

Operators vs. Allocators

Real estate investment partners are generally bifurcated into two distinct categories – operators and allocators. Allocators are often generalists and rely on the expertise of operators to execute business plans and provide sector/product type knowledge. Meanwhile, operators are directly involved in all aspects of the investment lifecycle including acquisition or development, property management, asset management and disposition.

End-to-end expertise may lead to better returns.



An operator-led model may outperform in the current environment. In a rising rate environment, real estate returns have been more reliant on income growth, rather than cap rate compression and leverage.¹ Experienced operators who can maximize the net operating income of their assets may be better positioned to face the current macro-economic environment.



The Hines “global-but-hyper-local” infrastructure seeks to provide solutions across the board, including investment, development and property management services, making it a single “one-stop shop” solution for clients and investors.² As an operator, Hines does not rely on joint venture partners to execute on its behalf, whereas allocators have to structure joint ventures in order to execute their business plans. The operator-led model typically has fewer layers of hierarchy, and thus fewer layers of fees, as compared to an allocator model.

Operators may be better positioned to manage through periods of uncertainty and maximize alpha³ in various market environments.



Real estate investments are long-term in nature, as business plans typically cover 5-to-10-year periods. Investing through economic cycles is part of the business, and Hines can be more nimble in response to market changes and aims to drive value creation at the asset level. Since Hines’ founding in 1957, the firm has navigated numerous cycles, and implemented lessons learned along the way.⁴



Selecting the right assets is crucial in times of stressed economic cycles, and partnering with an experienced operator is essential. A hyper-local, global footprint has allowed Hines to unlock opportunities across the globe. With 4,600 employees across 30 countries as of June 30, 2025. Hines has recognized patterns and global trends as they emerge.⁴

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Other market participants may reasonably have differing opinions.

¹ Capitalization rate (“cap rate”) is the yield at initial purchase of an asset. It is a snapshot in time and varies over the life of a project. It is not indicative of long-term fund performance. Leverage is the ratio of a portfolio’s debt relative to total assets.

² Hines Interests Limited Partnership (“Hines”) is the sponsor of investment vehicles offered through Hines Private Wealth Solutions LLC (“Hines Private Wealth Solutions”). Investors in these offerings are not acquiring an interest in Hines. You should not assume that the experience or management by Hines will translate to positive results for any investment available through Hines Private Wealth Solutions.

³ “Alpha” is used to measure the ability of an investment manager to select and efficiently manage superior assets. Alpha is calculated as the difference in unlevered internal rate of return (“IRR”) over the hold period to the Hines asset and the benchmark unlevered IRR of the same market and property type over the same hold period.

⁴ Past performance does not guarantee future results.

GENERAL RISK CONSIDERATIONS

Alternative investment programs sponsored by Hines and offered by Hines Private Wealth Solutions involve a high degree of risk. You should purchase these securities only if you can afford the complete loss of your 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 you to sell your shares and, if you are able to sell your shares, you will likely sell them at a substantial discount;
- This is a blind pool offering and you will not have the opportunity to evaluate the additional investments we will make prior to purchasing shares of our common stock.
- 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 ability to have all or any portion of your shares redeemed under such programs; if redemptions occur, they may be at a price that is less than the price you 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 overall return may be reduced;
- Alternatives offered by Hines Private Wealth Solutions 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 Private Wealth Solutions are sponsored by 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.

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