



Responsible Property Investing
2017 Annual Report

CEO Message and Highlights



Welcome,

At Hampshire Real Estate, we spent the past year implementing many new policies and processes, and working to expand upon the progress and accomplishments of 2016. We focused on training our team, continued developing and executing our Responsible Property Investing (RPI) efforts, and have made significant progress in executing many of the tactics discussed in last year's report. Hampshire has long emphasized the perspective of real estate through a different lens, and we are excited to be broadening this view within our staff, and applying it via the RPI Prism.

The efforts discussed in this report build on the work of our RPI team in 2016 to strengthen our RPI efforts and enhance our fiduciary mindset in response to investor demands. We recognize that our staff is a critical component to the success of these RPI efforts and have excelled over the past year in further integrating and expanding our sustainability training for our asset managers and property managers. We continue to utilize our robust management practices and policies to communicate and engage more deeply with our stakeholders, and as a mechanism for bringing tangible sustainability improvements to our portfolio. Through these efforts, we strive to build value through the incorporation of environmental, social, and governance factors into our real estate strategies.

As noted in the 2016 Annual Report, the RPI Prism is consistent with our "In-service" mindset, our desire to provide greater transparency and communicate performance, and our culture oriented around meeting and exceeding the expectations of our stakeholders. We look forward to continuing these efforts.

Thank you, on behalf of the Hampshire Team,



James E. Hanson II
President and CEO
The Hampshire Companies

Responsible Property Investing

The RPI Prism

Who are we?



We are a real estate operating company, offering a diversified investment platform, targeting niche investment strategies to serve the needs of investment objectives of our investors. This unique perspective allows Hampshire to view real estate through a different lens, a viewpoint that has led us to the RPI Prism, and our united strategy for assessing, maintaining, and improving the sustainability of our investments.

- + Common Purpose and Values
- + Change Ready Leaders
- + Hampshire "Prism"

DRIVES OUR PEOPLE

Our Culture

- + 90 Years, 4 Generations
- + All Real Estate Asset Sectors
- + Track Record: Investor, Developer, Operator, Fiduciary

DRIVES OUR STRATEGIES

Our Experience

Our Platform

- + Hampshire Integrated Business Operation
- + Hampshire: Diversified Investment Platform
- + Registered Investment Advisor

DRIVES OUR PERFORMANCE



The Platform

As an extension of the Hampshire Real Estate platform, the **Hampshire RPI Prism** provides investors and communities with greater value through environmental, social, and governance strategies. Through this platform, we actively manage our real estate investments according to the following tenets:

The Hampshire RPI Prism

Community Engagement

Serving the needs of our stakeholders, communities, and employees is a critical part of our success. Through our “in service” mindset, Hampshire passionately and relentlessly strives to create industry goodwill. Our internal culture and emphasis on employee growth recognizes that our success is critically linked to the people we work with and the markets in which we operate.

Management Oversight

Establishing sound governance, compliance, and managerial practices creates greater transparency and insight for our stakeholders, and ensures that all parties are working towards the same objectives, with a common purpose.

Environmental Stewardship

Understanding and implementing green building and environmentally friendly practices can not only deliver cost savings and improved operating income, but can mitigate risks, enhance asset value, and create a more compelling and competitive product in line with community desires.

The Hampshire RPI Prism, combined with our RPI Investment Principles (see Appendix), both guide and inform our real estate investment management strategies, and strengthen our capabilities as fiduciaries.



Integrating the Platform

As part of our efforts to strengthen our RPI initiatives, we rely on our greatest resource - our staff. The Hampshire RPI Prism provides a common framework for our team to incorporate environmental, social, and governance strategies into daily operations. To truly achieve greater financial returns and opportunities for our investors, our RPI initiatives must align with our real estate investment strategies and objectives.

Recognizing this, we formed the RPI Committee to set overall strategy and direction for Hampshire's continued RPI efforts. Made up of a cross-functional team of senior Hampshire staff, the RPI Committee meets regularly, engages employees and stakeholders, sets priorities and budgets, and monitors progress and performance across our assets and programs.

