alternative investments may offer share redemption programs; however, there are significant restrictions and limitations on your client’s ability to have all or any portion of their shares redeemed under such programs; if redemptions occur, they may be at a price that is less than the price your clients paid for the shares and/or the then-current market value of the shares;
- Distributions may be paid from sources such as proceeds from debt financings, proceeds from the offering, cash advances by the advisor, cash resulting from a waiver or deferral of fees and/or proceeds from the sale of assets; distributions may exceed earnings; if distributions are paid from sources other than cash flow from operations, there will be less funds available for investment, and your client’s overall return may be reduced;
- Alternatives offered by Hines Securities, Inc. (“Hines Securities”) may invest outside of the U.S. or in specific sectors which increases risk; in particular, international investment risks, include the burden of complying with a wide variety of foreign laws and the uncertainty of such laws, the tax treatment of transaction structures, political and economic instability, foreign currency fluctuations, and inflation; and
- Alternatives offered by Hines Securities are sponsored by Hines Interests Limited Partnership (“Hines”) and these programs generally pay substantial fees to Hines and its affiliates for day-to-day operations and investment selection. These affiliates are subject to conflicts of interest.

Alternative investments are not suitable for all investors. Please refer to the suitability standards set forth in the prospectus or offering memorandum of the particular investment.

General Risk Considerations Continued

This material contains forward-looking statements (such as those concerning investment objectives, strategies, economic updates, other plans and objectives for future operations or economic performance, or related assumptions or forecasts) that are based on our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Any of the assumptions underlying the forward-looking statements could prove to be inaccurate and results of operations could differ materially from those expressed or implied. You are cautioned not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements.

The views represented here are the opinions and beliefs of Hines and Hines Proprietary Research (“Hines Research”) and should not be viewed as legal, financial or tax advice. In this disclosure and presentation, “we” and “our” refer to Hines and Hines Research. Other market participants may reasonably have differing views.

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About the Indexes and Sources in this Presentation

The NFI-ODCE, short for NCREIF Fund Index – Open End Diversified Core Equity, is a capitalization-weighted, gross of fee, time weighted return index with an inception date of December 31, 1977. Other supplemental data such as equal-weight and net of fee returns are also provided by NCREIF for information purposes and additional analysis. To be eligible for NFI-ODCE membership, each member fund must be marketed as an open-end fund with a diversified core investment strategy primarily investing in private equity real estate. All member funds must adhere to the following index inclusion criteria:

- (1) At least 80% of the market value of net assets must be invested in real estate with no more than 20% invested in cash or equivalents;
- (2) at least 80% of the market value of real estate net assets must be invested in private equity real estate properties. No more than 20% of such assets may be invested in, but not limited to, property debt, public company, equity/debt or private company (operating business) equity/debt;
- (3) At least 95% of market value of real estate net assets must be invested in US markets;
- (4) At least 80% of market value of real estate net assets must be invested in office, industrial, apartment and retail property types;
- (5) No more than 65% (\pm for market forces) of market value of real estate net assets may be invested in one property type or one region as defined by the NPI;
- (6) No more than 35% leverage. Leverage is defined as the ratio of total debt, grossed-up for ownership share of off-balance sheet debt, to the fund's total assets, also which are grossed-up for such off-balance sheet debt.

Hines Global is different from the NCREIF NPI in that it invests in properties outside of the US. Also it is subject to different upfront fees and expenses than the properties in the NPI may be subject.

Each member fund must also comply with the NCREIF PREA Reporting standards. A benchmark index is not professionally managed. Investors cannot invest directly in an index.

The NCREIF NPI, short for the NCREIF Property Index -- is a quarterly index tracking the performance of core institutional property markets in the U.S. The objective of the NPI is to provide a historical measurement of property-level returns to increase the understanding of, and lend credibility to, real estate as an institutional investment asset class. The universe of investments: (1) is comprised exclusively of operating properties acquired, at least in part, on behalf of tax-exempt institutions and held in a fiduciary environment; (2) Includes properties with leverage, but all returns are reported on an unleveraged basis; and (3) Includes apartment, hotel, industrial, office and retail properties, and sub-types within each type. The database fluctuates quarterly as participants acquire properties, as new members join NCREIF, and as properties are sold. Sold properties are removed from the Index in the quarter the sales take place (historical data remains). Each property's market value is determined by real estate appraisal methodology, consistently applied. Please note that when returns are computed for the NPI, the returns for the levered properties are computed on a de-levered basis, i.e., the impact of financing is excluded. A benchmark Index is not professionally managed. Investors cannot invest directly in an index.

Hines Global is different from the NFI-ODCE in that it invests in properties outside of the US. Also it is subject to different upfront fees and expenses than the private funds in the Index.

About the Indexes and Sources in this Presentation — Continued

The indexes described below are presented in comparison to the MSCI Global Indexes in order to illustrate the historic differences between direct investments in commercial real estate, publicly traded REITs, stocks and bonds.

Bonds are represented by the Bloomberg Barclays Global Aggregate Corporate Index, which is a flagship measure of global investment grade, fixed-rate corporate debt. This multi-currency benchmark includes bonds from developed and emerging markets issuers within the industrial, utility and financial sectors. The Global Aggregate Corporate Index is a component of the Global Aggregate and Multiverse Indices. Index history is available through January 2001.

Bonds are debt instruments issued by corporations that pay a fixed amount of interest. Bonds are subject to interest rate risk, which refers to the risk that bond prices generally fall when interest rates rise and vice versa. Bonds are easily traded and provide ready liquidity. An investment in debt instruments, such as corporate bonds, may be secured by collateral and are repaid first should a company be liquidated, while an investment in Hines Global is an investment in equity which will not be secured by collateral and the interest of Hines Global's stockholders are subordinate to the Hines Global lenders should Hines Global be liquidated. Investments in non-listed REITs or direct real estate may be subject to more expenses than a direct investment in bonds, including management fees and entity-level expenses.

- Large cap stocks (U.S.) are represented by the S&P 500 Index, widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

The prices of equity securities represented by these indices may change in response to factors including: the historical and prospective earnings of issues, the value of assets, general economic conditions, interest rates and investor perceptions. Stocks, including stocks of listed REITs, are easily traded and provide ready liquidity. An investment in direct real estate or a non-listed REIT such as Hines Global does not. Additionally, stock investments are not subject to the fees and expenses, to which direct real estate and non-traded REITs would be subject.

Past performance cannot guarantee comparable future results. All indexes are unmanaged. An investment cannot be made directly in an index.