
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

September 23, 2009

Hines Real Estate Investment Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland

000-50805

20-0138854

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

2800 Post Oak Blvd, Suite 5000, Houston,
Texas

77056-6118

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(888) 220-6121

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

The disclosure required by this item is included in Item 2.03 of this Current Report on Form 8-K and is incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.***Revolving Credit Facility with KeyBank National Association***

Hines Real Estate Investment Trust, Inc. ("Hines REIT" or the "Company") is party to a credit agreement with KeyBank National Association ("KeyBank"), as administrative agent for itself and various other lenders named in the credit agreement, which provides for a revolving credit facility (the "Revolving Credit Facility") with maximum aggregate borrowing capacity of up to \$250.0 million. The capacity of the Revolving Credit Facility is reduced by outstanding letters of credit with KeyBank, which totaled \$9.4 million as of September 23, 2009. The Revolving Credit Facility had an outstanding balance of \$108.5 million as of the date of this filing.

The Revolving Credit Facility had an original maturity date of October 31, 2009, subject to extension at the election of the Company for two successive periods of one year each, subject to specified conditions. The facility allows, at the election of the Company, for borrowing at a variable rate or a LIBOR-based rate plus a spread ranging from 125 to 200 basis points based on prescribed leverage ratios. On September 23, 2009, the Company exercised its option to extend the maturity date of the credit facility to October 31, 2010. Other than the maturity date, no other terms or conditions of the credit facility were changed as a result of the extension.

In addition to customary covenants and events of default, the Revolving Credit Facility provides that it shall be an event of default under the agreement if the Company's Advisor ceases to be controlled by Hines Interests Limited Partnership ("Hines") or if Hines ceases to be majority-owned and controlled, directly or indirectly, by Jeffrey C. Hines or certain members of his family. The amounts outstanding under this facility are secured by a pledge of the Operating Partnership's equity interests in entities that directly or indirectly hold real property assets, including the Company's interest in the Hines US Core Office Fund LP, subject to certain limitations and exceptions. The Company is not aware of any instances of noncompliance relating to covenants of the Revolving Credit Facility as of the date of this filing.

Item 7.01 Regulation FD Disclosure.***Broker-Dealer Communication***

On September 29, 2009, Hines REIT distributed a letter to certain broker-dealers who have sold securities of Hines REIT and simultaneously is making this information available to stockholders through this filing. The letter provides information regarding a potential offering of preferred shares of Hines REIT, changes to the Company's share redemption plan and the potential consideration by the Company's board of directors of a future liquidity event. A copy of such letter is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The information in this Item 7.01 of this Current Report on Form 8-K, including the exhibit attached hereto, is furnished pursuant to Item 7.01 and shall not be deemed "filed" for any purpose, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of Section 18. The information in this Current Report on Form 8-K shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, regardless of any general incorporation language in any such filing.

Item 8.01 Other Events.***Rebalancing of Credit Facility***

The Company has a credit agreement with HSH Nordbank AG, New York Branch (“HSH Nordbank”), which provides for a secured credit facility with an outstanding balance of \$520.0 million. Under the terms of the credit agreement, HSH Nordbank has the right to have the properties serving as collateral under the credit facility appraised every two years. Should the aggregate outstanding principal amounts under this facility exceed 55% of the lender’s appraised values, the Company must rebalance through making partial payment or providing additional collateral to eliminate such excess. The Company recently received a letter from HSH Nordbank indicating that they had appraised seven of the ten properties serving as collateral and that the aggregate outstanding principal amounts for those properties exceeded 55% of their appraised values by approximately \$70.0 million. Subject to the approval of HSH Nordbank, as lender and as agent for the other participant lenders, the Company expects to provide additional collateral in the form of either additional real estate assets or additional cash collateral as provided for by the credit agreement. In the event that the Company needs to post additional cash collateral, it has borrowed \$70.0 million under its revolving credit facility to fund such amount.