Members of the RPI Committee:

Name	Title
Rob Schmitt	Principal
Erinn Costantino	Investor Relations
Cristina Kloss	Manager – Asset Services
Barbara E. Stephenson, RPA	Senior Real Estate Manager
Kate Yurtec	Director of Finance
Shane Rensmon	Sr. Development Manager
Jenna Williams	Investor Relations Coordinator
Camille Cruz	Corporate Administrative Assistant

2017 Accomplishments

Management Oversight



Three-Year Action Plan

To set long-term priorities for Hampshire Real Estate's RPI efforts, the RPI Committee developed a comprehensive three-year action plan in 2016. This document serves as the tactical outline for how we intend to approach and expand our RPI activities through 2019, with specific milestones, targets, and completion dates.

- **The action plan detailed specific timelines and tasks for the following areas:**

- Corporate strategy, policies, and procedures
- Property-specific initiatives
- Training and education
- Transactions and leasing

- **In 2017, we focused on the following specific tasks:**

- Developing an internal reporting infrastructure that leverages data and analytical capabilities to monitor, track, and report on energy and water performance
- Increasing stakeholder engagement through RPI training for staff, communicating sustainability issues with tenants, and participation in industry associations and events



2017 GRESB Results



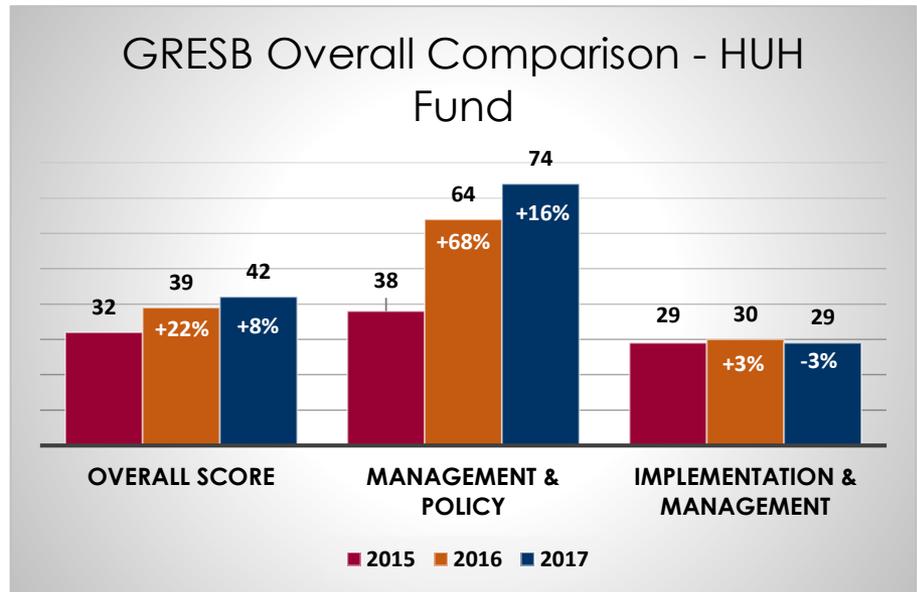
This is the fourth year in which Hampshire Real Estate has participated in the Global Real Estate Sustainability Benchmark (GRESB) annual assessment, submitting information on behalf of the HUH US Real Estate Income Fund. We continue to improve the fund's overall GRESB score each year making progress across multiple dimensions, and expect further improvements in 2018.

- **Summary of 2017 GRESB results for the HUH fund:**

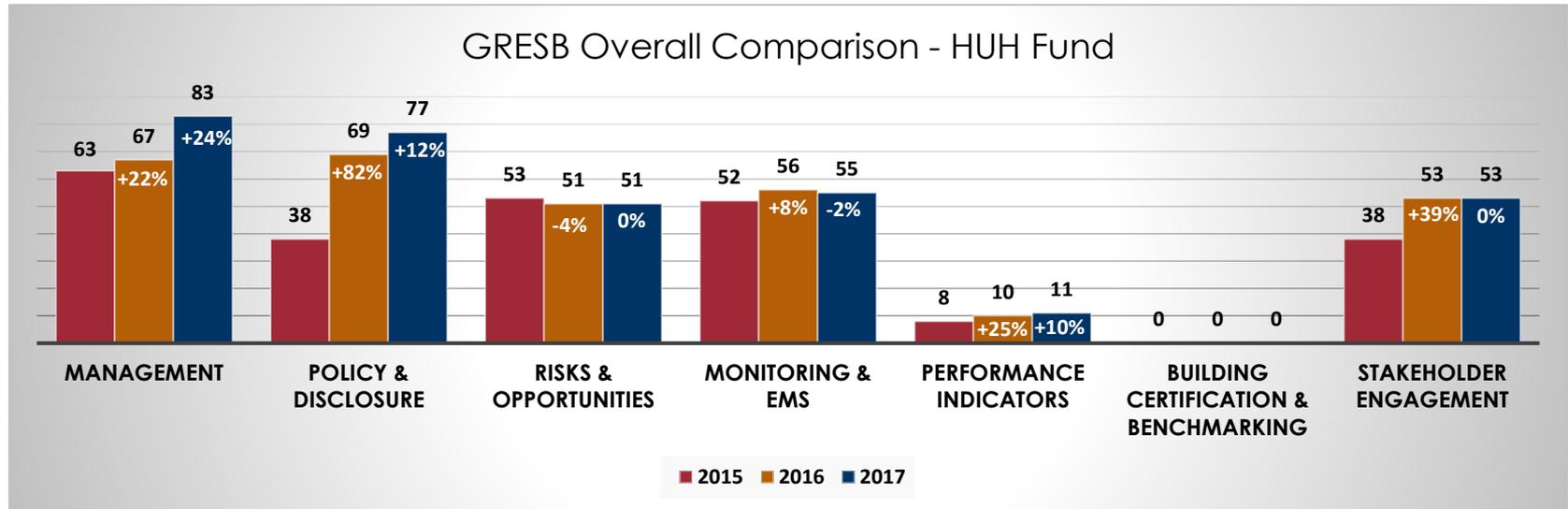
- The fund's overall GRESB score increased by 3 points – an 8% increase – to 42. The score included significant increases in both Management and Policy reporting categories.
- This year, we also completed the New Construction and Major Renovation assessment. The score received is separate and does not impact the overall GRESB score.

- **Peer Group Challenges:**

- GRESB classifies the HUH fund as a member of the U.S. Non-Listed, Diversified peer group based on the mixture of asset types in the portfolio.
- The HUH fund's 38 peers are comprised of office buildings, multifamily communities, and enclosed malls, while the HUH fund consists mostly of open-air retail, industrial, and warehouse assets.
- With a majority of tenants under “triple net leases” the HUH Fund is limited in its ability to implement sustainability initiatives, gather utility data, and achieve green certifications as compared to peers.



2017 GRESB Results



Specific GRESB Aspect scores detailed above reflect activity that occurred in 2017:

- The increase in Management and Policy scores is a result of continued integration and improvement of environmental, social, and governance policies into the overall business strategy and operational procedures.
- Many retail, industrial, or warehouse assets do not qualify, or have data hurdles that inhibit achievement of green certifications such as Leadership in Energy and Environmental Design (LEED) or ENERGY STAR®. As a result, no HUH assets currently have these certifications, which is reflected in the score for Building Certification & Benchmarking.
- Our 2017 attempt to increase utility data collection, revealed a utility-invoicing challenge with our accounts payable system which limited our growth in the performance indicators category. We are working to improve our data collection strategies in 2018.