October Distribution

With the authorization of its board of directors, Hines REIT declared distributions for the month of October 2009. These distributions will be calculated based on shareholders of record each day during October in an amount equal to \$0.00165699 per share, per day and will be paid in January 2010 in cash or reinvested in stock for those participating in Hines REIT's dividend reinvestment plan.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits-

99.1 Broker-Dealer Communication, dated September 29, 2009

Statements in this Current Report on Form 8-K, including intentions, beliefs, expectations or projections relating to items such as the implementation of strategic initiatives and the timing of payment of distributions are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based on current expectations and assumptions with respect to, among other things, future economic, competitive and market conditions and future business decisions that may prove incorrect or inaccurate. Important factors that could cause actual results to differ materially from those in the forward looking statements include the risks associated with the limitations on the Company's share redemption program, the Company's ability to raise and invest offering proceeds and other risks described in the “Risk Factors” section of Hines REIT’s Registration Statement on Form S-11, its Annual Report on Form 10-K for the year ended December 31, 2008 and its other filings with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hines Real Estate Investment Trust, Inc.

September 29, 2009

By: /s/ Ryan T. Sims

Name: Ryan T. Sims

Title: Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
99.1	Broker-Dealer Communication, dated September 29, 2009

Hines REIT Strategic Update

We are pleased to update you on a number of strategic initiatives recently approved by Hines REIT's board of directors in an effort to strengthen the Company's liquidity and capital position, and to enable us to take advantage of attractive investment opportunities in the coming years.

Potential Offering of Preferred Shares

As we have indicated previously, we believe the current distress in the market may create attractive real estate investment opportunities at investment returns higher than those achieved over the last several years. Accordingly, we believe that raising additional capital over the next few years is an important priority for the Company in order to meet ongoing liquidity needs and enable us to pursue a significant amount of new investment opportunities. We believe being able to invest in attractively-priced real estate investments could enhance the long-term investment returns to our current common shareholders. In an attempt to raise significant amounts of new capital in the current environment, we have decided to pursue a public best-efforts offering of preferred shares. We expect that these preferred shares will have an attractive fixed preferred dividend rate, as well as a pre-determined time period during which we would expect, at our option, to redeem the preferred shares at face value, which would provide these shareholders with a return of their investment. We intend to utilize a significant portion of the proceeds we raise from the preferred share offering to make new investments which we believe could increase our earnings and cash flows, enhancing the long-term returns to our common shareholders. Upon launching an offering of preferred shares, we expect to terminate our current offering of our common shares. In addition, we expect to consider offering our common shareholders the option to have their distributions reinvested in our preferred shares. There is no assurance that we will be able to successfully launch an offering of preferred shares, raise proceeds from such an offering or, if we do raise such proceeds, that we will be able to successfully invest such proceeds, or that such investments will enhance the long term returns to our common shareholders.

Amendment to Share Redemption Program

As an additional measure to fortify the Company's liquidity position and enable us to pursue attractive investment opportunities in the current market, our board of directors has authorized an amendment to our share redemption program, pursuant to which we will redeem shares on a quarterly, rather than monthly, basis. We expect the first quarterly redemptions will occur in January 2010 for redemption requests submitted during the fourth quarter of 2009. In addition, funds available for redemption each quarter will be limited to the lesser of the amount required to redeem 10% of the shares outstanding as of the same date in the prior calendar year or the amount of proceeds received from our dividend reinvestment plan in the prior quarter.

Consideration of a Liquidity Event

We expect our board of directors may begin to consider possible exit strategies for all or a portion of the Company's portfolio in approximately 6-10 years. Any such exit strategy would only be executed if it is deemed to be in our shareholders' best interests, and there can be no assurances that our board of directors will consider any such exit strategy.

Our highest priority at Hines REIT is the successful management of our shareholders' investments. We believe that our conservative financing strategy since the Company's inception, our careful management of our cash flow and liquidity position during the current down cycle, and the initiatives described above will combine to enable Hines REIT to successfully navigate the remainder of the current recession, and to capitalize on attractive investment opportunities we believe the market will present as the real estate markets and broader economy move into a recovery.

We would be happy to discuss these initiatives and any other Hines REIT matters with you, so feel free to call your Hines Regional Sales Director or Internal Sales Consultant at your convenience.

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