RPI Training



In 2017, we focused on activities to help us move forward on the long-term priorities identified in our 2016 three-year action plan. Training our staff is a critical component of a successful RPI platform, and this year we conducted an *Introduction to Sustainability* training for all staff to discuss the role of RPI at Hampshire; review our goals and objectives; explain policies; and discuss key activities, results, and upcoming initiatives.

Additionally, we required all property management and asset managers to participate in the BOMA Energy Efficiency Program (BEEP) 2.0 curriculum to further educate them on energy management and the resources and technology available to reduce energy and costs. In 2017, two of the six classes were completed, with the remainder to be completed by 2018.



- **Requirements for property managers and asset managers:**
 - Complete 6+ hours of continuing education.
- **Learning outcomes:**
 - Benchmarking energy performance using ENERGY STAR® Portfolio Manager.
 - Quantifying the financial and environmental impact of energy management.
 - Evaluating no- and low-cost opportunities to improve energy performance.
 - Promoting and leveraging sustainability success.





Integrating the Platform

In 2016, we completed our transition to in-house property management throughout our portfolio. In 2017, we leveraged this vertically integrated structure to improve cross-functional communication and processes between investment management, capital markets, and accounting functions. With improved management capabilities, we have more control over assets, a streamlined approach to asset operations, and improved accountability for property performance.

In 2017, we implemented the following management performance enhancements:

- Inclusion of RPI responsibilities in property manager bonus incentive structure.
- Incorporation of sustainability programs and projects into the annual business plan at each property.



2017 Accomplishments

Environmental Stewardship



Tenant Engagement

Hampshire Real Estate has a strong corporate culture and an “in service” mindset that facilitates a focus on community relations, stakeholder engagement, and a collaborative workplace to meet shared objectives. Over the past year, we have continued to develop tools, resources, and practices that better enable our tenants to see value in, and contribute to, our RPI initiatives. Select examples include the following:

■ Sustainability Lease Rider

- The new green leasing language was integrated into agreements with 10 new and renewing tenants across the portfolio in 2017.
- Sustainability practices detailed in the lease include:
 - Landlord-tenant communication and collaboration on environmental initiatives and efficiency upgrades.
 - Energy, water, and waste management.
 - Sustainable procurement of utilities and products.

■ Tenant Newsletter

- Developed and sent sustainability newsletter to tenants explaining the refined RPI Prism, discussing utility management, and providing tips for improving energy efficiency, operations, and maintenance within their spaces.

RPI Prism News

Tenant Newsletter Fall/Winter 2017

Hampshire Solar Case Study
104 Orange Street, Bloomfield, New Jersey

At Hampshire Real Estate, the past year was one of significant growth and transition, and we are proud of our many accomplishments. We are particularly excited about progress in developing and executing our Responsible Property Investing (RPI) efforts, which we now call the “Hampshire RPI Prism”.

These initiatives build on the work our team conducted in 2015 to strengthen our foundation and abilities as fiduciaries, and enable us to anticipate and respond to investor demands. We have taken numerous steps in integrating our organizational structure, such as bringing property management in-house and forming an RPI Committee. In doing so, we are better positioned to build value through the incorporation of environmental, social, and governance factors into our real estate strategies.

All of this is consistent with our “in-service” mindset, our desire to provide greater transparency and communicate performance, and our culture oriented around meeting and exceeding the expectations of our stakeholders.

Aside from being financially beneficial, solar projects are hugely beneficial to our environment.

Each year it is projected that this project will have effects equivalent to:

- 20 Acres of new trees being planted
- 7,361 gallons of gasoline that will not be used
- 175,920 passenger car miles that will not be driven
- 71 tons a year of carbon dioxide that will not be sent into the atmosphere

Don't forget to recycle

HAMPSHIRE **GREEN**
Real estate through a different lens



Tenant Engagement

Green Initiatives Survey

- Hampshire developed a survey for tenants requesting information on energy and sustainability policies, targets, and goals. Questions focus on the following topics:
 - Greenhouse gas emissions and energy efficiency
 - Facilities and buildings management
 - Employee engagement, water, and waste management

HAMPSHIRE

The following is a set of guiding questions. They should be discussed in a conversational manner or can be uploaded in a survey format. There is no need to ask every question. Questions highlighted in yellow can be skipped if they have already been answered as part of an answer to a previous question, and use your discretion to skip sections if the tenant has already expressed disinterest in a particular area.

Suggested Opening Remarks (Phone or email): Hi Name, I wanted to reach out to you and get your feedback on how you like your space and facilities in this building. We would also love to get your thoughts on energy and sustainability. Would you have a few minutes to discuss how we can help you in your energy and sustainability initiatives or help answer some questions you may have?

Introductory sentences

Name of person:

Address:

Greenhouse Gas Emissions & Energy Efficiency Questions

Companies have a target to

- Improve energy efficiency in operations
- Reduce greenhouse gas emissions by 2020
- Reduce electricity consumption
- Procure renewable energy

Questions	Answer Choices	1	2	3	4	5	Comments
1 Does your company have an overarching sustainability policy?	No Policy	I'm not aware	There is a policy but I am not sure what it says	There is a policy and it is part of our culture but it's not a formal written policy	There is a policy and it is communicated verbally and in writing		
2 Does your company have any timelines and targets to reach this policy?	No timelines	I'm not aware	There is a timeline but I am not sure what it is	There is a timeline but we are not tracking data along that timeline	There is a timeline and we are tracking against that timeline		
3 Is your average monthly energy spend an area of concern and are you thinking of conserving energy?	Not a concern	I'm not aware what our energy spend is	I am aware of our energy spend but it is not discussed	Our average energy spend is \$ range and we have discussed conservation measures	Our average energy spend is \$ range and we have implemented some conservation measures but want to		
4 Is your office individually metered for electricity? (Ask this question if property managers can't answer this question)	No	Yes					
5 Are you procuring energy directly from utilities or alternative energy providers?	I don't know how we procure energy	I am not the right person for this question but Name is.	We procure from utilities only	We procure from utilities and alternative energy	We procure from utilities but want to procure from/learn about alternative.		
6 Have you taken any definitive steps to improve your energy consumption?	No steps have been taken and we are not interested	We have discussed but haven't gone further	Our corporate office wants us to look into this and we have budget	We have looked into it and taken some action steps but it is a work in progress	We have taken definite actions steps and I'm happy to talk about it		
7 How would you like Hampshire to help you manage your energy conservation efforts?	We don't need any help now	We will keep you informed if something comes up	Can you help us with more information about...				



Tenant Lighting Retrofits

In 2017 Hampshire focused on energy efficiency lighting upgrades to reduce their environmental impact. The following are a few examples:

- In February 2017, Hampshire completed a lighting retrofit of a 7,925 square foot flex space consisting of mainly warehouse with a small percentage of office space. The project involved the retrofit of 24 fixtures in the warehouse and 29 fixtures in the office area. The retrofit is projected to generate a 74% reduction in annual kWh consumption.
- In May 2017, Hampshire completed a lighting retrofit at 30 Wesley Street in South Hackensack, NJ. This building is an industrial warehouse and the retrofit was completed as part of the fit-out process for a new tenant in the building. The project involved the retrofit of 252 fixtures in the warehouse and 42 fixtures in the small office space to LED fixtures. The retrofit is projected to provide a 53% reduction in annual kWh consumption, and approximately \$130,000 savings over a ten-year period.
- In November 2017, Hampshire completed a lighting retrofit at 150 Mt. Bethel in Warren, NJ, in conjunction with a tenant improvement project that is under way. The project involved the retrofit of 177 fixtures to upgraded to LED fixtures. As a result, the retrofit is projected to provide a 62% reduction in annual kWh consumption with 65,000 kWh saved annually, and approximately \$84,000 savings over a ten-year period.



Major Renovations and New Construction



To guide major renovation and new construction efforts, Hampshire implemented the following policies:

- Ensure all major renovations and new construction efforts meet all applicable building codes and standards.
- Require all major renovations and new construction projects to align with health and safety standards as specified in the Hampshire Real Estate Investors Master Services Agreement.
- On a project-specific basis, review opportunities to manage construction waste by recycling scrap metal and other building materials.
- On a project-specific basis, review opportunities to incorporate efficient or sustainable building materials, including low-VOC paint, LED lighting, and occupant controls.
- If applicable, conduct a Phase I Environmental Site Assessment and re-develop brownfield sites.

Hampshire Real Estate partnered with Avison Young to manage subcontractors for the majority of our major renovation projects in this reporting period. Avison Young has strict health and safety standards.

Major Renovations and New Construction



Hampshire applied these new policies during a major renovation at 16 Law Drive, an industrial manufacturing property. Project highlights include:

- Replacing all CFL lighting fixtures with LED Highbay Series NHL4 which include built-in occupancy sensors
- Repainting interior walls with low-VOC paint
- Recycling building materials such as metal and wood

Before and After



Major Renovations and New Construction



Before and After



Improving Information During Transactions



The Hampshire RPI Prism provides a mechanism to understand and mitigate risks, as well as create value through reduced utility consumption and costs and improved operating efficiencies. Recognition of these efforts and RPI priorities during real estate transactions is absolutely critical to generating real value, and cannot occur without certain procedures in place.

Recognizing this challenge, in 2016 we developed the following resource to capture and analyze material information through critical junctures of the real estate lifecycle:

RPI Due Diligence Checklist:

- Supplementing existing due diligence processes, the RPI Due Diligence Checklist incorporates information and data needs related to energy efficiency, water, property operations, environmental risks, and resiliency considerations
- In 2017, the Checklist was utilized during several transactions including the Arundel Shopping Center in Maryland and the new Walmart portfolio in Louisiana.

[DEAL NAME]								
Due Diligence Expiration:								
HAMPSHIRE								
Item	Producer	Gatherer	Reviewer	Due date	Complete	Items for Investment Committee	Action Plan	Status
Kick Off Meeting/ Strategy								
Environmental								
Contamination: identify land and groundwater pollution which may require action environmental risks. Phase I or II ESA shall suffice.								
Indoor Environmental Quality: assess conditions inside of the building including air quality, access to daylight and views, acoustic conditions, occupant control over lighting and thermal comfort. Consider whether the layout provides sufficient space for occupants and access to tools or people. Examine and analyze tenant space usage and activities for potential hazards.								
Flooding: assess the property's flood risk via review of historical floodplain maps or analysis of climate change-related flood risk.								
Natural hazards: identify risk of naturally-occurring hazards, including drought, hail storms, earthquakes, fire, hurricanes, or any other applicable natural hazard.								
Property Condition Assessment								
Building safety and materials: assess and identify potential hazards and vulnerabilities caused by the construction materials used, major structural flaws, presence of asbestos, or other construction-related factors.								

2017 Accomplishments

Community Engagement

Investor Engagement



Hampshire Real Estate seeks to deliver favorable returns to its investors while pursuing the goals of responsible property investment. To keep our investors engaged, we expanded our quarterly reports in 2017 to communicate progress on RPI efforts:

Responsible Property Investing



The Hampshire Companies seek to deliver favorable returns to its investors while pursuing the goals of Responsible Property Investment ("RPI"). In 2016 we rebranded our RPI Program to the 'Hampshire RPI Prism' which we believe better embodies the Hampshire culture driven to provide Investors and the communities in which we invest with greater value through environmental, social and governance strategies.

The following summarizes the RPI initiatives undertaken on behalf of the HUH US Real Estate Enhanced Core Fund II (the "Fund") as well as at the Hampshire Companies through the quarter ending June 30, 2017.

HUH US Real Estate Enhanced Core Fund II RPI Initiatives

Environmental Stewardship

- Through our 2016 partnership with EnerNOC, an industry leader in energy management solutions, we are now providing utility data management services, including collecting and compiling utility bills and conducting analysis to identify opportunities for improved efficiencies.
- As of June 30, 2017, over 75% of tenants that occupy The Shoppes at Port St. Lucie are national tenants and chain stores that utilize and promote sustainable and other corporate responsibility practices, company-wide.
- Tenant Lighting Retrofit

In May 2017, the Hampshire Companies completed a lighting retrofit at 30 Wesley Street in South Hackensack, NJ. This building is an industrial warehouse and the retrofit was done in conjunction with a tenant improvement for a new tenant at the building. The project involved the retrofit of 252 fixtures in the warehouse and 42 fixtures in the small office space to LED fixtures. As a result of the retrofit, we are projecting a 53% reduction in kilowatt hours on an annual basis. We are projecting the ten-year savings from this project will total approximately \$130,000.

Management Oversight

- RPI Training

The Hampshire Companies registered for the BEEP (BOMA Energy Efficiency Program) e-learning program to further educate Hampshire employees on energy management and the resources and technology available to reduce energy and costs.

 - All Hampshire property managers and asset managers will be required to complete 6+ hours of continuing education over the course of 2017.
 - Courses will focus on benchmarking energy performance, quantifying the financial and environmental impact of energy management, low cost opportunities to improve energy performance, and promoting and leveraging sustainability success.

Community Engagement



Hampshire Real Estate is a member of the community, and as a responsible corporate citizen has a vested interest in the success and satisfaction of our stakeholders. Serving the needs of our stakeholders, communities, and employees is a critical part of our success. Therefore, we continue to support the following community outreach programs:



- **Morristown Shade Tree Commission**

- On Earth Day Hampshire made a donation to the Morristown Shade Tree Commission to support the replacement of trees along sidewalks in front of several downtown Morristown retail establishments.

Community Engagement



▪ Grow it Green Morristown

- All Hampshire employees participated in a volunteer day in June 2017 as part of “Grow it Green Morristown,” a nonprofit organization committed to the development and operation of urban farms throughout the local community. Employees volunteered their time to plant, weed, assist with other farm chores. The produce and eggs grown at the farm are donated to local hunger-relief organizations and the farm serves as a classroom for the city’s schoolchildren.



Looking ahead to 2018

Driving and Documenting Results



Continued Data Processes Improvement

Through analysis of our operations and GRESB results, we identified data management as a critical attention area. Our partnership with EnerNOC and attempts at data collection in 2017 revealed a utility-invoicing challenge with our accounts payable system, which limited our ability to collect and compile utility bills and conduct analysis of opportunities for improved efficiency. We are working to improve our data collection strategies in 2018.

In 2018, we plan to focus on the following:

- Resolving data access issues and developing functional reporting systems, asset benchmarks and baselines, and monitoring protocols to track performance trends.
- Improving utility procurement practices to obtain preferred contract pricing.
- Reviewing data regularly to identify opportunities for improved utility efficiency and property operations.



Evaluate and Establish 2020 Objectives



The Hampshire RPI Committee will be evaluating the previously established 2020 goals to confirm their impact, accuracy, and feasibility. The team intends to accurately identify an appropriate baseline for performance comparisons and analyze materiality when setting the revised goals.

The RPI Committee expects to focus sustainability targets around the following milestones:

- Collect data, establish management reports, and performance benchmarks.
- Set environmental targets at the property- or fund-level that inform portfolio and corporate goals.
- Develop clear, step-by-step action plans to meet established targets.



Driving and Documenting Results



Hampshire has made significant progress in the past year, but recognizes the scale of the task ahead and that we can accomplish much more. Having expanded and developed the Hampshire RPI Prism as a platform for growth, we anticipate turning towards the following priorities in 2018 and beyond:

- **Finalize RPI management reporting:**

- Refine environmental metrics, key performance indicators, and asset-level performance tracking.
- Implement environmental scorecards and management reports.
- Conduct data analysis to identify top performers and opportunities for improvement.
- Increase data coverage and technical rigor to improve GRESB performance indicator scores and overall fund performance.

- **Accelerate energy, water, and waste management efforts:**

- Analyze utility data and performance trends to identify properties where we can pursue industry recognition or internal efforts for improvement.
- Continued focus during due diligence, implement energy audits, and complete property assessment pilots.
- Expand material sourcing, lighting retrofits, and electric-vehicle charging station installations as appropriate.
- Continue analyzing and promoting photovoltaic installations where feasible.

Appendix

RPI Investment Principles

Workplace Principles and Priorities



- **Diversity:**

- Appointment of an operational management team consistent with the focus of our diversity policy.

- **Talent Management Program:**

- Implementation of talent management that is dedicated on personal coaching and for all Hampshire employees. Program includes:
 - Annual Employee Reviews.
 - Independent Development Plans.
 - 1:1 Coaching.
 - Workshops and 360 degree review.

- **Health and Safety:**

- Hampshire has established human policies and initiatives that prioritize wellness, safety, and promote healthy living. Initiatives and practices include:
 - Establishment of building safety and evacuation plans.
 - Creation and dissemination of health awareness newsletter to all employees.
 - Participation and sponsorship of various corporate fitness events.

- **Company Culture:**

- Culture survey that provides employees the opportunity to assess how well the company is living its core values and achieving its goal of organization excellence relative to culture, talent, strategy, and performance.

Governance and Policies



- **Our compliance program and Compliance Committee oversees operations related to:**
 - Investment Management & Fund Objectives.
 - Books & Records.
 - Registrations & Filings.
 - Annual Audits.
 - Marketing and Investor Relations.
 - Custody.
 - New Investor Screening.
 - New Hires.
 - Anti-Money Laundering & OFAC Compliance.

Our governance encompasses both externally mandated regulatory compliance requirements as well as internal corporate governance requirements that are complementary in nature and provide a comprehensive program incorporated into the operation of our Funds. Our Chief Compliance Officer and Compliance Committee have established a compliance program including a written Compliance Manual and Code of Ethics, with which all employees must comply.

Hampshire operates under a framework of procedures and principles to ensure that all employees embrace corporate responsibility, accountability, fairness, and transparency in their interactions with stakeholders. Hampshire's governance relies on a committee structure to oversee all corporate governance procedures and practices. In addition to the Investment Committee, the firm relies on its Chief Compliance Officer, Compliance Committee, as well as Fund and Operations Managers to oversee and implement appropriate procedures for Hampshire employees.

Governance and Policies (Continued)



Many of our funds have Boards of Managers or Advisory Committees to allow for investor input. Each fund's Investment Committee takes into account a number of environmental and governance factors in its investment program. The investment approval process incorporates a rigorous underwriting protocol and risk management evaluation. This process includes general due diligence on the asset itself, but also covers environmental issues, title and zoning concerns, and anti-money laundering risks. We also require suitable background checks and insurance policies for all of our partners, and acquisition audits to ensure the successful transition of all assets in the portfolio.

Hampshire is committed to the continual evolution of its responsible property investing program and will continue to build on its policies in a manner consistent with our fiduciary responsibilities in the real estate industry. As we implement RPI practices and further develop policy, it is our commitment to be transparent throughout the process. To that end, we not only have produced this report but will publish a Responsible Property Investment report annually. We will convey responsible property investment related matters through the following vehicles for all the real estate funds we manage:

- Quarterly and Annual Fund Reports.
- Investment Committee Meetings.
- Board of Managers Meetings.
- Periodic Investor Meetings.

A critical component of our governance policy is to keep our investors informed as to how we invest their capital and the ways in which we meet our fiduciary obligations. To this end we are committed to transparency of our reports and regular communication with our investors throughout all phases of the investment management process. This includes consistent timely reporting with respect to new investments, asset management initiatives, leasing reports, market risk assessment, accounting reports, asset allocation, and other factors that may have an impact on fund performance.

